



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March 2018 / US\$ 000's	31 March 2018 (reviewed)	31 December 2017 (audited)	31 March 2017 (reviewed)
ASSETS			
Cash and bank balances	193,919	216,445	126,432
Placements with financial institutions	125,025	95,569	183,577
Financing assets	929,127	992,502	975,542
Investment securities	535,899	521,408	560,801
Assets acquired-for-leasing	266,735	257,806	244,703
Investment properties	611,901	616,263	485,758
Development properties	904,528	893,037	280,972
Equity-accounted investees	84,895	81,440	113,408
Property, plant and equipment	117,377	117,135	143,031
Other assets	203,525	318,852	126,023
Total assets	3,972,931	4,110,457	3,240,247
LIABILITIES			
Investors' funds	35,183	39,413	39,259
Placements from financial institutions, other entities and individuals	841,979	858,496	595,127
Customer current accounts	188,684	189,607	183,533
Financing liabilities	367,035	365,062	174,774
Other liabilities	310,954	255,733	190,517
Total liabilities	1,743,835	1,708,311	1,183,210
Equity of investment account holders	812,326	906,353	992,005
OWNERS' EQUITY			
Share capital	975,638	975,638	657,794
Treasury shares	(60,636)	(58,417)	(340)
Share premium	2,191	3,058	-
Capital adjustment account	-	-	24,320
Statutory reserve	105,893	105,893	95,475
Retained earnings	59,670	122,825	99,494
Investment fair value reserve	1,139	-	-
Share grant reserve	1,026	1,026	862
Total equity attributable to shareholders of the Bank	1,084,921	1,150,023	877,605
Non-controlling interests	331,849	345,770	187,427
Total owners' equity	1,416,770	1,495,793	1,065,032
Total liabilities, equity of investment account holders and owners' equity	3,972,931	4,110,457	3,240,247

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the three months ended 31 March 2018 / (US\$ 000's) (reviewed)	Attributable to shareholders of the Bank								Non-controlling interests	Total owners' equity
	Share capital	Treasury shares	Share premium	Statutory reserve	Retained earnings	Share grant reserve	Investment fair value reserve	Total		
31 March 2018 (reviewed)										
Balance at 1 January 2018	975,638	(58,417)	3,058	105,893	122,825	1,026	-	1,150,023	345,770	1,495,793
Impact of adoption of FAS 30	-	-	-	-	(16,586)	-	-	(16,586)	(13,092)	(29,678)
Balance at 1 January 2018 (restated)	975,638	(58,417)	3,058	105,893	106,239	1,026	-	1,133,437	332,678	1,466,115
Profit for the period	-	-	-	-	36,479	-	-	36,479	416	36,895
Fair value changes during the period	-	-	-	-	-	-	1,139	1,139	-	1,139
Total recognised income and expense	-	-	-	-	36,479	-	1,139	37,618	416	38,034
Dividends to shareholders	-	-	-	-	(82,412)	-	-	(82,412)	-	(82,412)
Transfer to zakah and charity	-	-	-	-	(636)	-	-	(636)	(534)	(1,170)
Derecognition on loss of control	-	-	-	-	-	-	-	-	(711)	(711)
Purchase of treasury	-	(5,444)	-	-	-	-	-	(5,444)	-	(5,444)
Sale of treasury shares	-	3,225	(867)	-	-	-	-	2,358	-	2,358
Balance at 31 March 2018	975,638	(60,636)	2,191	105,893	59,670	1,026	1,139	1,084,921	331,849	1,416,770

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (continued) for the three months ended 31 March 2018 / (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	Share grant reserve	Total			
31 March 2017 (reviewed)										
Balance at 1 January 2017	597,995	(340)	24,320	93,768	191,379	902	908,024	213,683	1,121,707	
Profit for the period	-	-	-	-	31,915	-	31,915	1,636	33,551	
Total recognised income and expense	-	-	-	-	31,915	-	31,915	1,636	33,551	
Bonus shares issued	59,799	-	-	-	(59,799)	-	-	-	-	
Dividends to shareholders	-	-	-	-	(59,799)	-	(59,799)	-	(59,799)	
Transfer to zakah and charity fund	-	-	-	-	(3,509)	-	(3,509)	-	(3,509)	
Acquisition of additional interests in a subsidiary	-	-	-	1,707	5,458	(40)	7,125	(25,186)	(18,061)	
Changes in non-controlling interests	-	-	-	-	(6,151)	-	(6,151)	6,151	-	
Derecognition of a subsidiary	-	-	-	-	-	-	-	(8,857)	(8,857)	
Balance at 31 March 2017	657,794	(340)	24,320	95,475	99,494	862	877,605	187,427	1,065,032	

The Board of Directors approved the condensed consolidated interim financial information on 13 May 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, 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 three months ended 31st March 2018, which were reviewed by KPMG, who have expressed an Unqualified Opinion.

