CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31st December 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2018 / US$ 000's	31 December 2018	31 December 2017
ASSETS		
Cash and bank balances	341,567	216,445
Placements with financial institutions	289,558	95,569
Financing assets	920,676	992,502
Investment securities	773,134	521,408
Assets acquired for leasing	288,271	257,806
Investment property	523,692	616,263
Development properties	1,316,318	893,037
Equity-accounted investees	66,964	81,440
Assets held-for-sale	147,141	-
Property and equipment	92,902	117,135
Other assets	229,142	318,852
Total assets	**4,989,365**	4,110,457
LIABILITIES		
Investors' funds	46,639	39,413
Placements from financial institutions, other entities and individuals	1,628,389	858,496
Customer current accounts	177,906	189,607
Financing liabilities	256,137	365,062
Liabilities directly associated with assets held-for-sale	42,749	-
Other liabilities	517,857	255,733
Total liabilities	**2,669,677**	1,708,311
Equity of investment account holders	**896,910**	906,353
OWNERS' EQUITY		
Share capital	975,638	975,638
Share premium	-	3,058
Treasury shares	(85,424)	(58,417)
Statutory reserve	92,483	105,893
Fair value reserve	(4,725)	-
Foreign currency translation reserve	(43,380)	-
Retained earnings	123,136	122,825
Share grant reserve	1,086	1,026
Total equity attributable to shareholders of the Bank	**1,058,814**	1,150,023
Non-controlling interests	323,408	345,770
Non-controlling interests held-for-sale	40,556	-
Total owners' equity	**1,422,778**	1,495,793
Total liabilities, equity of investment account holders and owners' equity	**4,989,365**	4,110,457

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the year ended 31 December 2018 / (US$ 000's)	Attributable to shareholders of the Bank											
	Share capital	Share Premium	Treasury shares	Statutory reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Share grant reserve	Total	Non - controlling interests	Non - controlling interests held-forsale	Total owners' equity
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 FAS 30	-	-	-	-	-	-	(16,586)	-	(16,586)	(13,092)	-	(29,678)
Impact of adoption of FAS 30 by associates	-	-	-	-	-	-	(965)	-	(965)	-	-	(965)
Balance at 1 January 2018 (restated)	**975,638**	**3,058**	**(58,417)**	**105,893**	**-**	**-**	**105,274**	**1,026**	**1,132,472**	**332,678**	**-**	**1,465,150**
Profit for the year	-	-	-	-	-	-	114,076	-	114,076	973	-	115,049
Foreign currency translation differences	-	-	-	-	-	(43,380)	-	-	(43,380)	(15,331)	-	(58,711)
Fair value changes during the year	-	-	-	-	(4,725)	-	-	-	(4,725)	-	-	(4,725)
Total recognised income and expense	**-**	**-**	**-**	**-**	**(4,725)**	**(43,380)**	**114,076**	**-**	**65,971**	**(14,358)**	**-**	**51,613**
Dividends declared for 2017	-	-	-	-	-	-	(82,412)	-	(82,412)	-	-	(82,412)
Transfer to zakah and charity fund	-	-	-	-	-	-	(2,432)	-	(2,432)	(522)	-	(2,954)
Derecognition on loss of control	-	-	-	-	-	-	(24)	-	(24)	(804)	-	(828)
Issue of shares under incentive scheme	-	-	-	-	-	-	62	60	122	98	-	220
Transfer to statutory reserve	-	-	-	11,408	-	-	(11,408)	-	-	-	-	-
Purchase of treasury shares	-	-	(160,973)	-	-	-	-	-	(160,973)	-	-	(160,973)
Sale of treasury shares	-	(3,058)	133,966	(24,818)	-	-	-	-	106,090	-	-	106,090
Non-controlling interests arising on acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	6,316	40,556	46,872
Balance at 31 December 2017	**975,638**	**-**	**(85,424)**	**92,483**	**(4,725)**	**(43,380)**	**123,136**	**1,086**	**1,058,814**	**323,408**	**40,556**	**1,422,778**

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the year ended 31 December 2018 / (US$ 000's)	Attributable to shareholders of the Bank									
	Share Capital	Share premium	Treasury shares	Capital adjustment account	Statutory reserve	Retained earnings	Share grant reserve	Total	Non - controlling interests	Total owners' equity
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 year	-	-	-	-	-	104,182	-	104,182	(994)	103,188
Total recognised income and expense	-	-	-	-	-	104,182	-	104,182	(994)	103,188
Issuance of share capital	314,530	2,896	-	(24,320)	-	-	-	293,106	176,754	469,860
Bonus shares issued	59,799	-		-	-	(59,799)	-	-	-	-
Dividends declared for 2016	-	-		-	-	(59,799)	-	(59,799)	-	(59,799)
Transfer to zakah and charity fund	-	-		-	-	(3,509)	-	(3,509)	-	(3,509)
Acquisition of additional interests in subsidiaries and resulting changes in non-controlling interests, net	-	-	-	-	1,707	(39,211)	(40)	(37,544)	(34,816)	(72,360)
Transfer to statutory reserve	-	-	-	-	10,418	(10,418)	-	-	-	-
Issue of shares under staff incentive scheme, net of forfeitures	3,314	3,564	-	-	-	-	164	7,042	-	7,042
De-recognition of a subsidiary on loss of control	-	-	-	-	-	-	-	-	(8,857)	(8,857)
Purchase of treasury shares	-	-	(82,839)	-	-	-	-	(82,839)	-	(82,839)
Purchase of treasury shares	-	(3,402)	24,762	-	-	-	-	21,360	-	21,360
Balance at 31 December 2016	975,638	3,058	(58,417)	-	105,893	122,825	1,026	1,150,023	345,770	1,495,793

