Detailed analysis of accumulated losses

Date:	11 May 2021
Listed Company Name:	Ithmaar Holding B.S.C.
Define the period of the financial statements	Interim Financial information Q1 2021
Accumulated losses:	USD 824.2 million
Accumulated losses to capital ratio:	109%
The main reasons leading to these accumulated losses and their history:	The accumulated losses before reorganization amounted to 68.8% in December 2016. These represent mainly impairment provisions resulting from non-core investments as a result of financial crises. During 2018, the Company early adopted FAS30 (AAOIFI equivalent of IFRS9) which resulted in additional impairment provisions and consequently increased the accumulated losses percentage to 98%. During 2020, the accumulated losses increased by $87.5 million mainly due to impact of Covid-19. During Q1 2021, the accumulated losses decreased by $9.6 million mainly due to net income attributable to shareholders.
Measures to be taken to address accumulated losses:	**The Board of Directors is currently working on various initiatives as follows:** **1. Proposed acquisition by BBK of Ithmaar Bank Bahrain operations:** Ithmaar Holding and The Bank of Bahrain and Kuwait (BBK) signed during September 2020 a Memorandum of Understanding (MoU) on the potential acquisition by BBK of Ithmaar Bank's Bahrain operations as well as specific assets of IB Capital, a wholly-owned subsidiary of Ithmaar Holding. The plans, which are subject to the completion of due diligence by both parties, will also require shareholder and regulatory approvals. **2. Asset Sale and/or Restructuring Plan:** Furthermore, Ithmaar's Board of Directors is currently working on various initiatives to improve the capital base, which will strengthen Ithmaar's equity, including sale and/or restructuring of non-core assets, subject to further review, negotiations and necessary regulatory approvals.

Authorized to signatory

شركة الإثمار القابضة ش.م.ب.، برج السيف، ضاحية السيف، مملكة البحرين **ص.ب.** ٢٨٢٠، **هاتف:** ‎+٩٧٣ ١٧٥٨٤٠٠٠ **فاكس:** ‎+٩٧٣ ١٧٥٨٤٠١٧ **البريد الإلكتروني** info@ithmaarholding.com

Ithmaar Holding B.S.C., **PO Box** 2820, Seef Tower, Seef District, Kingdom of Bahrain **Tel** +973 1758 4000 **Fax** +973 1758 4017 **Email** info@ithmaarholding.com

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