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Subject: Ithmaar Holding hosts annual shareholder meeting

With reference to the above-mentioned subject, we would like to inform you that Ithmaar Holding B.S.C. has published the attached press release.

Yours sincerely,



Saqib Mustafa
Authorized signatory

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Ithmaar Holding hosts annual shareholder meeting

MANAMA, BAHRAIN – 25 March 2019 – Ithmaar Holding (Ithmaar or the Group) hosted today (ed note: 25/03/19) its Annual General Meeting (AGM) where the consolidated financial statements for 2018 were approved.

The annual shareholder meeting was attended by members of the Ithmaar Board of Directors, its executive management team and its Sharia Supervisory Board, as well as representatives from the Central Bank of Bahrain (CBB), the Ministry of Industry, Commerce and Tourism, the Bahrain Bourse, and statutory auditors PricewaterhouseCoopers.

“On behalf of the Chairman, His Royal Highness, Prince Amr Al Faisal and Members of the Board of Directors, we are pleased to announce that efforts to significantly transform the Group’s operations in line with the strategic decisions taken by shareholders in 2016 have paid off in 2018, with Ithmaar Holding reporting profits for the year,” said Abdullellah Ebrahim Al-Qassimi, an Independent Member of the Ithmaar Board of Directors who chaired the meeting. “In particular, we are pleased to announce that Ithmaar Holding reported a total net profit of US\$10.06 million for the year ended 31 December 2018, compared to a net loss of US\$72.40 million for 2017, with net loss attributable to shareholders of US\$24 million compared to a net loss of US\$84.7 million for 2017. The improvement in results compared to last year is, in a large part, a result of the persistent efforts over the past two years which paved the way for the Group’s gradual transformation and set the stage for a return to sustainable profitability,” he said.

Al-Qassimi clarified that trading of Ithmaar Holding’s shares continues on both the Bahrain Bourse and Dubai Financial Market, but was recently suspended on Boursa Kuwait in accordance with Article 9.8.2 of the Kuwait Stock Exchange’s rules relating to companies whose accumulated losses exceed 75 percent of the share capital. He reconfirmed that the accumulated losses, as of 31 December 2018, represent mainly impairment provisions resulting from non-core investments and due to FAS 30 impact. The shareholder equity as at 31 December 2018 stood at US\$116 million.

“The Board of Directors are in discussions to recapitalize Ithmaar Holding during 2019 including restructuring the existing share capital by setting off the accumulated losses against the share capital,” said Al-Qassimi. “In addition, the major shareholder has stated its intention to inject new capital of up to US\$300 million during the second half of 2019. The capital plans are being reviewed and will be announced in due course, following necessary shareholder and regulatory approvals,” he said.

“Ithmaar Holding’s audited 2018 financial results show that net income before provision for impairment and overseas taxation for the year increased to US\$43.42 million, a 96.8 percent increase from the US\$22.10 million reported for the same period last year,” said Al-Qassimi. “As a result, our operating income for the year increased to US\$259.82 million, a 12.7 percent increase from the US\$230.56 million reported for 2017,” he said.

“These achievements, which are made all the more significant by the challenging market conditions that continue to prevail both in our region and beyond, are only part of the ongoing success story,” said Ithmaar Holding Chief Executive Officer, Ahmed Abdul Rahim. “The Group continued its planned transformation in 2018, and concluded the year with remarkable achievements, both at the Group and subsidiary levels, that included improved financial performance as well as the realisation of key growth initiatives,” he said.

“Ithmaar Holding started the year, for example, with the successful listing of its shares on the Dubai Financial Market on 29 January 2018. The additional listing, which added a new key market alongside our listing on the Bahrain Bourse and Boursa Kuwait, opened trading on Ithmaar Holding’s shares to new, exciting markets. This, in turn, created new investment opportunities for investors in the Gulf Cooperation Council (GCC) markets,” said Abdul Rahim. “Similarly, Ithmaar Holding’s key subsidiary, Ithmaar Bank, began the year by completing the implementation of major enhancements to its Information Technology (IT) infrastructure. These enhancements were implemented to help support future business growth, improve operational efficiency, improve internal controls and enhance customer experience, included a major project of upgrading the Bank’s core banking system as well as the implementation of a new eBanking system. The new system provides a strong foundation to support growth, allowing for the flexibility of quickly launching new, customer centric products and services and further enhance the management information system,” he said.

“This, and other key customer-focused initiatives, helped Ithmaar Bank report improved financial performance in 2018, with net profit for the year increasing to US\$37.5 million, a more than 127 percent increase over the net profit of US\$16.5 million reported in 2017,” said Abdul Rahim. “This significant improvement is clear testimony to the fact that the Bank’s renewed focus on its core retail banking business is paying off. Meanwhile, Ithmaar Bank’s flagship retail banking subsidiary in Pakistan, Faysal Bank Limited, maintained its growth momentum in 2018 and the Bank’s footprint now extends to 455 branches in more than 100 cities across Pakistan, after having added 50 branches during the year,” he said.

“Ithmaar Bank is committed to becoming one of the region’s leading Islamic retail banks, and the Board of Directors continues towards realising that same, shared goal,” said Abdul Rahim. “To do so, the Bank will continue to invest heavily in its infrastructure to provide better products and services, and further enhance its’ customers banking experience,” 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 owns 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) and locally through Dilmunia Development Fund I L.P.

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 Citic International Asset Management (Hong Kong) and Ithraa Capital (Saudi Arabia).