

INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

|  | At 30 September 2019<br>(Reviewed) | At 31 December 2018<br>(Audited) | At 30 September 2018<br>(Reviewed) |
|--|------------------------------------|----------------------------------|------------------------------------|
| <b>ASSETS</b>  |                                    |                                  |                                    |
| Cash and balances with banks and central banks   | 599,269                            | 596,234                          | 665,559                            |
| Commodity and other placements with banks, financial and other institutions                                      | 400,634                            | 285,627                          | 80,852                             |
| Murabaha and other financings  | 2,902,960                          | 3,264,865                        | 3,649,627                          |
| Musharaka financing  | 548,308                            | 495,626                          | 455,875                            |
| Investment in mudaraba   | 5,760                              | 5,760                            | 5,760                              |
| Sukuk and investment securities  | 1,412,740                          | 1,756,695                        | 1,260,413                          |
| Investment in associates   | 664,586                            | 611,194                          | 586,426                            |
| Restricted investment accounts   | -                                  | -                                | 72,104                             |
| Assets acquired for leasing  | 396,366                            | 410,765                          | 415,395                            |
| Insurance and related receivables  | 117,169                            | 120,034                          | -                                  |
| Other assets   | 197,279                            | 211,319                          | 227,263                            |
| Investment in real estate  | 264,156                            | 270,066                          | 247,523                            |
| Development properties   | 269,388                            | 269,388                          | -                                  |
| Assets classified as held-for-sale   | -                                  | -                                | 57,690                             |
| Fixed assets   | 67,302                             | 63,216                           | 113,697                            |
| Intangible assets  | 118,283                            | 127,867                          | 154,710                            |
| <b>Total assets</b>  | <b>7,964,200</b>                   | <b>8,488,656</b>                 | <b>7,992,894</b>                   |
| <b>LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNTHOLDERS, MINORITY INTEREST AND OWNERS' EQUITY</b>       |                                    |                                  |                                    |
| Customers' current accounts  | 1,412,449                          | 1,476,108                        | 1,618,320                          |
| Due to banks, financial and other institutions   | 1,264,471                          | 1,541,346                        | 1,077,809                          |
| Due to investors   | 1,514,706                          | 1,694,977                        | 1,894,054                          |
| Other liabilities  | 468,782                            | 566,122                          | 384,638                            |
| Insurance related reserves   | 128,590                            | 134,873                          | -                                  |
| <b>Total liabilities</b>   | <b>4,788,998</b>                   | <b>5,413,426</b>                 | <b>4,974,821</b>                   |
| Equity of unrestricted investment accountholders   | 2,748,206                          | 2,622,311                        | 2,670,554                          |
| Minority interest  | 322,624                            | 336,563                          | 160,234                            |
| <b>Total liabilities, equity of unrestricted investment accountholders and minority interest</b>                 | <b>7,859,828</b>                   | <b>8,372,300</b>                 | <b>7,805,609</b>                   |
| Share capital  | 757,690                            | 757,690                          | 757,690                            |
| Treasury shares  | (30,149)                           | (30,149)                         | (30,149)                           |
| Reserves   | 116,262                            | 140,290                          | 184,508                            |
| Accumulated losses   | (739,431)                          | (751,475)                        | (724,764)                          |
| <b>Total owners' equity</b>  | <b>104,372</b>                     | <b>116,356</b>                   | <b>187,285</b>                     |
| <b>Total liabilities, equity of unrestricted investment accountholders, minority interest and owners' equity</b> | <b>7,964,200</b>                   | <b>8,488,656</b>                 | <b>7,992,894</b>                   |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2019

(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 real estate fair value reserve | Investment in real estate fair value reserve | Foreign currency translation | Total reserves |                    |                      |
| At 1 January 2019 (Audited)                               | 757,690       | (30,149)        | 149,085       | 38,418            | 50,727          | (6,924)                                       | 3,187  | (94,203)                     | 140,290        | (751,475)          | 116,356              |
| Net income for the period                                 | -             | -               | -             | -                 | -               | -   | -  | -                            | -              | 12,044             | 12,044               |
| Movement in fair value of sukuk and investment securities | -             | -               | -             | -                 | -               | (993)   | -  | -                            | (993)          | -                  | (993)                |
| Movement in fair value of investment in real estate       | -             | -               | -             | -                 | -               | -   | 794  | -                            | 794            | -                  | 794                  |
| Movement in fair value of associates                      | -             | -               | -             | -                 | -               | (2,320)                                       | -  | -                            | (2,320)        | -                  | (2,320)              |
| Foreign currency translation adjustments                  | -             | -               | -             | -                 | -               | 122   | (458)  | (21,173)                     | (21,509)       | -                  | (21,509)             |
| At 30 September 2019 (Reviewed)                           | 757,690       | (30,149)        | 149,085       | 38,418            | 50,727          | (10,115)                                      | 3,523  | (115,376)                    | 116,262        | (739,431)          | 104,372              |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2018