CONDENSED CONSOLIDATED INCOME STATEMENT for the three months ended 31 March 2018 / US\$ 000's	Three months ended	
	31 March 2018 (reviewed)	31 March 2017 (reviewed)
Income from investment banking activities	8,900	37,756
Fee and commission income	1,904	1,713
Income from placements with financial institutions	1,012	609
Income from financing assets and assets acquired-for-leasing	17,057	17,746
Share of profit / (loss) of equity-accounted investees, net	3,455	(373)
Income from investment securities, net	3,985	2,812
Income from real estate	3,200	-
Foreign exchange gain, net	969	262
Other income, net	3,787	3,439
Operating income before return to investment account holders and finance expenses	78,329	63,964
Return to investment account holders before Group's share as Mudarib	(7,825)	(11,016)
Group's share as Mudarib	2,279	5,875
Return to investment account holders	(5,546)	(5,141)
Less: Finance expense	(12,331)	(9,237)
Total income	60,452	49,586
Staff cost	10,546	10,619
Investment advisory expenses	2,855	2,550
Other operating expenses	8,482	10,204
Total expenses	21,883	23,373
Profit before impairment allowances	38,569	26,213
Impairment allowances (charge) / reversal for the period	(1,674)	5,845
Profit from continuing operations	36,895	32,058
Discontinued operations	-	-
Profit from operations of non-banking subsidiaries, net	-	1,493
PROFIT FOR THE PERIOD	36,895	33,551
Profit for the period attributable to:		
Shareholders of the Bank	36,479	31,915
Non-controlling interests	416	1,636
	36,895	33,551
Earnings per share		
Basic and diluted earnings per share (US cents)	1.02	1.28
Earnings per share - continuing operations		
Basic and diluted earnings per share (US cents)	1.02	1.28

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the three months ended 31 March 2018 / US\$ 000's	31 March 2018 (reviewed)	31 March 2017 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	36,895	33,551
Adjustments for:		
Income from investment securities	(632)	(2,812)
Share of profit of equity-accounted investees	(3,455)	(1,120)
Foreign exchange (gain) / loss	(969)	(262)
Gain on sale of a subsidiary	-	(25,600)
Income from restructuring	(35,300)	-
Other income	(2,547)	(3,439)
Finance expense	18,777	9,237
Impairment allowances (reversal) / charge	1,674	(5,845)
Depreciation and amortisation	509	413
	14,052	4,123
Changes in:		
Placements with financial institutions (more than 3 months)	2,756	54
Financing assets	33,697	(4,952)
Assets acquired for leasing	(8,929)	1,554
Other assets	2,136	5,718
CBB Reserve balance	(4,802)	3,817
Investors' funds	(4,230)	(5,306)
Placements from financial, other entities and individuals	(16,517)	24,612
Customer current accounts	(923)	(9,250)
Equity of investment account holders	(94,027)	(30,185)
Other liabilities	(26,779)	9,067
Net cash used in operating activities	(84,566)	(2,748)
INVESTING ACTIVITIES		
Payment for purchase of equipment, net	(512)	(477)
Purchase of investment securities	(49,510)	(45,840)
Proceeds from sale of a subsidiary	104,591	52,966
Proceeds from sale of investment securities	35,971	5,565
Dividend income from investments	7128	2,812
Net cash generated from investing activities	97,668	15,026
FINANCING ACTIVITIES		
Financing liabilities, net	1,973	10,042
Finance expense paid	(8,839)	(7,902)
Dividend paid	(1,000)	(59,799)
Acquisition of additional stake in a subsidiary	-	(15,228)
Purchase of treasury shares, net	(2,219)	-
Net cash used in financing activities	(9,185)	(72,887)
Net increase / (decrease) in cash and cash equivalents during the period	3,917	(60,609)
Cash and cash equivalents at 1 January *	256,887	312,572
CASH AND CASH EQUIVALENTS AT 31 March	260,804	251,963
Cash and cash equivalents comprise:		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash)	141,224	73,494
Placements with financial institutions (less than 3 months)	119,480	178,469
	260,804	251,963

* net of expected credit loss of US\$ 7 thousands (31 December 2017: US\$ 5 thousands)