

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	At 31 December	
	2014 (Audited)	2013 (Audited)
ASSETS		
Cash and balances with banks and central banks	559,394	595,671
Commodity and other placements with banks, financial and other institutions	330,371	498,321
Murabaha and other financings	3,331,337	3,153,644
Musharaka financing	90,150	62,101
Investment in mudaraba	17,434	20,801
Investment in associates	684,821	665,066
Investment securities	1,767,618	1,306,080
Restricted investment accounts	69,869	77,958
Assets acquired for leasing	74,243	64,286
Investment in real estate	332,599	353,308
Other assets	273,196	267,191
Fixed assets	113,278	115,164
Intangible assets	216,594	223,544
Total assets	7,860,904	7,403,135
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY		
Customers' current accounts	1,372,653	1,270,562
Due to banks, financial and other institutions	1,473,298	1,301,523
Due to investors	1,995,345	1,855,769
Other liabilities	274,090	236,324
Total liabilities	5,115,386	4,664,178
Equity of unrestricted investment accountholders	2,001,949	1,985,469
Minority interest	220,183	221,920
Total liabilities, equity of unrestricted investment accountholders and minority interest	7,337,518	6,871,567
Share capital	757,690	757,690
Treasury shares	(30,149)	(30,149)
Reserves	259,260	252,430
Accumulated losses	(463,415)	(448,403)
Total owners' equity	523,386	531,568
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	7,860,904	7,403,135

CONSOLIDATED INCOME STATEMENT

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended 31 December	
	2014 (Audited)	2013 (Audited)
INCOME		
Income from unrestricted investment accounts	100,500	100,796
Less: return to unrestricted investment accounts and impairment provisions	(76,793)	(77,133)
Group's share of income from unrestricted investment accounts as a Mudarib	23,707	23,663
Group's share of income from restricted investment accounts as a Mudarib	208	599
Income from murabaha and other financings	222,209	211,324
Share of profit after tax from associates	22,317	38,469
Income from other investments	126,744	97,326
Other income	54,996	40,793
Total income	450,181	412,174
Less: profit paid to banks, financial and other institutions - net	(222,421)	(212,276)
Operating income	227,760	199,898
EXPENSES		
Administrative and general expenses	(167,868)	(163,785)
Depreciation and amortization	(30,930)	(31,308)
Total expenses	(198,798)	(195,093)
Net income before provision for impairment and overseas taxation	28,962	4,805
Provision for impairment - net	(26,125)	(82,199)
Net income/(loss) before overseas taxation	2,837	(77,394)
Overseas taxation	(11,684)	(1,933)
NET LOSS FOR THE YEAR	(8,847)	(79,327)
Attributable to:		
Equity holders of the Bank	(15,012)	(80,372)
Minority interests	6,165	1,045
	(8,847)	(79,327)
Basic and diluted earnings per share	US Cts (0.52)	US Cts (2.76)

