

# INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in thousands of United States Dollars unless otherwise stated)

	At 30 September 2012 (Reviewed)	At 31 December 2011 (Audited)
<b>ASSETS</b>		
Cash, balances with banks and central banks	576,969	378,701
Commodity placements with banks, financial and other institutions	312,339	504,213
Murabaha and other financings	3,206,470	2,733,024
Musharaka financing	43,845	42,518
Investments:		
Mudaraba	23,018	23,493
Investment in associates	665,725	650,156
Investment securities	964,458	1,224,386
Restricted investment accounts	193,444	199,117
Assets acquired for leasing	59,906	59,421
Investment in real estate	381,251	390,174
Other assets	321,828	303,950
Fixed assets	133,016	132,408
Intangible assets	245,303	257,859
<b>Total assets</b>	<b>7,127,572</b>	<b>6,899,420</b>
<b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>		
Customers' current accounts	1,227,397	792,077
Due to banks, financial and other institutions	1,332,512	1,617,321
Due to investors	1,891,916	1,930,445
Other liabilities	258,221	273,434
<b>Total liabilities</b>	<b>4,710,046</b>	<b>4,613,277</b>
Equity of unrestricted investment account holders	1,611,219	1,476,633
Minority interest	234,052	232,682
<b>Total liabilities, equity of unrestricted investment account holders and minority interest</b>	<b>6,555,317</b>	<b>6,322,592</b>
Share capital	670,863	670,863
Reserves	(98,608)	(94,035)
<b>Total owners' equity</b>	<b>572,255</b>	<b>576,828</b>
<b>Total liabilities, equity of unrestricted investment account holders, minority interest and owners' equity</b>	<b>7,127,572</b>	<b>6,899,420</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

(Expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Reserves							Total reserves	Total owners' equity
		Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation	Accumulated losses		
At 1 January 2012 (Audited)	670,863	149,691	38,090	50,726	(11,209)	947	8,163	(330,443)	(94,035)	576,828
Net loss for the period	-	-	-	-	-	-	-	(18,780)	(18,780)	(18,780)
Movement in fair value of investment securities	-	-	-	-	11,299	-	-	-	11,299	11,299
Movement in fair value of associates	-	-	-	-	12,684	-	-	-	12,684	12,684
Movement in deferred tax relating to investment securities	-	-	-	-	(2,010)	(79)	-	-	(2,089)	(2,089)
Transfer to income statement due to disposal of investment securities	-	-	-	-	21	-	-	-	21	21
Movement in fair value of investment in real estate	-	-	-	-	-	229	-	-	229	229
Foreign currency translation adjustment	-	-	-	-	72	(3)	(8,012)	6	(7,937)	(7,937)
<b>At 30 September 2012 (Reviewed)</b>	<b>670,863</b>	<b>149,691</b>	<b>38,090</b>	<b>50,726</b>	<b>10,857</b>	<b>1,094</b>	<b>151</b>	<b>(349,217)</b>	<b>(98,608)</b>	<b>572,255</b>
At 1 January 2011 (Audited)	671,254	149,967	38,090	50,726	2,964	1,015	9,606	(267,044)	(14,676)	656,578
Net income for the period	-	-	-	-	-	-	-	2,753	2,753	2,753
Movement in fair value of investment securities	-	-	-	-	(7,169)	-	-	-	(7,169)	(7,169)
Movement in fair value of associates	-	-	-	-	(12,026)	-	-	-	(12,026)	(12,026)
Movement in deferred tax relating to investment securities	-	-	-	-	2,010	-	-	-	2,010	2,010
Transfer to income statement due to impairment of investment securities	-	-	-	-	217	-	-	-	217	217
Transfer to income statement due to disposal of investment securities	-	-	-	-	(111)	-	-	-	(111)	(111)
Movement in fair value of investment in real estate	-	-	-	-	-	(36)	-	-	(36)	(36)
Foreign currency translation adjustment	-	-	-	-	(51)	-	1,423	-	1,372	1,372
<b>At 30 September 2011 (Reviewed)</b>	<b>671,254</b>	<b>149,967</b>	<b>38,090</b>	<b>50,726</b>	<b>(14,166)</b>	<b>979</b>	<b>11,029</b>	<b>(264,291)</b>	<b>(27,666)</b>	<b>643,588</b>

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Statement of Income, Interim Condensed Consolidated Statement of Changes in Owners' Equity and Interim Condensed Consolidated Statement of Cash Flows have been extracted from the Interim Condensed Consolidated Financial Information of Ithmaar Bank B.S.C. for the nine month period ended 30 September 2012, which were approved for issue by the Board of Directors on 13 November 2012 and reviewed by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain.