(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 real estate fair value reserve | Investment in real estate fair value reserve | Foreign currency translation | Total reserves |                    |                      |
| At 1 January 2018 (Audited)                               | 757,690       | (30,149)        | 149,085       | 38,418            | 50,727          | 38,773  | 3,450  | (46,692)                     | 233,761        | (605,972)          | 355,330              |
| Impact of FAS 30  | -             | -               | -             | -                 | -               | -   | -  | -                            | -              | (121,522)          | (121,522)            |
| Revised balance at 1 January 2018                         | 757,690       | (30,149)        | 149,085       | 38,418            | 50,727          | 38,773  | 3,450  | (46,692)                     | 233,761        | (727,494)          | 233,808              |
| Net income for the period                                 | -             | -               | -             | -                 | -               | -   | -  | -                            | -              | 2,730              | 2,730                |
| Movement in fair value of sukuk and investment securities | -             | -               | -             | -                 | -               | (23,992)                                      | -  | -                            | (23,992)       | -                  | (23,992)             |
| Movement in fair value of investment in real estate       | -             | -               | -             | -                 | -               | -   | 596  | -                            | 596            | -                  | 596                  |
| Movement in fair value of associates                      | -             | -               | -             | -                 | -               | (2,071)                                       | -  | -                            | (2,071)        | -                  | (2,071)              |
| Foreign currency translation adjustments                  | -             | -               | -             | -                 | -               | 57  | (925)  | (22,918)                     | (23,786)       | -                  | (23,786)             |
| At 30 September 2018 (Reviewed)                           | 757,690       | (30,149)        | 149,085       | 38,418            | 50,727          | 12,767  | 3,121  | (69,610)                     | 184,508        | (724,764)          | 187,285              |

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 Holding B.S.C. for the nine month period ended 30 September 2019, 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 7 November 2019.

HRH Prince Amr Mohamed Al Faisal

Chairman

Elham Hasan

Director

Ahmed Abdul Rahim

CEO

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Licensed as an Investment Firm Category 1 by the Central Bank of Bahrain

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

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

|   | Nine months ended               |                                 | Three months ended              |                                 |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   | 30 September 2019<br>(Reviewed) | 30 September 2018<br>(Reviewed) | 30 September 2019<br>(Reviewed) | 30 September 2018<br>(Reviewed) |
| <b>INCOME</b>   |                                 |                                 |                                 |                                 |
| Income from unrestricted investment accounts                                      | 159,433                         | 132,818                         | 54,128                          | 45,515                          |
| Less: return to unrestricted investment accounts and impairment provisions        | (108,992)                       | (77,490)                        | (37,571)                        | (25,414)                        |
| <b>Group's share of income from unrestricted investment accounts as a Mudarib</b> | <b>50,441</b>                   | <b>55,328</b>                   | <b>16,557</b>                   | <b>20,101</b>                   |
| Income from murabaha and other financings   | 137,975                         | 113,343                         | 49,325                          | 41,988                          |
| Share of profit after tax from associates   | 31,342                          | 50,249                          | 10,642                          | 9,883                           |
| Income from investments   | 87,137                          | 74,964                          | 31,736                          | 22,574                          |
| Other income  | 75,396                          | 45,563                          | 27,374                          | 15,558                          |
| <b>Total income</b>   | <b>382,291</b>                  | <b>339,447</b>                  | <b>135,634</b>                  | <b>110,104</b>                  |
| Less: profit paid to banks, financial and other institutions - net                | (164,276)                       | (127,973)                       | (61,596)                        | (47,312)                        |
| <b>Operating income</b>   | <b>218,015</b>                  | <b>211,474</b>                  | <b>74,038</b>                   | <b>62,792</b>                   |
| <b>EXPENSES</b>   |                                 |                                 |                                 |                                 |
| Administrative and general expenses   | (134,958)                       | (131,488)                       | (44,918)                        | (42,852)                        |
| Depreciation and amortization   | (22,542)                        | (25,810)                        | (7,686)                         | (7,461)                         |
| <b>Total expenses</b>   | <b>(157,500)</b>                | <b>(157,298)</b>                | <b>(52,604)</b>                 | <b>(50,313)</b>                 |
| <b>Net income before provision for impairment and overseas taxation</b>           | <b>60,515</b>                   | <b>54,176</b>                   | <b>21,434</b>                   | <b>12,479</b>                   |
| Provision for impairment – net  | (20,099)                        | (17,656)                        | (10,136)                        | (3,309)                         |
| <b>Net income before overseas taxation</b>  | <b>40,416</b>                   | <b>36,520</b>                   | <b>11,298</b>                   | <b>9,170</b>                    |
| Overseas taxation   | (21,528)                        | (25,184)                        | (5,438)                         | (8,656)                         |
| <b>NET INCOME FOR THE PERIOD</b>  | <b>18,888</b>                   | <b>11,336</b>                   | <b>5,860</b>                    | <b>514</b>                      |
| <b>Attributable to:</b>   |                                 |                                 |                                 |                                 |
| Equity holders of Ithmaar   | 12,044                          | 2,730                           | 3,678                           | (2,120)                         |
| Minority interests  | 6,844                           | 8,606                           | 2,182                           | 2,634                           |
|   | <b>18,888</b>                   | <b>11,336</b>                   | <b>5,860</b>                    | <b>514</b>                      |
| <b>Basic and diluted earnings per share</b>                                       |                                 |                                 |                                 |                                 |
|   | <b>US Cts 0.41</b>              | <b>US Cts 0.09</b>              | <b>US Cts 0.13</b>              | <b>US Cts (0.07)</b>            |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