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Share capital	Treasury shares	Reserves							Accumulated losses	Total owners' equity
			Share premium	Statutory reserve	General reserve	Investments fair value reserve	Investment in real estate fair value reserve	Foreign currency translation	Total reserves		
At 1 January 2014 (Audited)	757,690	(30,149)	149,692	38,090	50,727	29,027	1,103	(16,209)	252,430	(448,403)	531,568
Net loss for the year	-	-	-	-	-	-	-	-	-	(15,012)	(15,012)
Movement in fair value of investment securities	-	-	-	-	-	1,371	-	-	1,371	-	1,371
Movement in fair value of associates	-	-	-	-	-	16,713	-	-	16,713	-	16,713
Movement in deferred tax relating to investment securities	-	-	-	-	-	(234)	(11)	-	(245)	-	(245)
Transfer to income statement due to impairment of investment securities	-	-	-	-	-	306	-	-	306	-	306
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	(1,794)	-	-	(1,794)	-	(1,794)
Movement in fair value of investment in real estate	-	-	-	-	-	-	(654)	-	(654)	-	(654)
Foreign currency translation adjustments	-	-	-	-	-	47	19	(8,933)	(8,867)	-	(8,867)
At 31 December 2014 (Audited)	757,690	(30,149)	149,692	38,090	50,727	45,436	457	(25,142)	259,260	(463,415)	523,386
At 1 January 2013 (Audited)	701,011	(30,149)	149,692	38,090	50,727	41,782	1,032	(1,883)	279,440	(361,188)	589,114
Increase in share capital	56,679	-	-	-	-	-	-	-	-	-	56,679
Net loss for the year	-	-	-	-	-	-	-	-	-	(80,371)	(80,371)
Movement in fair value of investment securities	-	-	-	-	-	(6,167)	-	-	(6,167)	-	(6,167)
Movement in fair value of associates	-	-	-	-	-	(4,737)	-	-	(4,737)	-	(4,737)
Movement in deferred tax relating to investment securities	-	-	-	-	-	(578)	-	-	(578)	-	(578)
Transfer to income statement due to impairment of investment securities	-	-	-	-	-	(1,382)	-	-	(1,382)	-	(1,382)
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	77	-	-	77	-	77
Movement in fair value of investment in real estate	-	-	-	-	-	-	95	-	95	-	95
Foreign currency translation adjustments	-	-	-	-	-	32	(24)	(14,326)	(14,318)	(6,844)	(21,162)
At 31 December 2013 (Audited)	757,690	(30,149)	149,692	38,090	50,727	29,027	1,103	(16,209)	252,430	(448,403)	531,568

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Year ended 31 December	
	2014 (Audited)	2013 (Audited)
OPERATING ACTIVITIES		
Net income/(loss) before overseas taxation	2,837	(77,394)
Adjustments for:		
Depreciation and amortization	30,930	31,308
Share of profit after tax from associates	(22,317)	(38,469)
Provision for impairment - net	26,125	82,199
Gain on sale of fixed assets	(1,611)	(1,188)
Operating income/(loss) before changes in operating assets and liabilities	35,964	(3,544)
(Increase)/decrease in balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	(45,589)	29,005
(Increase)/decrease in operating assets:		
Murabaha and other financings	(117,373)	(174,995)
Musharaka financing	(25,088)	(20,284)
Other assets	1,306	(8,342)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	67,142	133,003
Due to banks, financial and other institutions	151,173	30,260
Due to investors	56,024	99,162
Other liabilities	34,551	33,374
Increase in equity of unrestricted investment accountholders	16,480	277,000
Net cash provided by operating activities	174,590	394,639
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	2,513	854
Investment in associates	1,440	-
Investment in restricted investment accounts	750	20,538
Assets acquired for leasing	(9,957)	7,833
Investment securities	(425,368)	(216,804)
Dividend received from associates	6,304	5,732
Purchase of fixed assets	(3,528)	2,966
Investment in real estate	3,460	(634)
Net cash used in investing activities	(424,386)	(179,515)
FINANCING ACTIVITIES		
Taxes paid	(12,724)	(12,528)
Net cash used in financing activities	(12,724)	(12,528)
Foreign currency translation adjustments	12,958	(72,150)
Net increase/(decrease) in cash and cash equivalents	(249,562)	130,446
Cash and cash equivalents at the beginning of the year	901,804	771,358
Cash and cash equivalents at the end of the year	652,242	901,804

The above Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Changes in Owners' Equity and Consolidated Statement of Cash Flows have been extracted from the Consolidated Financial Statements of Ithmaar Bank B.S.C. for the year ended 31 December 2014, which were approved for issue by the Board of Directors on 7 March 2015 and audited by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified opinion.

HRH Prince Amr Mohamed Al Faisal
Chairman

Mohammed Bucheerei
Director

Ahmed Abdul Rahim
CEO

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