



CMP/AUG/2018/0016

15th August 2018

Mr. Hassan Al Serkal

EVP, COO – Head of Operations Division, Market Operations Division

Dubai Financial Market

P.O Box 9700

Dubai - United Arab Emirates

Dear Mr. Al Serkal,

Subject: GFH Financial Group Webcast for Q2 2018 Financials

Further to GFH's market notification dated 14th August 2018 on the outcomes of the Webcast, please find enclosed the questions and answers part of the session. Furthermore, enclosed is the presentation discussed during the same session.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Nabeel Mirza', enclosed within a blue oval scribble.

Nabeel Mirza

Senior Director Compliance & MLRO



Questions and Answer part of GFH Financial Group's Webcast for Q2 2018 Financials:

Question: The first question is concerning the value of development properties and how that has scaled up from US\$ 905 million to US\$ 1.27 billion. Can you please elaborate on this as well as the planned exit from the real estate portfolio and if there are any regulatory issues that could cause delays as well as an envisaged timeline.

Answer: The first question concerning the increase in development properties is as a result of the consolidation of Gulf Holding, which owns Villamar development in Bahrain and other developments.

We cannot unfortunately divulge much information concerning the planned real estate portfolio exit. Due Diligence is ongoing and we will share more information at the appropriate time.

Question: This question concerns other assets, particularly investment banking receivables, prepayment and other receivables and the reason for the increase.

Answer: This is basically a timing and accounting issue with respect to our investment banking products.

Question: Can you elaborate on any future strategic acquisitions.

Answer: The Group continues to look strategically and opportunistically at select acquisitions of financial services entities. As and when a definitive agreement is reached with a target, this will be disclosed.

Question: Being cross-listed on DFM, do you follow SCA's regulations regarding any possible cancellation of treasury shares. Are you planning to distribute the treasury shares bought back as stock dividends?

Answer: We would follow SCA's regulations. However, there are currently no plans to distribute the treasury shares as stock dividends.

Question: Are your cross-listing and other investment banking activities still on track in Saudi?

Answer: We will update the market accordingly once the relevant approvals are in place.

Question: What % of shares is the company planning to increase?

Answer: If the question is relating to shares buyback, then subject to Central Bank of Bahrain approval, our plan is to acquire up to 5% of issued shares. Currently, 4.1% has been acquired. There are no plans to increase capital if that was the nature of the question.

Question: we have several questions related to latest shareholding percentages.

Answer: We will update our website with the latest shareholding as of July.

Question: Do you have any plans to support the share price in the market?

Answer: As communicated previously, we are looking at increasing our treasury share buyback subject to all regulatory and other approvals.

We would like to thank you all for taking the time to listen to this webcast and look forward to interacting with you again in the near future.

GFH Financial Group H1 2018 Results

Presentation to Investors and Analysts

For the Period Ended June 30th 2018



Important Notice and Forward-Looking Statements

Important notice

The information set out in this presentation and subsequent webcast does not constitute a public offer for the purposes of any applicable law or an offer to sell or solicitation of any offer to purchase any securities or other financial instruments or any recommendation in respect of such securities or instruments.

Forward-looking statements

This presentation and subsequent webcast may contain projections, estimates, forecasts, targets, opinions, prospects, results, returns and forward-looking statements with respect to the financial condition, results of operations, capital position and business of the Group (together, "Forward-Looking Statements"). Any such Forward-Looking Statements are not a reliable indicator of future performance, as they may involve significant assumptions and subjective judgments, which may or may not prove to be correct, and there can be no assurance that any of the matters set out in Forward-Looking Statements are attainable, will actually occur or will be realized or are complete or accurate. Forward-Looking Statements are statements about the future and are inherently uncertain and generally based on stated or implied assumptions. The assumptions may prove to be incorrect and involve known and unknown risks, uncertainties, contingencies and other important factors, many of which are outside the control of the Group. Actual achievements, results, performance or other future events or conditions may differ materially from those stated, implied and/or reflected in any Forward-Looking Statements due to a variety of risks, uncertainties and other factors (including without limitation those which are referable to general market conditions or regulatory changes). Any such Forward-Looking Statements are based on the beliefs, expectations and opinions of the Group at the date the statements are made, and the Group does not assume, and hereby disclaims, any obligation or duty to update them if circumstances or management's beliefs, expectations or opinions should change. For these reasons, recipients should not place reliance on, and are cautioned about relying on, any Forward-Looking Statements.

