

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2015

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

| | At 31 March 2015 (Reviewed) | At 31 December 2014 (Audited) | At 31 March 2014 (Reviewed) |
|--|--------------------------------|----------------------------------|--------------------------------|
| ASSETS | | | |
| Cash and balances with banks and central banks | 653,378 | 559,394 | 628,621 |
| Commodity and other placements with banks, financial and other institutions | 366,734 | 330,371 | 573,730 |
| Murabaha and other financings | 3,283,419 | 3,331,337 | 3,254,338 |
| Musharaka financing | 90,386 | 90,150 | 69,802 |
| Investment in mudaraba | 16,790 | 17,434 | 19,793 |
| Investment in associates | 673,561 | 684,821 | 666,199 |
| Investment securities | 1,883,432 | 1,767,618 | 1,184,394 |
| Restricted investment accounts | 70,719 | 69,869 | 78,249 |
| Assets acquired for leasing | 94,600 | 74,243 | 61,546 |
| Investment in real estate | 330,238 | 332,599 | 347,628 |
| Other assets | 269,234 | 273,196 | 290,163 |
| Fixed assets | 111,580 | 113,278 | 116,044 |
| Intangible assets | 212,657 | 216,594 | 226,310 |
| Total assets | 8,056,728 | 7,860,904 | 7,516,817 |
| LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY | | | |
| Customers' current accounts | 1,400,669 | 1,372,653 | 1,352,743 |
| Due to banks, financial and other institutions | 1,661,779 | 1,473,298 | 1,153,754 |
| Due to investors | 1,914,482 | 1,995,345 | 1,984,052 |
| Other liabilities | 269,163 | 274,090 | 262,656 |
| Total liabilities | 5,246,093 | 5,115,386 | 4,753,205 |
| Equity of unrestricted investment accountholders | 2,085,604 | 2,001,949 | 1,991,765 |
| Minority interest | 223,782 | 220,183 | 229,981 |
| Total liabilities, equity of unrestricted investment accountholders and minority interest | 7,555,479 | 7,337,518 | 6,974,951 |
| Share capital | 757,690 | 757,690 | 757,690 |
| Treasury shares | (30,149) | (30,149) | (30,149) |
| Reserves | 234,482 | 259,260 | 262,226 |
| Accumulated losses | (460,774) | (463,415) | (447,901) |
| Total owners' equity | 501,249 | 523,386 | 541,866 |
| Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity | 8,056,728 | 7,860,904 | 7,516,817 |

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

| | Three months ended | |
|---|-----------------------------|-----------------------------|
| | 31 March 2015 (Reviewed) | 31 March 2014 (Reviewed) |
| INCOME | | |
| Income from murabaha and other financings | 52,735 | 55,788 |
| Share of profit after tax from associates | 9,916 | 11,651 |
| Income from other investments | 49,876 | 27,844 |
| Group's share of income from unrestricted investment accounts as a Mudarib | 6,516 | 3,602 |
| Group's share of income from restricted investment accounts as a Mudarib | 47 | 54 |
| Other income | 16,584 | 12,208 |
| Total income | 135,674 | 111,147 |
| Less: profit paid to banks, financial and other institutions - net | (52,337) | (54,020) |
| Operating income | 83,337 | 57,127 |
| EXPENSES | | |
| Administrative and general expenses | (40,846) | (40,957) |
| Depreciation and amortization | (8,090) | (7,397) |
| Total expenses | (48,936) | (48,354) |
| Net income before provision for impairment and overseas taxation | 34,401 | 8,773 |
| Provision for impairment - net | (15,940) | (4,218) |
| Net income before overseas taxation | 18,461 | 4,555 |
| Overseas taxation | (10,837) | (2,443) |
| NET INCOME FOR THE PERIOD | 7,624 | 2,112 |
| Attributable to: | | |
| Equity holders of the Bank | 2,641 | 502 |
| Minority interests | 4,983 | 1,610 |
| | 7,624 | 2,112 |
| Basic and diluted earnings per share | US Cts 0.09 | US Cts 0.02 |

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 in fair value reserve | Investment in real estate fair value reserve | Foreign currency translation | | | Total reserves |
| At 1 January 2015 (Audited) | 757,690 | (30,149) | 149,692 | 38,090 | 50,727 | 45,436 | 457 | (25,142) | 259,260 | (463,415) | 523,386 |
| Net income for the period | - | - | - | - | - | - | - | - | - | 2,641 | 2,641 |
| Movement in fair value of investment securities | - | - | - | - | - | (1,191) | - | - | (1,191) | - | (1,191) |
| Movement in fair value of associates | - | - | - | - | - | (18,620) | - | - | (18,620) | - | (18,620) |
| Foreign currency translation adjustments | - | - | - | - | - | (12) | 9 | (4,964) | (4,967) | - | (4,967) |
| At 31 March 2015 (Reviewed) | 757,690 | (30,149) | 149,692 | 38,090 | 50,727 | 25,613 | 466 | (30,106) | 234,482 | (460,774) | 501,249 |

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

| | Three months ended | |
|---|-----------------------------|-----------------------------|
| | 31 March 2015 (Reviewed) | 31 March 2014 (Reviewed) |
| OPERATING ACTIVITIES | | |
| Net income before overseas taxation | 18,461 | 4,555 |
| Adjustments for: | | |
| Depreciation and amortization | 8,090 | 7,397 |
| Share of profit after tax from associates | (9,916) | (11,651) |
| Provision for impairment - net | 15,940 | 4,218 |
| Gain on sale of fixed assets | (32) | (320) |
| Operating income before changes in operating assets and liabilities | 32,543 | 4,199 |
| Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement | 15,407 | 4,451 |
| (Increase)/decrease in operating assets: | | |
| Murabaha and other financings | 15,107 | 15,297 |
| Musharaka financing | (1,216) | (7,701) |
| Other assets | (9,484) | (9,853) |
| Increase/(decrease) in operating liabilities: | | |
| Customers' current accounts | 37,389 | 29,833 |
| Due to banks, financial and other institutions | 195,851 | (167,213) |
| Due to investors | (59,563) | (3,082) |
| Other liabilities | (3,939) | 18,147 |
| Increase in equity of unrestricted investment accountholders | 83,655 | 6,296 |
| Net cash provided by/(used in) operating activities | 305,750 | (109,626) |
| INVESTING ACTIVITIES | | |
| Net (increase)/decrease: | | |
| Investment in mudaraba | 1,749 | 154 |
| Investment in restricted investment accounts | (850) | - |
| Investment in associates | - | 1,440 |
| Assets acquired for leasing | (20,357) | 2,740 |
| Investment securities | (136,423) | 179,802 |
| Dividend received from associates | - | 6,304 |
| Purchase of fixed assets | (275) | (2,284) |
| Investment in real estate | - | 3,170 |
| Net cash provided by/(used in) investing activities | (156,156) | 191,326 |
| FINANCING ACTIVITIES | | |
| Taxes paid | (42) | (5,082) |
| Net cash used in financing activities | (42) | (5,082) |
| Foreign currency translation adjustments | (3,544) | 36,192 |
| Net increase in cash and cash equivalents | 146,008 | 112,810 |
| Cash and cash equivalents at the beginning of the period | 652,242 | 901,804 |
| Cash and cash equivalents at the end of the period | 798,250 | 1,014,614 |

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 2015, 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 9 May 2015.

HRH Prince Amr Mohamed Al Faisal
Chairman

Abdullelah Ebrahim Al-Qassimi
Director

Ahmed Abdul Rahim
CEO

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