



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2018

| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2018 / US\$ 000's | 30 June 2018* (reviewed) | 31 December 2017 (audited) | 31 June 2017 (reviewed) |
|---|--------------------------------|----------------------------------|-------------------------------|
| ASSETS | | | |
| Cash and bank balances | 171,456 | 216,445 | 162,074 |
| Placements with financial institutions | 67,879 | 95,569 | 261,300 |
| Financing assets | 961,235 | 992,502 | 987,226 |
| Investment securities | 571,444 | 521,408 | 452,611 |
| Assets acquired-for-leasing | 264,989 | 257,806 | 265,377 |
| Investment properties | 525,853 | 616,263 | 484,973 |
| Development properties | 1,272,620 | 893,037 | 882,765 |
| Equity-accounted investees | 85,441 | 81,440 | 116,662 |
| Property, plant and equipment | 113,630 | 117,135 | 120,089 |
| Other assets | 295,662 | 318,852 | 200,478 |
| Total assets | 4,330,209 | 4,110,457 | 3,933,555 |
| LIABILITIES | | | |
| Investors' funds | 27,072 | 39,413 | 36,538 |
| Placements from financial institutions, other entities and individuals | 947,184 | 858,496 | 833,208 |
| Customer current accounts | 165,751 | 189,607 | 222,543 |
| Financing liabilities | 471,447 | 365,062 | 204,340 |
| Other liabilities | 440,894 | 255,733 | 232,562 |
| Total liabilities | 2,052,348 | 1,708,311 | 1,529,191 |
| Equity of investment account holders | 832,116 | 906,353 | 882,297 |
| OWNERS' EQUITY | | | |
| Share capital | 975,638 | 975,638 | 657,794 |
| Treasury shares | (50,815) | (58,417) | (340) |
| Share premium | - | 3,058 | - |
| Capital adjustment account | - | - | 282,130 |
| Statutory reserve | 102,863 | 105,893 | 95,475 |
| Retained earnings | 93,897 | 122,825 | 102,095 |
| Investment fair value reserve | 3,342 | - | - |
| Foreign currency translation reserve | (11,866) | - | - |
| Share grant reserve | 1,115 | 1,026 | 966 |
| Total equity attributable to shareholders of the Bank | 1,114,174 | 1,150,023 | 1,138,120 |
| Non-controlling interests | 331,571 | 345,770 | 383,947 |
| Total owners' equity | 1,445,745 | 1,495,793 | 1,522,067 |
| Total liabilities, equity of investment account holders and owners' equity | 4,330,209 | 4,110,457 | 3,933,555 |

| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2018 / US\$ 000's | 30 June 2018 (reviewed) | 30 June 2017 (reviewed) |
|--|----------------------------|----------------------------|
| OPERATING ACTIVITIES | | |
| Profit for the period | 73,336 | 65,519 |
| Adjustments for: | | |
| Income from investment banking activities | (15,000) | - |
| Income from investment securities | (15,242) | (8,869) |
| Share of profit of equity-accounted investees | (3,999) | (4,013) |
| Foreign exchange loss/ (gain) | 307 | (2,134) |
| Gain on sale of a subsidiary | - | (61,719) |
| Income from restructuring | (35,300) | - |
| Finance expense | 26,008 | 19,065 |
| Impairment allowances (reversal) / charge | 5,699 | (3,496) |
| Depreciation and amortisation | 1,025 | 816 |
| | 36,834 | 5,169 |
| Changes in: | | |
| Placements with financial institutions (more than 3 months) | 8,301 | 195 |
| Financing assets | 1,589 | (16,636) |
| Assets acquired for leasing | (7,183) | (19,120) |
| Other assets | (52,048) | (13,543) |
| CBB Reserve balance | (2,454) | 2,494 |
| Investors' funds | (12,341) | (8,027) |
| Placements from financial, other entities and individuals | 88,688 | 262,693 |
| Customer current accounts | (23,856) | 29,760 |
| Equity of investment account holders | (74,237) | (139,893) |
| Other liabilities | (11,093) | (6,601) |
| Net cash (used in) / generated from operating activities | (47,800) | 96,491 |
| INVESTING ACTIVITIES | | |
| Payment for purchase of equipment, net | (1,065) | (743) |
| Purchase of investment securities | (99,120) | (74,718) |
| Proceeds from sale of a subsidiary | 104,591 | 64,414 |
| Net cash paid for acquisition of a subsidiary | (5,144) | - |
| Proceeds from sale of investment securities | 83,880 | 25,134 |
| Dividend income | 15,983 | 6,973 |
| Payment for purchase of investment property | (2,652) | - |
| Net cash generated from investing activities | 96,473 | 21,060 |
| FINANCING ACTIVITIES | | |
| Financing liabilities, net | (7,012) | 29,297 |
| Finance expense paid | (22,651) | - |
| Dividend paid | (90,533) | (17,168) |
| Acquisition of additional stake in a subsidiary | - | (59,799) |
| Purchase of treasury shares, net | 1,514 | (15,228) |
| Net cash used in financing activities | (118,682) | (62,898) |
| Net (decrease) / increase in cash and cash equivalents during the period | (70,009) | 54,653 |
| Cash and cash equivalents at 1 January * | 256,887 | 312,572 |
| Cash and cash equivalents at 30 June | 186,878 | 367,225 |
| Cash and cash equivalents comprise: * | | |
| Cash and balances with banks (excluding CBB Reserve balance and restricted cash) | 118,999 | 111,228 |
| Placements with financial institutions (less than 3 months) | 67,879 | 255,997 |
| | 186,878 | 367,225 |

| CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 31 March 2018 / US\$ 000's | Six months ended | | Three months ended | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 30 June 2018* (reviewed) | 30 June 2017 (reviewed) | 30 June 2018* (reviewed) | 30 June 2017 (reviewed) |
| Income from investment banking activities | 31,600 | 73,875 | 22,700 | 36,119 |
| Fee and commission income | 3,699 | 3,479 | 1,795 | 1,766 |
| Income from placements with financial institutions | 1,572 | 1,712 | 560 | 1,103 |
| Income from financing assets and assets acquired-for-leasing | 34,403 | 36,197 | 17,346 | 18,451 |
| Share of profit / (loss) of equity-accounted investees, net | 3,999 | 1,038 | 544 | 1,411 |
| Income from investment securities, net | 15,242 | 8,870 | 11,257 | 6,058 |
| Income from real estate | 4,411 | - | 1,211 | - |
| Foreign exchange gain/(loss), net | 478 | 2,134 | (491) | 1,872 |
| Other income, net | 65,554 | 12,750 | 27,707 | 9,311 |
| Operating income before return to investment account holders and finance expenses | 160,958 | 140,055 | 82,629 | 76,091 |
| Return to investment account holders before Group's share as Mudarib | (15,406) | (22,019) | (7,581) | (11,003) |
| Group's share as Mudarib | 4,634 | 11,448 | 2,355 | 5,573 |
| Return to investment account holders | (10,772) | (10,571) | (5,226) | (5,430) |
| Less: Finance expense | (26,008) | (19,065) | (13,677) | (9,828) |
| Total income | 124,178 | 110,419 | 63,726 | 60,833 |
| Staff cost | 22,021 | 24,049 | 11,475 | 13,430 |
| Investment advisory expenses | 4,849 | 5,235 | 1,994 | 2,685 |
| Other operating expenses | 18,203 | 22,087 | 9,721 | 11,883 |
| Total expenses | 45,073 | 51,371 | 23,190 | 27,998 |
| Profit before impairment allowances | 79,105 | 59,048 | 40,536 | 32,835 |
| Impairment allowances (charge) / reversal for the period | (5,699) | 3,496 | (4,025) | (2,349) |
| Profit from continuing operations | 73,406 | 62,544 | 36,511 | 30,486 |
| Discontinued operations | | | | |
| Profit from operations of non-banking subsidiaries, net | - | 2,975 | - | 1,482 |
| PROFIT FOR THE PERIOD | 73,406 | 65,519 | 36,511 | 31,968 |
| Profit for the period attributable to: | | | | |
| Shareholders of the Bank | 72,502 | 62,142 | 36,023 | 30,227 |
| Non-controlling interests | 904 | 3,377 | 488 | 1,741 |
| | 73,406 | 65,519 | 36,511 | 31,968 |
| Earnings per share | | | | |
| Basic and diluted earnings per share (US cents) | 2.02 | 2.51 | 1.00 | 1.22 |
| Earnings per share - continuing operations | | | | |
| Basic and diluted earnings per share (US cents) | 2.02 | 2.39 | 1.00 | 1.16 |

| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2018 / (US\$ 000's) (reviewed) | Attributable to shareholders of the Bank | | | | | | | | | Non - controlling interests | Total owners' equity |
|---|--|------------------|--------------------|----------------------|----------------------|------------------------|-------------------------------------|---|------------------|-----------------------------------|-------------------------|
| | Share capital | Share premium | Treasury shares | Statutory reserve | Retained earnings | Share grant reserve | Investment fair value reserve | Foreign currency translation reserve | Total | | |
| Balance at 1 January 2018 (as previously reported) | 975,638 | 3,058 | (58,417) | 105,893 | 122,825 | 1,026 | - | - | 1,150,023 | 345,770 | 1,495,793 |
| Impact of adoption of IAS 30 | - | - | - | - | (16,586) | - | - | - | (16,586) | (13,092) | (29,678) |
| Balance at 1 January 2018 (restated) | 975,638 | 3,058 | (58,417) | 105,893 | 106,239 | 1,026 | - | - | 1,133,437 | 332,678 | 1,466,115 |
| Profit for the period | - | - | - | - | 72,502 | - | - | - | 72,502 | 904 | 73,406 |
| Fair value changes during the period | - | - | - | - | - | - | 3,342 | - | 3,342 | - | 3,342 |
| Total recognised income and expense | - | - | - | - | 72,502 | - | 3,342 | - | 75,844 | 904 | 76,748 |
| Dividends declared | - | - | - | - | (82,412) | - | - | - | (82,412) | - | (82,412) |
| Transfer to zakah and charity fund | - | - | - | - | (2,432) | - | - | - | (2,432) | (522) | (2,954) |
| Derecognition on loss of control | - | - | - | - | - | - | - | - | - | (711) | (711) |
| Issue of shares under incentive scheme | - | - | - | - | - | 89 | - | - | 89 | - | 89 |
| Purchase of treasury shares | - | - | (16,241) | - | - | - | - | - | (16,241) | - | (16,241) |
| Sale of treasury shares | - | (3,058) | 23,843 | (3,030) | - | - | - | - | 17,755 | - | 17,755 |
| Foreign currency translation differences | - | - | - | - | - | - | (11,866) | (11,866) | - | (7,161) | (19,027) |
| Non-controlling interests arising on acquisition of a subsidiary | - | - | - | - | - | - | - | - | - | 6,383 | 6,383 |
| Balance at 30 June 2018 | 975,638 | - | (50,815) | 102,863 | 93,897 | 1,115 | 3,342 | (11,866) | 1,114,174 | 331,571 | 1,445,745 |

| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (continued) for the six months ended 30 June 2018 / (US\$ 000's) (reviewed) | Attributable to shareholders of the Bank | | | | | | | | | Non - controlling interests | Total owners' equity |
|---|--|--------------------|---|----------------------|----------------------|------------------------|--|---------------|--------------|-----------------------------------|-------------------------|
| | Share capital | Treasury shares | Capital adjustment and share subscription in | Statutory reserve | Retained earnings | Share grant reserve | Foreign currency translation reserve | Total | | | |
| Balance at 1 January 2017 | 597,995 | (340) | 24,320 | 93,768 | 201,993 | 902 | (10,614) | 908,024 | 213,683 | 1,121,707 | |
| Profit for the period | - | - | - | - | 62,142 | - | - | 62,142 | 3,377 | 65,519 | |
| Total recognised income and expense | - | - | - | - | 62,142 | - | - | 62,142 | 3,377 | 65,519 | |
| Bonus shares issued | 59,799 | - | - | - | (59,799) | - | - | - | - | - | |
| Dividends declared | - | - | - | - | (59,799) | - | - | (59,799) | - | (59,799) | |
| Transfer to zakah and charity fund | - | - | - | - | (3,509) | - | - | (3,509) | - | (3,509) | |
| Subscriptions received | - | - | 25,780 | - | - | - | - | 25,780 | 214,318 | 472,128 | |
| Acquisition of additional interests in subsidiaries and resulting changes in non-controlling interests | - | - | - | 1,707 | (38,933) | (40) | 10,614 | (26,652) | (38,574) | (65,226) | |
| Issue of shares under incentive scheme, net of forfeitures | - | - | - | - | - | 104 | - | 104 | - | 104 | |
| Derecognition of a subsidiary | - | - | - | - | - | - | - | - | (8,857) | (8,857) | |
| Balance at 30 June 2017 | 657,794 | (340) | 24,320 | 95,475 | 102,095 | 966 | - | 1,138,120 | 383,947 | 1,522,067 | |

The Board of Directors approved the condensed consolidated interim financial information on 13 August 2018, and signed on its behalf by:

Jassim AlSeddiqi
Chairman

H.E. Shaikh Ahmed Bin Khalifa Al-Khalifa
Vice Chairman

Hisham Alrayes
Chief Executive Officer & Board Member

*The above Condensed Consolidated Statement of Financial Position, Condensed Consolidated Income Statement, Statement of Cash Flow and the Statement of Changes in Owners' Equity have been extracted from Condensed Consolidated Interim Financial Statements of GFH Financial Group B.S.C. for the six months ended 30th June 2018, which were reviewed by KPMG, who have expressed an Unqualified Opinion.