



# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March 2016 / US\$ 000's	31 March 2016 (reviewed)	31 December 2015 (audited)	31 March 2015 (reviewed)
<b>ASSETS</b>			
Cash and bank balances	84,378	122,165	114,785
Placements with financial institutions	143,641	122,348	226,993
Financing assets	897,057	859,421	752,792
Investment securities	582,979	573,453	628,091
Assets acquired for leasing	200,229	179,870	123,202
Investment properties	311,395	257,932	313,635
Development properties	179,453	179,577	131,317
Equity-accounted investees	81,399	81,274	216,76
Property, plant and equipment	25,472	25,602	166,199
Intangible assets	-	-	125,133
Other assets	196,296	248,160	296,945
<b>Total assets</b>	<b>2,702,299</b>	<b>2,649,802</b>	<b>2,900,768</b>
<b>LIABILITIES</b>			
Investors' funds	13,541	27,728	16,754
Placements from financial institutions, other entities and individuals	376,069	340,090	340,729
Customer current accounts	174,526	154,052	109,847
Financing liabilities	169,400	153,619	245,099
Other liabilities	103,946	135,977	181,186
<b>Total liabilities</b>	<b>837,482</b>	<b>811,466</b>	<b>893,615</b>
<b>Equity of investment account holders</b>	<b>965,168</b>	<b>944,915</b>	<b>924,153</b>
<b>OWNERS' EQUITY</b>			
Share capital	597,995	597,995	1,494,987
Treasury shares	(8,873)	(4,053)	(948)
Capital adjustment account	22,392	22,420	(656,943)
Statutory reserve	72,055	72,055	70,060
Retained earnings / (accumulated losses)	12,645	6,581	(199,998)
Fair value reserve	806	(230)	(1,785)
Share grant reserve	893	893	1,129
Foreign currency translation reserve	-	-	(314)
<b>Total equity attributable to shareholders of the Bank</b>	<b>697,913</b>	<b>695,661</b>	<b>706,188</b>
Non-controlling interests	201,736	197,760	376,812
<b>Total owners' equity</b>	<b>899,649</b>	<b>893,421</b>	<b>1,083,000</b>
<b>Total liabilities, equity of investment account holders and owners' equity</b>	<b>2,702,299</b>	<b>2,649,802</b>	<b>2,900,768</b>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the three months ended 31 March 2016 / (US\$ 000's) (reviewed)	Attributable to shareholders of the Bank									Non-controlling interests	Total owners' equity
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Retained earnings	Fair value reserve	Share grant reserve	Total			
Balance at 1 January 2016	597,995	(4,053)	22,420	72,055	6,581	(230)	893	695,661	197,760	893,421	
Profit for the period	-	-	-	-	6,064	-	-	6,064	3,976	10,040	
Fair value changes	-	-	-	-	-	1,036	-	1,036	-	1,036	
<b>Total recognised income and expense</b>	-	-	-	-	<b>6,064</b>	<b>1,036</b>	-	<b>7,100</b>	<b>3,976</b>	<b>11,076</b>	
Purchase of treasury shares	-	(5,095)	-	-	-	-	-	(5,095)	-	(5,095)	
Sale of treasury shares	-	275	-	-	-	-	-	275	-	275	
Loss on sale of treasury shares, net	-	(8)	(28)	-	-	-	-	-	-	(36)	
<b>Balance at 31 March 2016</b>	<b>597,995</b>	<b>(8,873)</b>	<b>22,392</b>	<b>72,055</b>	<b>12,645</b>	<b>806</b>	<b>893</b>	<b>697,913</b>	<b>201,736</b>	<b>899,649</b>	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (continued) for the three months ended 31 March 2016 / (US\$ 000's) (reviewed)	Attributable to shareholders of the Bank									Non-controlling interests	Total owners' equity
	Share capital	Treasury shares	Capital adjustment account	Statutory reserve	Accumulated losses	Fair value reserve	Share grant reserve	Foreign currency translation reserve	Total		
Balance at 1 January 2015	1,253,626	(912)	(475,582)	70,060	(202,198)	(2,366)	1,129	(780)	642,977	374,678	1,017,655
Profit for the period	-	-	-	-	2,200	-	-	-	2,200	3,843	6,043
Fair value changes	-	-	-	-	-	581	-	-	581	-	581
Foreign currency translation differences	-	-	-	-	-	-	-	466	466	-	466
<b>Total recognised income and expense</b>	-	-	-	-	<b>2,200</b>	<b>581</b>	-	<b>466</b>	<b>3,247</b>	<b>3,843</b>	<b>7,090</b>
Conversion of Murabaha to capital	241,361	-	(181,361)	-	-	-	-	-	60,000	-	60,000
Purchase of treasury shares	-	(36)	-	-	-	-	-	-	(36)	-	(36)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(1,709)	(1,709)	-
<b>Balance at 31 March 2015</b>	<b>1,494,987</b>	<b>(948)</b>	<b>(656,943)</b>	<b>70,060</b>	<b>(199,998)</b>	<b>(1,785)</b>	<b>1,129</b>	<b>(314)</b>	<b>706,188</b>	<b>376,812</b>	<b>1,083,000</b>

The Board of Directors approved the condensed consolidated interim financial information on 14 May 2016, and signed on its behalf by:

**Ahmed Al Mutawa** Chairman  
**Mosab Saif Al Mautairi** Vice Chairman  
**Hisham Alrayes** Chief Executive Officer & Board Member

The above Condensed Consolidated Balance Sheet, Income Statement, Statement of Cash Flow and the Changes in Owners' Equity have been extracted from Condensed Consolidated Interim Financial Statements of GFH Financial Group B.S.C. for the three months ended 31st March 2016, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 14 March 2016.