The consolidated financial statements were approved by the Board of Directors on 11 February 2019 and signed on its behalf by:

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

Hisham Alrayes
Chief Executive Officer & Board Member

"The above Consolidated Statement of Financial Position, Income Statement, Statement of Cash Flow and the Changes in Owners' Equity have been extracted from Consolidated Financial Statements of GFH Financial Group B.S.C. for the year ended 31st December 2018, which were audited by KPMG, who have expressed an Unqualified Opinion on 11 February 2019".

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2018 / US$ 000'	2018	2017
Continuing operations		
Income from investment banking activities	40,100	121,294
Fees and commission income	7,989	6,631
Income from placements with financial institutions	3,980	3,177
Income from financing assets and assets acquired for leasing	72,799	73,377
Share of profits of equity-accounted investees, net	3,161	(248)
Income from investment securities, net	33,725	11,313
Foreign exchange gain, net	1,252	4,050
Income from settlement of liabilities	113,147	-
Other income, net	55,472	48,211
Income before return to investment account holders and finance expense	**331,625**	267,805
Return to investment account holders before Group's share as Mudarib	(37,731)	(39,480)
Bank's share as Mudarib	14,904	19,726
Return to investment account holders	**(22,827)**	(19,754)
Less: Finance expense	(62,585)	(43,692)
Total income	**246,213**	204,359
Staff cost	53,135	40,914
Investment advisory expenses	14,477	8,778
Other operating expenses	49,477	49,387
Total expenses	**117,089**	99,079
Profit before impairment allowances	**129,124**	105,280
Less: Impairment allowances	(17,614)	(9,381)
Profit for the year from continuing operations	**111,510**	95,899
Discontinued operations		
Profit from operations of non-banking subsidiaries, net	3,539	7,289
PROFIT FOR THE YEAR	**115,049**	103,188
Profit for the year attributable to:		
Shareholders of the Bank	114,076	104,182
Non-controlling interests	973	(994)
	115,049	103,188
Earnings per share		
Basic and diluted earnings per share (US cents)	**3.22**	3.58
Earnings per share – continuing operations		
Basic and diluted earnings per share (US cents)	**3.12**	3.30

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2018/ US$ 000's	2018	2017
OPERATING ACTIVITIES		
Profit for the year	**115,049**	103,188
Adjustments for:		
Income from investment banking activities	(8,500)	(80,511)
Income from investment securities	(33,725)	(11,313)
Share of profit of equity-accounted investees, net	(3,161)	(7,041)
Foreign exchange gain, net	(434)	(4,050)
Other income	(6,902)	(18,000)
Income from settlement of liabilities	(113,147)	-
Finance expense	62,585	43,692
Depreciation and amortisation	2,099	6,279
Impairment allowances	17,614	9,381
	31,478	41,625
Changes in:		
Placements with financial institutions	(168,286)	3,193
Financing assets	9,256	(21,912)
Asset acquired for leasing	(30,465)	(11,549)
Other assets	9,458	(97,437)
Investors' funds	7,226	(5,152)
Placements from financial institutions, other entities and individuals	769,893	287,981
Customer current accounts	(11,701)	(3,176)
Other liabilities	(132,128)	9,049
Equity of investment account holders	(9,443)	(115,837)
CBB reserve account	(8,913)	6,354
Net cash generated from operating activities	**466,375**	93,139
INVESTING ACTIVITIES		
Payment for purchase of equipment, net	(2,814)	(921)
Purchase of investment securities	(336,120)	(220,030)
Purchase of additional stake in an associate	(5,730)	-
Proceeds from sale of investment securities	118,860	51,875
Dividend and income from investment securities	25,308	14,857
Net cash paid for acquisition of a subsidiary	(17,276)	-
(Purchase) / sale of investment and development properties	(15,952)	1,857
Proceeds from sale of private equity subsidiaries	104,591	53,694
Net cash used in investing activities	**(129,133)**	(98,668)
FINANCING ACTIVITIES		
Financing liabilities, net	(9,810)	126,255
Finance expense paid	(55,665)	(36,245)
Purchase of treasury shares, net	(54,883)	(65,139)
Dividends paid	(76,151)	(59,799)
Acquisition of additional shares in a subsidiary	-	(15,228)
Net cash used in financing activities	**(196,509)**	(50,156)
Net increase / (decrease) in cash and cash equivalents	**140,733**	(55,685)
Cash and cash equivalents at 1 January	256,887	312,572
CASH AND CASH EQUIVALENTS at 31 December	**397,620**	256,887
Cash and cash equivalents comprise		
Cash and balances with banks (excluding CBB reserve account and restricted bank balances)	284,649	169,619
Placements with financial institutions (with original maturity of three months or less)	112,971	87,268
	397,620	256,887