|   | Nine months ended               |                                 |
|---|---------------------------------|---------------------------------|
|   | 30 September 2019<br>(Reviewed) | 30 September 2018<br>(Reviewed) |
| <b>OPERATING ACTIVITIES</b>   |                                 |                                 |
| Net income before overseas taxation   | 40,416                          | 36,520                          |
| Adjustments for:  |                                 |                                 |
| Depreciation and amortization   | 22,542                          | 25,810                          |
| Share of profit after tax from associates   | (31,342)                        | (50,249)                        |
| Provision for impairment – net  | 20,099                          | 17,656                          |
| Income from investments   | (87,137)                        | (74,964)                        |
| Loss on sale of fixed assets  | 602                             | 238                             |
| <b>Operating loss before changes in operating assets and liabilities</b>  | <b>(34,820)</b>                 | <b>(44,989)</b>                 |
| Balances with banks maturing after ninety days and including with central banks relating to minimum reserve requirement | 3,588                           | (1,251)                         |
| Changes in operating assets and liabilities:  |                                 |                                 |
| Murabaha and other financings   | 216,513                         | (389,155)                       |
| Musharaka financing   | (127,044)                       | (129,884)                       |
| Other assets  | (54,954)                        | (46,572)                        |
| Customers' current accounts   | 55,045                          | (48,534)                        |
| Due to banks, financial and other institutions  | (219,902)                       | (23,354)                        |
| Due to investors  | 15,304                          | 186,050                         |
| Other liabilities   | (78,918)                        | (34,387)                        |
| Increase/(decrease) in equity of unrestricted investment accountholders   | 165,424                         | (120,614)                       |
| Taxes paid  | (25,015)                        | (24,842)                        |
| <b>Net cash used in operating activities</b>  | <b>(84,779)</b>                 | <b>(677,532)</b>                |
| <b>INVESTING ACTIVITIES</b>   |                                 |                                 |
| Net changes in:   |                                 |                                 |
| Assets acquired for leasing   | 14,399                          | (72,494)                        |
| Sukuk and investment securities   | 250,434                         | 531,032                         |
| Dividend received from associates   | 45,632                          | 44,080                          |
| Sale/(purchase) of fixed assets   | (15,982)                        | 1,415                           |
| <b>Net cash provided by investing activities</b>  | <b>294,483</b>                  | <b>504,033</b>                  |
| <b>FINANCING ACTIVITIES</b>   |                                 |                                 |
| Minority interest   | 532                             | -                               |
| <b>Net cash provided by financing activities</b>  | <b>532</b>                      | <b>-</b>                        |
| Foreign currency translation adjustments  | (85,550)                        | (44,379)                        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>124,686</b>                  | <b>(217,878)</b>                |
| <b>Cash and cash equivalents at the beginning of the period</b>   | <b>641,152</b>                  | <b>792,218</b>                  |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>765,838</b>                  | <b>574,340</b>                  |