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Subject: Interim Condensed Consolidated Financial Statements of Ithmaar Holding B.S.C. ("Ithmaar") for the period ended 30 September 2018

With reference to the above subject, please find attached the following:

1. The Interim Condensed Consolidated Financial Statements of Ithmaar for the period ended 30 September 2018 in Arabic and English.
2. Press release, which will be published in newspapers on Thursday, 15 November 2018.

Yours sincerely,



Saqib Mustafa
Authorized signatory

Ithmaar Holding and its wholly-owned subsidiary, Ithmaar Bank, report profit

MANAMA, BAHRAIN – 13 November 2018 – Ithmaar Holding B.S.C., a Bahrain-based financial institution, and its wholly-owned subsidiary, Ithmaar Bank B.S.C. (closed), a Bahrain-based Islamic retail bank, each announced their financial results for the third quarter of 2018 with both reporting profits.

The announcement by the Ithmaar Holding Chairman His Royal Highness Prince Amr Al Faisal, who is also the Ithmaar Bank Chairman, follows the review and approval of both Board of Directors of the consolidated financial results for the nine-month period ended 30 September 2018.

Ithmaar Holding reported a net profit of US\$11.34 million for the nine-month period ended 30 September 2018, as compared to a net loss of US\$16.25 million for the same period in 2017. Net profit attributable to equity holders for the nine-month period ended 30 September 2018 was US\$2.73 million, as compared to the US\$27.04 million net loss reported for the same period in 2017. The increase net profit is mainly due to higher impairment provision in the previous period resulting from classification of an associate to held-for-sale. This has been reclassified as an associate during 2018. Earnings per share (EPS) for the nine month period increased to US Cents 0.09 compared to negative US Cents 0.93 for the same period in 2017.

The results included a net profit of US\$0.51 million for the three-month period ended 30 September 2018, as compared to a net loss of US\$14.66 million for the same period in 2017, and a net loss of US\$2.12 million attributable to equity holders for the three-month period ended 30 September 2018, as compared to a net loss of US\$17.80 million reported for the same period in 2017. EPS for the three-month period increased to negative US Cents 0.07 compared to negative US Cents 0.61 for the same period in 2017.

“On behalf of the Ithmaar Holding Board of Directors, I am pleased to announce that our 2018 results continue to highlight the turnaround in our financial performance,” said HRH Prince Amr. “This achievement, which is made all the more significant by the challenging market conditions that characterised much of 2018, is testimony to the strength of the Group’s core retail banking business,” he said.

“The 2018 results show that total income for the nine-month period ended 30 September 2018 increased to US\$334.52 million, a 10.6 percent increase from the US\$302.34 million reported for the same period last year. This included total income of US\$109.09 million for the three-month period ended 30 September 2018, a 15.7 percent increase compared to US\$94.27 million reported

for the same period last year. This was mainly due to higher share of profit after tax from associates resulting from reclassification from held-for-sale to associate during the period,” said HRH Prince Amr. “As a result, our operating income for the nine-month period ended 30 September 2018 increased to US\$211.47 million, a 16.8 percent increase from the US\$181.08 million reported for the same period last year. This included an operating income of US\$62.79 million for the three-month period ended 30 September 2018, a 16.6 percent increase compared to US\$53.87 million for the same period last year,” said HRH Prince Amr.

Ithmaar Holding Chief Executive Officer, Ahmed Abdul Rahim, who is also the Ithmaar Bank Chief Executive Officer, said the financial performance of both institutions demonstrate that efforts to turn the Group around are paying off.

“Ithmaar Holding’s balance sheet remained stable with total assets at US\$7.99 billion as at 30 September 2018, compared to US\$8.61 billion as at 31 December 2017,” said Abdul Rahim. “Total owners’ equity stood at US\$187.29 million as at 30 September 2018, a 47.3% decrease compared to US\$355.33 million as 31 December 2017, and the decrease is mainly due to the early adoption of the new Financial Accounting Standard (FAS 30) “Impairment, credit losses and onerous commitments” that was issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI),” he said.

“Meanwhile, Ithmaar Bank’s financial results show a net profit of BD4.76 million for the nine-month period ended 30 September 2018, a decrease of 17.8 percent compared to a net profit of BD5.79 million for the same period in 2017,” said Abdul Rahim. “Net profit attributable to equity holders for the nine-month period ended 30 September 2018 was BD1.56 million, a decrease of 9.9 percent compared to the BD1.73 million net profit reported for the same period in 2017,” he said.

“The results included a net profit of BD1.15 million of the three-month period ended 30 September 2018, a decrease of 18.3 percent compared to a net profit of BD1.41 million for the same period in 2017,” said Abdul Rahim. “Net profit attributable to equity holders for the three-month period ended 30 September 2018 was BD0.19 million, a decrease of 0.5 percent compared to the BD0.19 million profit reported for the same period in 2017,” he said.

“Core income continued to grow in 2018, with Group’s share of income from unrestricted investment accounts increasing BD20.86 million for the nine-month period ended 30 September 2018, a 6.6 percent increase from the BD19.56 million reported for the same period last year. Income from murabaha and other financings also increased to BD50.11 million, a 7.9 percent increase from the BD46.45 million reported for the same period last year,” said Abdul Rahim. “These significant increases reflect growing customer confidence in the Bank,” he said.

“The Bank’s financial results include an operating income of BD62.79 million for the nine-month period ended 30 September 2018, a 4.7 percent decrease as compared to the BD65.87 million reported for the same period last year,” said Abdul Rahim. “This included an operating income of

BD20.59 million for the three-month period ended 30 September 2018, a 2.4 percent increase compared to BD20.11 million reported for the same period last year,” he said.

“Ithmaar Bank’s balance sheet remained stable with total assets at BD3.02 billion as at 30 September 2018, compared to BD3.24 billion as at 31 December 2017,” said Abdul Rahim. “Meanwhile, despite market conditions, the equity of unrestricted investment account holders stood at BD1.01 billion as at 30 September 2018, as compared to BD1.06 billion as at 31 December 2017, and as compared to BD1.06 billion as at 30 September 2017. Total owners’ equity stood at BD96.14 million as at 30 September 2018, a 37.8 percent decrease compared to BD154.60 million as 31 December 2017, mainly due to the FAS 30 impact of previous period recognized in equity,” he said.

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About Ithmaar Holding:

Ithmaar Holding B.S.C. (“Ithmaar Holding or Ithmaar”) is licensed as an investment firm and regulated by the Central Bank of Bahrain (CBB) and is listed on the Bahrain Bourse, Boursa Kuwait and Dubai Financial Market. Ithmaar Holding retains 100 percent ownership of all assets formerly owned by Ithmaar Bank B.S.C., through two wholly-owned subsidiaries Ithmaar Bank B.S.C (closed) (Ithmaar Bank), an Islamic retail bank subsidiary which holds the core retail banking business, and IB Capital B.S.C. (closed) (IB Capital), an investment firm subsidiary, which holds investments and other non-core assets. The two subsidiaries are licensed and regulated by the CBB.

Ithmaar Bank provides a diverse range of Sharia-compliant products and services that cater to the financing and investment needs of individuals and institutions. Ithmaar also maintains a presence in overseas markets through its subsidiary, Faysal Bank Limited (Pakistan).

IB Capital maintains a presence in regional and overseas markets through its investments including in associated companies. These include Bahrain-based BBK, Ithmaar Development Company Limited, Solidarity (an Islamic insurance company), Naseej and Ithraa Capital (Saudi Arabia).