Ithmaar Holding and its wholly-owned subsidiary, Ithmaar Bank, report half-year profits

MANAMA, BAHRAIN – 13 August 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 first half of 2018 with both reporting profits for the period.

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 six-month period ended 30 June 2018.

Ithmaar Holding reported a net profit of US$10.82 million for the six-month period ended 30 June 2018, as compared to a net loss of US$1.59 million for the same period in 2017. Net profit attributable to equity holders for the six-month period ended 30 June 2018 was US$4.85 million, as compared to the US$9.25 million net loss reported for the same period in 2017. Earnings per share (EPS) for the six month period increased to US Cents 0.17 compared to negative US Cents 0.32 for the same period in 2017.

The half-year results included a net profit of US$6.01 million for the three-month period ended 30 June 2018, as compared to a net loss of US$7.38 million for the same period in 2017. Net profit attributable to equity holders for the three-month period ended 30 June 2018 was US$3.20 million, as compared to the US$9.82 million net loss reported for the same period in 2017. EPS for the three-month period increased to USD Cents 0.11 compared to negative US Cents 0.34 for the same period in 2017.

“On behalf of the Ithmaar Holding Board of Directors, I am pleased to announce that the 2018 half-year results show a turnaround in our financial performance,” said HRH Prince Amr. “Total income for the six-month period ended 30 June 2018 increased to US$225.43 million, a 8.3 percent increase from the US$208.07 million reported for the same period last year. This was mainly due to higher share of profit after tax from associates,” he said.

“As a result, our operating income for the six-month period ended 30 June 2018 increased to US$148.68 million, a 16.9 percent increase from the US$127.21 million reported 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 half-year result of both institutions reflect the strength of the Group’s core retail banking business.

"Ithmaar Holding's total assets stood at US$8.62 billion as at 30 June 2018, compared to US$8.61 billion as at 31 December 2017," said Abdul Rahim. "Total owners' equity stood at US$185.19 million as at 30 June 2018, a 47.9 percent reduction compared to US$355.33 million as 31 December 2017, mainly due to the early adoption of the new Financial Accounting Standard (FAS) "Impairment, credit losses and onerous commitments" that was issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)," he said.

"Also, Ithmaar Bank's financial results show a net profit of BD3.61 million for the six-month period ended 30 June 2018, a decrease of 17.6 percent compared to a net profit of BD4.38 million for the same period in 2017," said Abdul Rahim. "Net profit attributable to equity holders for the six-month period ended 30 June 2018 was BD1.37 million, a decrease of 11.0 percent compared to the BD1.54 million net profit reported for the same period in 2017," he said.

"The half-year results of Ithmaar Bank included a net profit of BD1.58 million of the three-month period ended 30 June 2018, an increase of 22.0 percent compared to a net profit of BD1.30 million for the same period in 2017," said Abdul Rahim. "Net profit attributable to equity holders for the three-month period ended 30 June 2018 was BD0.54 million, an increase of 35.2 percent compared to the BD0.40 million profit reported for the same period in 2017. Although core income continued to grow during the period as evidenced by increase of 6.3% and 2.5% in income from murabaha and other financings and share of income from unrestricted investment accounts respectively, operating income was lower by 7.8 percent mainly because the 2017 results include realised gains from the sale of certain investment assets by the Bank's subsidiary in Pakistan, Faysal Bank Limited," he said.

"Ithmaar Bank's balance sheet remained stable with total assets at BD3.25 billion as at 30 June 2018, compared to BD3.24 billion as at 31 December 2017," said Abdul Rahim. "Core income continued to grow with total financings increasing by 3.8 percent to BD2.16 billion as at 30 June 2018 compared to BD2.08 billion as at 31 December 2017 and increase of 5.0 percent from BD2.06 billion as at 30 June 2017. Meanwhile, despite market conditions, the equity of unrestricted investment account holders stood at BD1.03 billion as at 30 June 2018, as compared to BD1.06 billion as at 31 December 2017, and as compared to BD1.05 billion as at 30 June 2017."

"Total owners' equity stood at BD97.05 million as at 30 June 2018, a 37.2 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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<u>About Ithmaar Holding:</u>

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).

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