CONDENSED CONSOLIDATED INCOME STATEMENT for the three months ended 31 March 2016 / US\$ 000's	Three months ended	
	31 March 2016 (reviewed)	31 March 2015 (reviewed)
Continuing operations		
Income from investment banking services	-	11,633
Fee and commission income	8,747	119
Income from placements with financial institutions	469	342
Income from financing assets and assets acquired for leasing	16,165	14,589
Share of profits of equity-accounted investees	125	828
Income from investment securities, net	1,232	2,242
Foreign exchange (loss) / gain, net	417	(1,783)
Other income	10,203	1,001
<b>Total income before return to investment account holders and finance expenses</b>	<b>37,358</b>	<b>28,971</b>
Return to investment account holders before Group's share as Mudanib	(9,953)	(10,761)
Group's share as Mudanib	5,703	5,400
<b>Return to investment account holders</b>	<b>(4,250)</b>	<b>(5,361)</b>
Finance expense	-	(4,868)
<b>Total income</b>	<b>29,136</b>	<b>18,942</b>
Staff cost	7,329	6,745
Investment advisory expenses	3,244	1,582
Other operating expenses	7,065	6,254
<b>Total expenses</b>	<b>17,638</b>	<b>14,581</b>
<b>Profit for the period before impairment</b>	<b>11,498</b>	<b>4,361</b>
Less: Impairment allowances	(1,458)	-
<b>Profit for the period from continuing operations</b>	<b>10,040</b>	<b>4,361</b>
<b>Discontinued operations</b>		
Profit from industrial business, net	-	1,682
<b>PROFIT FOR THE PERIOD</b>	<b>10,040</b>	<b>6,043</b>
<b>Attributable to:</b>		
Shareholders of the Bank	6,064	2,200
Non-controlling interests	3,976	3,843
	<b>10,040</b>	<b>6,043</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share (US cents)	<b>0.27</b>	0.10
<b>Earnings per share (continuing operations)</b>	<b>0.27</b>	0.07
Basic and diluted earnings per share (US cents)	<b>0.27</b>	0.07

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the three months ended 31 March 2016 / US\$ 000's	31 March 2016 (reviewed)	31 March 2015 (reviewed)
<b>OPERATING ACTIVITIES</b>		
Profit for the period	10,040	6,043
Adjustments for:		
Fair value changes in investment securities	1,734	374
Gain on sale of investment securities	(248)	-
Dividend income	(3,658)	-
Share of profit of equity-accounted investees	(125)	(828)
Foreign exchange loss / (gain)	(417)	1,783
Income from investment banking services	-	(11,633)
Other income	(9,789)	(94)
Impairment allowance	1,458	317
Depreciation and amortisation	480	1,414
	<b>(525)</b>	<b>(2,624)</b>
Changes in:		
Financing assets	(37,636)	29,836
Assets acquired for leasing	(20,359)	(9,194)
Other assets	24,675	(19,323)
CBB Reserve balance	305	(3,647)
Investors' funds	(14,187)	(4,967)
Placements from financial, non-financial institutions and individuals	35,979	1,271
Customer current accounts	20,474	1,209
Equity of investment account holders	20,253	28,594
Other liabilities	(32,031)	30,906
<b>Net cash generated from operating activities</b>	<b>(3,052)</b>	<b>52,061</b>
<b>INVESTING ACTIVITIES</b>		
Payment for purchase of equipment, net	(40)	(1,357)
Purchase of investment securities	(30,010)	(155,984)
Advance for investments	-	(3,348)
Proceeds from sale of investment securities	20,594	16,703
Dividend/Income from sukuk investments	3,658	955
<b>Net cash (used in) / generated from investing activities</b>	<b>(5,798)</b>	<b>(143,031)</b>
<b>FINANCING ACTIVITIES</b>		
Financing liabilities, net	-	(4,155)
Finance expense paid	(2,519)	(3,422)
Dividend paid (including non-controlling interests)	-	(1,709)
Proceeds from issue of convertible murabaha	-	60,000
Purchase of treasury shares	(4,820)	(36)
<b>Net cash generated from / (used in) financing activities</b>	<b>(7,339)</b>	<b>50,678</b>
<b>Net decrease in cash and cash equivalents during the period</b>	<b>(16,189)</b>	<b>(40,292)</b>
Cash and cash equivalents at 1 January	194,460	333,659
<b>CASH AND CASH EQUIVALENTS AT 31 March</b>	<b>178,271</b>	<b>293,367</b>
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding balances with Central Bank in reserve account)	34,630	66,374
Placements with financial institutions	143,641	226,993
	<b>178,271</b>	<b>293,367</b>