



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the nine months ended 30 September 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 September 2016 / US\$ 000's	30 September 2016 (reviewed)	31 December 2015 (audited)	30 September 2015 (reviewed)
ASSETS			
Cash and bank balances	119,899	122,165	143,270
Placements with financial institutions	134,657	122,348	147,233
Financing assets	988,649	859,421	840,815
Investment securities	549,374	573,453	595,278
Assets acquired for leasing	242,973	179,870	143,881
Investment properties	2,771,000	2,979,932	3,136,625
Development properties	178,381	179,577	120,118
Equity-accounted investees	82,626	81,274	22,210
Property, plant and equipment	25,129	25,602	168,140
Intangible assets	-	-	125,020
Other assets	203,863	248,160	339,148
Total assets	2,802,721	2,649,802	2,963,698
LIABILITIES			
Investors' funds	21,085	27,728	6,249
Placements from financial institutions, other entities and individuals	478,778	340,090	319,571
Customer current accounts	174,681	154,052	158,081
Financing liabilities	129,524	153,619	215,573
Other liabilities	88,607	135,977	183,468
Total liabilities	892,675	811,466	882,942
Equity of investment account holders	1,002,256	944,915	993,400
OWNERS' EQUITY			
Share capital	597,995	597,995	597,995
Treasury shares	(340)	(4,053)	(4,053)
Capital adjustment account	22,723	22,420	22,420
Statutory reserve	72,055	72,055	70,060
Retained earnings	10,528	6,581	18,177
Investments fair value reserve	-	(230)	(2,569)
Share grant reserve	893	893	893
Foreign currency translation reserve	-	-	(1,082)
Total equity attributable to shareholders of the Bank	703,854	695,661	701,841
Non-controlling interests	-	203,936	385,515
Total owners' equity	907,790	899,421	1,087,356
Total liabilities, equity of investment account holders and owners' equity	2,802,721	2,649,802	2,963,698

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the nine months ended 30 September 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	Investments 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	-	-	-	-	3,947	-	-	3,947	5,758	9,705
Transfer to income statement on disposal	-	-	-	-	-	230	-	230	-	230
Total recognised income and expense	-	-	-	-	3,947	230	-	4,177	5,758	9,935
Purchase of treasury shares	-	(6,878)	-	-	-	-	-	(6,878)	-	(6,878)
Sale of treasury shares	-	10,591	-	-	-	-	-	10,591	-	10,591
Gain on sale of treasury shares	-	-	303	-	-	-	-	303	-	303
Issue of shares under employee incentive scheme	-	-	-	-	-	-	-	-	418	418
Balance at 30 September 2016	597,995	(340)	22,723	72,055	10,528	-	893	703,854	203,936	907,790

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (continued) for the nine months ended 30 September 2015 / (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 / (accumulated losses)	Investments fair value reserve	Share grant reserve	Foreign currency translation reserve			Total
Balance at 1 January 2015	1,253,626	(912)	(475,582)	70,060	(203,608)	(2,366)	1,129	(780)	641,567	376,088	1,017,655
Profit for the period	-	-	-	-	4,081	-	-	-	4,081	13,900	17,981
Fair value changes	-	-	-	-	-	(203)	-	-	(203)	-	(203)
Foreign currency translation differences	-	-	-	-	-	-	-	(302)	(302)	(117)	(419)
Total recognised income and expense	-	-	-	-	4,081	(203)	-	(302)	3,576	13,783	17,359
Conversion of Murabaha to capital	241,361	-	(181,361)	-	-	-	-	-	60,000	-	60,000
Capital reduction	(896,992)	-	679,665	-	217,327	-	-	-	-	-	-
Purchase of treasury shares	-	(4,594)	-	-	-	-	-	-	(4,594)	-	(4,594)
Sale of treasury shares	-	1,453	-	-	-	-	-	-	1,453	-	1,453
Loss on sale of treasury shares	-	-	(302)	-	-	-	-	-	(302)	-	(302)
Share grants vesting expense, net of forfeitures	-	-	-	-	-	-	(236)	-	(236)	-	(236)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(3,979)	(3,979)	-
Movement in non-controlling interests	-	-	-	-	-	-	-	-	377	(377)	-
Balance at 30 September 2015	597,995	(4,053)	22,420	70,060	18,177	(2,569)	893	(1,082)	701,841	385,515	1,087,356

The Board of Directors approved the condensed consolidated interim financial information on 13 November 2016, and signed on its behalf by:

Ahmed Al Mutawa Chairman
Mosabah Saif Al Mautary Vice Chairman
Hisham Alrayes Chief Executive Officer

*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 nine months ended 30th September 2016, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 13 November 2016.