HRH Prince Amr Mohamed Al Faisal  
Chairman

Mohammed Bucherei  
CEO and Director

Note: During October 2012, the Bank decided to voluntarily surrender Faisal Private Bank S.A. (Switzerland) (FPB)'s banking license effective 30 June 2013. As an interim measure FPB has ceased to accept any new business effective 1 November 2012. The Bank has initiated the process of establishing an Asset Management Company (Family Office) in Switzerland to provide continued service to investors in the existing funds managed by FPB. The Bank is currently finalizing FPB's transition plan to Family Office and the legal and regulatory formalities are being completed.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Expressed in thousands of United States Dollars unless otherwise stated)

	Nine months ended		Three months ended	
	30 September 2012 (Reviewed)	30 September 2011 (Reviewed)	30 September 2012 (Reviewed)	30 September 2011 (Reviewed)
<b>INCOME</b>				
Income from murabaha and other financings	182,508	201,061	62,432	74,180
Share of profit after tax from associates	23,360	18,311	5,529	3,993
Income from other investments	98,256	85,870	36,870	21,266
Group's share of income from unrestricted investment accounts as a Mudarib	16,062	2,874	6,770	720
Group's share of income from restricted investment accounts as a Mudarib	675	1,732	169	219
Other income	35,960	33,569	7,145	8,407
<b>Total income</b>	<b>356,821</b>	<b>343,417</b>	<b>118,915</b>	<b>108,785</b>
Less: profit paid to banks, financial and other institutions - net	(194,863)	(201,613)	(63,886)	(71,120)
<b>Operating income</b>	<b>161,958</b>	<b>141,804</b>	<b>55,029</b>	<b>37,665</b>
<b>EXPENSES</b>				
Administrative and general expenses	(122,078)	(124,104)	(39,294)	(34,071)
Depreciation and amortisation	(24,967)	(28,376)	(7,922)	(9,469)
<b>Total expenses</b>	<b>(147,045)</b>	<b>(152,480)</b>	<b>(47,216)</b>	<b>(43,540)</b>
<b>Net income/(loss) before provision for impairment and overseas taxation</b>	<b>14,913</b>	<b>(10,676)</b>	<b>7,813</b>	<b>(5,875)</b>
Provision for impairment - net	(23,934)	22,536	(20,309)	5,029
<b>Net income/(loss) before overseas taxation</b>	<b>(9,021)</b>	<b>11,860</b>	<b>(12,496)</b>	<b>(846)</b>
Overseas taxation	(6,597)	(5,176)	(4,671)	(631)
<b>NET INCOME/(LOSS) FOR THE PERIOD</b>	<b>(15,618)</b>	<b>6,684</b>	<b>(17,167)</b>	<b>(1,477)</b>
Attributable to:				
Equity holders of the Bank	(18,780)	2,753	(19,347)	(1,588)
Minority interests	3,162	3,931	2,180	111
	<b>(15,618)</b>	<b>6,684</b>	<b>(17,167)</b>	<b>(1,477)</b>
<b>Basic and diluted earnings per share</b>	<b>US cts (0.70)</b>	<b>US cts 0.10</b>	<b>US cts (0.72)</b>	<b>US cts (0.06)</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in thousands of United States Dollars unless otherwise stated)

	Nine months ended	
	30 September 2012 (Reviewed)	30 September 2011 (Reviewed)
<b>OPERATING ACTIVITIES</b>		
Net income/(loss) before overseas taxation	(9,021)	11,860
Adjustments for non-cash items:		
Depreciation and amortisation	24,967	28,376
Share of results from associates	(23,360)	(18,299)
Provision for impairment - net	23,934	(22,536)
<b>Operating income/(loss) before changes in operating assets and liabilities</b>	<b>16,520</b>	<b>(599)</b>
Balances with banks maturing after ninety days and with central bank relating to minimum reserve requirement	17,125	41,480
(Increase)/decrease in operating assets		
Murabaha and other financings	(495,674)	(189,912)
Musharaka financing	(1,327)	(28,393)
Other assets	(32,080)	(8,306)
Increase/(decrease) in operating liabilities		
Customers' current accounts	204,071	65,914
Due to banks, financial and other institutions	(53,560)	(173,846)
Due to investors	(38,529)	20,043
Other liabilities	(15,098)	(10,353)
Increase in equity of unrestricted investment account holders	132,526	175,755
<b>Net cash used in operating activities</b>	<b>(266,026)</b>	<b>(108,217)</b>
<b>INVESTING ACTIVITIES</b>		
Net (increase)/decrease		
Mudaraba	345	(362)
Investment in restricted investment accounts	21,787	5,081
Assets acquired for leasing	(485)	5,271
Investment securities	272,790	120,596
Dividend received from associates	14,619	15,915
Purchase of fixed assets	(6,275)	(10,626)
Investment in real estate	1,804	(3,278)
<b>Net cash provided by investing activities</b>	<b>304,585</b>	<b>132,597</b>
<b>FINANCING ACTIVITIES</b>		
Taxes paid	(6,931)	(5,882)
<b>Net cash used in financing activities</b>	<b>(6,931)</b>	<b>(5,882)</b>
Foreign currency translation adjustments	(8,109)	4,094
<b>Net increase in cash and cash equivalents</b>	<b>23,519</b>	<b>22,592</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>666,011</b>	<b>702,526</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>689,530</b>	<b>725,118</b>