Agenda

1. **Group H1 2018 Highlights**
2. **H1 2018 Financial Performance Review**
3. **Q&A**

Group H1 2018 Highlights

<i>(in \$ million)</i>	H1 2017	H1 2018
Commercial Banking	32.0	26.8
Investment Banking	88.5	46.0
Real Estate	(8.9)	29.7
Others ⁽¹⁾	1.8	21.7
Total Income	113.4	124.2
Operating Expenses	(51.4)	(45.1)
Profit Before Impairment	62.0	79.1
Impairment Allowances & Others	3.5	(5.7)
Net Profit	65.5	73.4
<i>Attributable to Shareholders of the Group</i>	62.1	72.5
<i>Attributable to Minority Interest</i>	3.4	0.9
Annualized Return on Equity	10.9%	13.0%
Growth in Total Income		9.5%
Growth in Net Profit Attributable to Shareholders		16.7%
<i>Total Assets</i>	3,934	4,330
<i>Total Equity</i>	1,138	1,114

Group net profit to shareholders has increased by 17% compared to H1 2017, with an annualized return on equity of 13.0%

(1) Includes net profit from operations of non-banking subsidiaries.

Agenda

1. Group H1 2018 Highlights
2. H1 2018 Financial Performance Review
3. Q&A

GFH Capital – Strong Levels of Investment Banking Income Generation

H1 2018 Income Generation (\$m)



- Strong levels of investment banking income for the Group in H1 2018 of \$31.6 million
 - Positively impacted by Group's role in launching new Private Equity & Asset Management opportunities including the Diversified US Office Portfolio
- In addition, the Group successfully acquired two trophy suburban office properties in Chicago in a deal valued at approximately \$150 million
- GFH also launched and successfully closed the Entertainer investment, in which GFH along with its clients will invest throughout a 5 year holding period up to \$150 million



GFH Real Estate and Other Corporate Activities

Significant Progress in GFH Real Estate

- The Harbour Row project located in the Bahrain Financial Harbour, made significant progress in 2017 and 2018.
 - Onsite works reached approximately 45% completion and the first phase of sales saw more than 40% of offered stocks sold within a twelve-month period.
 - Based upon percentage of completion, the Group has realized income of \$4.4 million in H1 2018, and will realize further income in subsequent quarters.