CONDENSED CONSOLIDATED INCOME STATEMENT for the nine months ended 30 September 2016 / US\$ 000'	Nine-months ended		Three-months ended	
	30 September 2016 (reviewed)	30 September 2015 (reviewed)	30 September 2016 (reviewed)	30 September 2015 (reviewed)
Continuing operations				
Income from investment banking services	3,321	21,022	3,321	-
Fees and commission income	11,713	781	11,225	543
Income from placements with financial institutions	1,337	1,160	426	420
Income from financing assets and assets acquired for leasing	51,417	42,451	17,600	14,714
Share of profits of equity-accounted investees	1,353	3,025	1,228	1,187
Income from investment securities, net	2,618	11,074	2,370	1,197
Foreign exchange (loss) / gain, net	(2,442)	(601)	(1,010)	1,129
Gain on sale of investment property	46,082	-	-	-
Other income	11,459	14,855	11,664	9,364
Total income before return to investment account holders and finance expenses	126,858	93,767	26,224	28,554
Return to investment account holders before Group's share as Mudarib	(31,937)	(32,241)	(10,516)	(11,186)
Group's share as Mudarib	18,326	18,482	5,732	6,690
Return to investment account holders	(13,611)	(13,759)	(4,784)	(4,496)
Less: Finance expense	(13,909)	(12,924)	(5,465)	(4,027)
Total income	99,338	67,084	15,975	20,031
Staff cost	27,174	22,931	7,345	6,705
Other operating expenses	37,405	25,871	10,104	8,250
Total expenses	64,579	48,802	17,449	14,955
Profit before impairment allowances	34,759	18,282	(1,474)	5,076
Less: Impairment allowances	(28,944)	(3,466)	(6,789)	(11,622)
Profit from continuing operations	9,705	14,816	(8,263)	3,914
Discontinued operations	-	-	-	-
Profit from industrial business, net	-	3,165	-	407
PROFIT FOR THE PERIOD	9,705	17,981	(8,263)	4,321
Attributable to:				
Shareholders of the Bank	3,947	4,081	(7,578)	761
Non-controlling interests	5,758	13,900	(6,885)	3,560
	9,705	17,981	(8,263)	4,321
Earnings per share				
Basic and diluted earnings per share (US cents)	0.18	0.19	(0.34)	0.03
Earnings per share (continuing operations)				
Basic and diluted earnings per share (US cents)	0.18	0.19	(0.34)	0.03

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the nine months ended 30 September 2016 / US\$ 000's	30 September 2016 (reviewed)	30 September 2015 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	9,705	17,981
Adjustments for:		
Income from investment securities	(2,215)	(2,689)
Share of profit of equity-accounted investees	(1,228)	(2,874)
Foreign exchange (gain) / loss, net	2,442	601
Gain on sale of investment property	(46,082)	(21,022)
Other income	(7,521)	(9,431)
Finance expenses	13,909	12,924
Impairment allowances	25,054	34,666
Depreciation and amortisation	1,380	1,533
	(4,556)	489
Changes in:		
Financing assets	(129,228)	(58,187)
Assets acquired for leasing	(63,103)	(34,873)
Other assets	37,739	(53,952)
CBB Reserve balance	212	(8,804)
Investors' funds	(6,643)	(8,363)
Placements from financial, other entities and individuals	138,688	(23,677)
Customer current accounts	20,629	46,397
Equity of investment account holders	57,341	97,842
Other liabilities	(47,370)	33,595
Net cash generated from / (used in) operating activities	3,709	(7,806)
INVESTING ACTIVITIES		
Payment for purchase of equipment, net	(681)	(5,432)
Purchase of investment securities	(64,514)	(203,440)
Proceeds from sale of investment securities	92,180	101,814
Proceeds from sale of investment property	8,191	5,642
Dividend / income from equity securities	8,355	2,743
Net cash generated from / (used in) investing activities	43,531	(98,673)
FINANCING ACTIVITIES		
Financing liabilities, net	(40,401)	(31,073)
Finance expense paid	(12,031)	(8,335)
Dividend paid (including non-controlling interests)	-	(1,753)
Proceeds from issue of convertible murabaha	-	60,000
Sale of treasury shares, net	10,464	(7,081)
Net cash (used in) / generated from financing activities	(41,968)	11,758
Net increase/(decrease) in cash and cash equivalents during period	5,272	(94,721)
Cash and cash equivalents at 1 January	194,460	333,659
CASH AND CASH EQUIVALENTS AT 30 September	199,732	238,938
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding balances with Central Bank in reserve account)	70,058	91,705
Placements with financial institutions	129,674	147,233
	199,732	238,938