

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2014

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	At 31 March 2014 (Reviewed)	At 31 December 2013 (Audited)	At 31 March 2013 (Reviewed)
ASSETS			
Cash and balances with banks and central banks	628,621	595,671	564,960
Commodity and other placements with banks, financial and other institutions	573,730	498,321	559,252
Murabaha and other financings	3,254,338	3,153,645	3,146,310
Musharaka financing	69,802	62,101	42,454
Investment in mudaraba	19,793	20,801	21,406
Investment in associates	666,199	665,066	651,294
Investment securities	1,184,394	1,306,080	1,043,950
Restricted investment accounts	78,249	77,958	215,782
Assets acquired for leasing	61,546	64,286	73,615
Investment in real estate	347,628	353,308	357,024
Other assets	290,163	267,191	265,814
Fixed assets	116,044	115,164	113,724
Intangible assets	226,310	223,544	236,692
Total assets	7,516,817	7,403,136	7,292,277
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY			
Customers' current accounts	1,352,743	1,270,562	1,190,541
Due to banks, financial and other institutions	1,153,754	1,301,523	1,410,316
Due to investors	1,984,052	1,855,769	1,862,048
Other liabilities	262,656	236,325	215,080
Total liabilities	4,753,205	4,664,179	4,677,985
Equity of unrestricted investment accountholders	1,991,765	1,985,469	1,757,480
Minority interest	229,981	221,920	224,822
Total liabilities, equity of unrestricted investment accountholders and minority interest	6,974,951	6,871,568	6,660,287
Share capital	757,690	757,690	757,690
Treasury shares	(30,149)	(30,149)	(30,149)
Reserves	262,226	252,430	270,629
Accumulated losses	(447,901)	(448,403)	(366,180)
Total owners' equity	541,866	531,568	631,990
Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity	7,516,817	7,403,136	7,292,277

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Three months ended	
	31 March 2014 (Reviewed)	31 March 2013 (Reviewed)
INCOME		
Income from murabaha and other financings	55,788	52,332
Share of profit after tax from associates	11,651	11,560
Income from other investments	27,844	25,350
Group's share of income from unrestricted investment accounts as a Mudarib	3,602	6,350
Group's share of income from a restricted investment accounts as a Mudarib	54	58
Other income	12,208	10,265
Total income	111,147	105,915
Less: profit paid to banks, financial and other institutions - net	(54,020)	(54,586)
Operating income	57,127	51,329
EXPENSES		
Administrative and general expenses	(40,957)	(37,859)
Depreciation and amortization	(7,397)	(7,727)
Total expenses	(48,354)	(45,586)
Net income before provision for impairment and overseas taxation	8,773	5,743
Provision for impairment - net	(4,218)	(4,647)
Net income before overseas taxation	4,555	1,096
Overseas taxation	(2,443)	337
NET INCOME FOR THE PERIOD	2,112	1,433
Attributable to:		
Equity holders of the Bank	502	1,852
Minority interests	1,610	(419)
	2,112	1,433
Basic and diluted earnings per share	US Cts 0.02	US Cts 0.06

INTERIM CONDENSED 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 income for the period	-	-	-	-	-	-	-	-	-	502	502
Movement in fair value of investment securities	-	-	-	-	-	(290)	-	-	(290)	-	(290)
Movement in fair value of associates	-	-	-	-	-	958	-	-	958	-	958
Movement in deferred tax relating to investment securities	-	-	-	-	-	142	-	-	142	-	142
Transfer to income statement due to disposal of investment securities	-	-	-	-	-	(1,151)	-	-	(1,151)	-	(1,151)
Foreign currency translation adjustments	-	-	-	-	-	58	30	10,049	10,137	-	10,137
At 31 March 2014 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	28,744	1,133	(6,160)	262,226	(447,901)	541,866
At 1 January 2013 (Audited)	701,013	(30,149)	149,692	38,090	50,727	41,782	1,032	(1,883)	279,440	(361,188)	589,116
Increase in share capital	56,677	-	-	-	-	-	-	-	-	-	56,677
Net income for the period	-	-	-	-	-	-	-	-	-	1,852	1,852
Movement in fair value of investment securities	-	-	-	-	-	1,313	-	-	1,313	-	1,313
Movement in fair value of of associates	-	-	-	-	-	(1,326)	-	-	(1,326)	-	(1,326)
Movement in deferred tax relating to investment securities	-	-	-	-	-	37	-	-	37	-	37
Movement in fair value of investment in real estate	-	-	-	-	-	-	(29)	-	(29)	-	(29)
Foreign currency translation adjustments	-	-	-	-	-	14	(3)	(8,817)	(8,806)	(6,844)	(15,650)
At 31 March 2013 (Reviewed)	757,690	(30,149)	149,692	38,090	50,727	41,820	1,000	(10,700)	270,629	(366,180)	631,990

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (All amounts expressed in thousands of United States Dollars unless otherwise stated)

	Three months ended	
	31 March 2014 (Reviewed)	31 March 2013 (Reviewed)
OPERATING ACTIVITIES		
Net income before overseas taxation	4,555	1,096
Adjustments for:		
Depreciation and amortization	7,397	7,727
Share of profit after tax from associates	(11,651)	(11,560)
Provision for impairment - net	4,218	4,647
Gain on sale of fixed assets	(320)	-
Operating income before changes in operating assets and liabilities	4,199	1,910
Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement	4,451	5,727
(Increase)/decrease in operating assets:		
Murabaha and other financings	15,297	(5,464)
Musharaka financing	(7,701)	(637)
Other assets	(9,853)	(7,390)
Increase/(decrease) in operating liabilities:		
Customers' current accounts	29,833	(3,183)
Due to banks, financial and other institutions	(167,213)	107,103
Due to investors	(3,082)	(44,578)
Other liabilities	18,147	5,491
Increase in equity of unrestricted investment accountholders	6,296	49,011
Net cash provided by/(used in) operating activities	(109,626)	107,990
INVESTING ACTIVITIES		
Net (increase)/decrease:		
Investment in mudaraba	154	249
Investment in associates	1,440	-
Assets acquired for leasing	2,740	(1,496)
Investment securities	179,802	28,995
Dividend received from associates	6,304	5,732
Sale/(purchase) of fixed assets	(2,284)	748
Investment in real estate	3,170	(133)
Net cash provided by investing activities	191,326	34,095
FINANCING ACTIVITIES		
Taxes paid	(5,082)	(894)
Net cash used in financing activities	(5,082)	(894)
Foreign currency translation adjustments	36,192	(3,801)
Net increase in cash and cash equivalents	112,810	137,390
Cash and cash equivalents at the beginning of the period	901,804	771,358
Cash and cash equivalents at the end of the period	1,014,614	908,748

The above Interim Condensed Consolidated Statement of Financial Position, Interim Condensed Consolidated Income Statement, 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 three month period ended 31 March 2014, which were approved for issue by the Board of Directors and reviewed by PricewaterhouseCoopers ME Limited, Kingdom of Bahrain, who expressed an unqualified review conclusion on 14 May 2014.

HRH Prince Amr Mohamed Al Faisal
Chairman

Abdullelah Ebrahim Al-Qassimi
Director

Ahmed Abdul Rahim
CEO

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