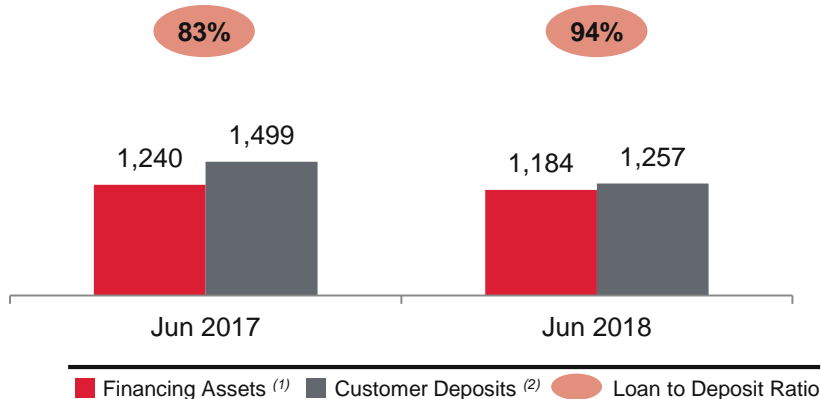


Tangible Milestones in Other Business Activities

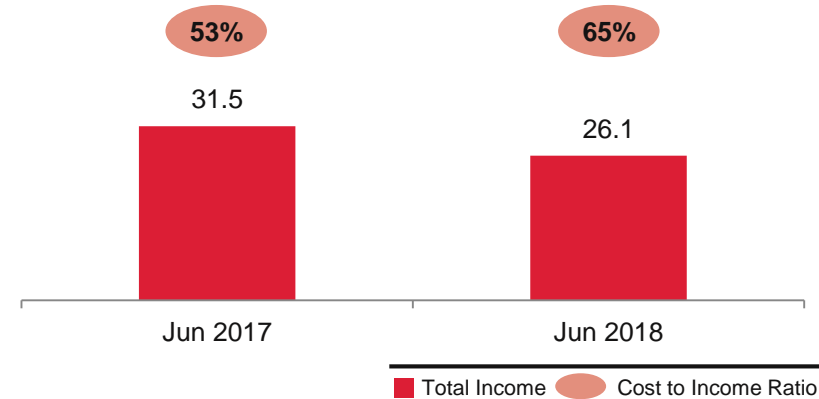
- The Group reached a cash settlement with regards to one of its legal claims for an amount of \$22.5 million.
- In addition, the Group realized income of \$35 million in Q1 2018 related to the restructuring of liabilities of a subsidiary acquired in 2016 as part of the recoveries made by the Group under litigation settlements.

Commercial Banking – Market Outlook Impacting Loan Growth & Margins. Significant Milestone Achieved During 2017 With Cross-Listing on the Dubai Financial Market

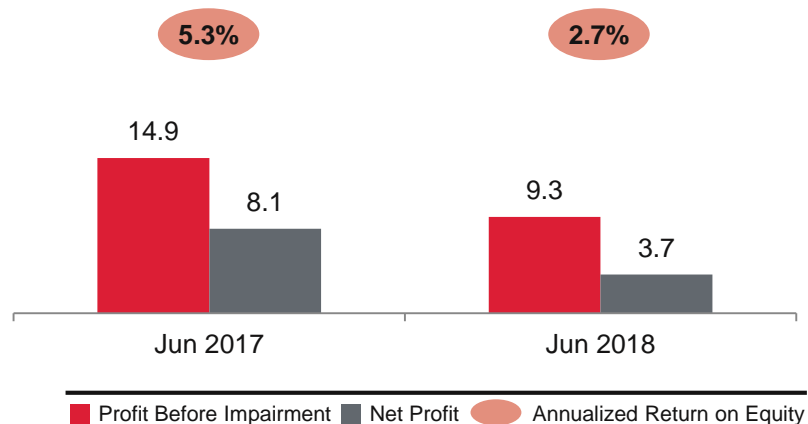
Financing Assets & Customer Deposits (\$m)



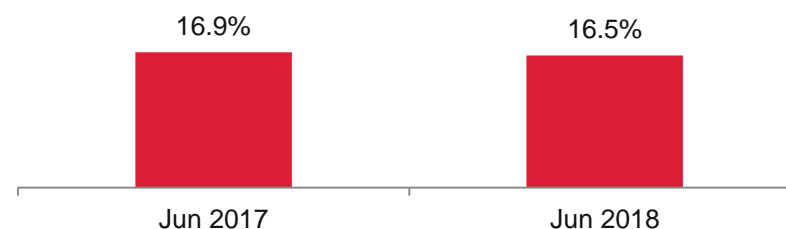
Total Income (\$m)



Profit Before Impairment & Net Profit (\$m)



Capital Adequacy Ratios



(1) Includes financing assets, assets acquired for leasing and lease rentals receivables. (2) Includes customers' current accounts, placements from non-FIs & individuals and equity of investment account holders.

Agenda

1. Group H1 2018 Highlights
2. H1 2018 Financial Performance Review
3. Q&A

Q&A

**Thank You
Q&A**