

GFH Financial Group H1 2016 Results

Presentation to Investors and Analysts

For the Period Ended June 30th 2016



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Agenda

1. **Group H1 2016 Highlights**
2. **H1 2016 Financial Performance Review**
3. **Q&A**

Group H1 2016 Highlights

<i>(in \$ million)</i>	H1 2015	H1 2016	Q2 2015	Q2 2016
Commercial Banking	28.5	31.8	16.8	15.6
RE Development	(6.1)	48.1	(3.6)	44.0
Private Equity & Asset Management	26.3	2.1	15.0	(2.8)
Others ⁽¹⁾	(1.7)	1.3	(0.1)	(2.5)
Total Income	47.1	83.4	28.1	54.2
Operating Expenses	(33.8)	(47.1)	(19.5)	(29.5)
Profit Before Impairment	13.2	36.2	8.6	24.7
Impairment Allowances & Others ⁽²⁾	0.5	(18.3)	(1.0)	(16.8)
Net Profit	13.7	18.0	7.6	7.9
<i>Attributable to Shareholders of the Group</i>	3.3	11.5	1.1	5.5
<i>Attributable to Minority Interest</i>	10.3	6.4	6.5	2.5
Annualized Return on Capital	1.1%	3.9%	0.7%	3.7%

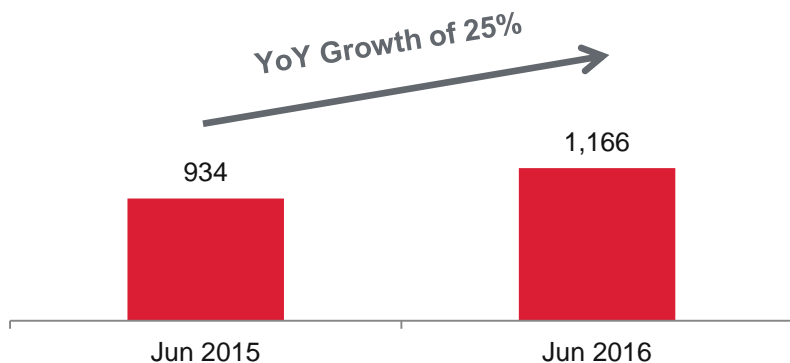
(1) Includes recoveries on previously impaired accounts, legal recoveries and finance expense. (2) Includes profits from discontinued operations.

Agenda

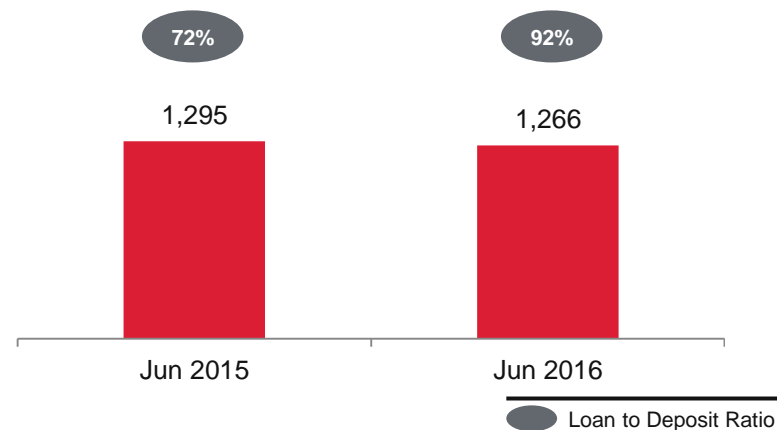
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Commercial Banking – Sustained Growth in Profit Before Impairment of 13%

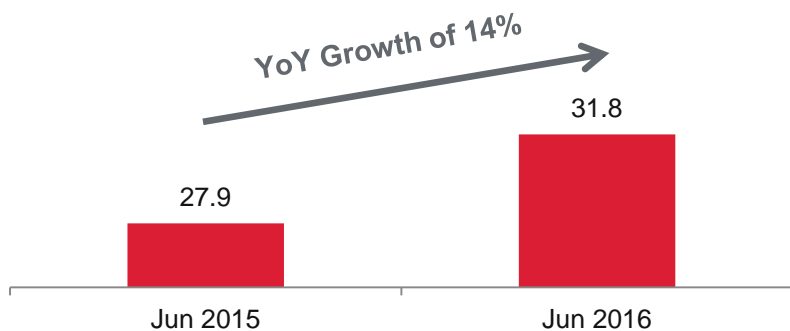
Financing Assets (\$m) ⁽¹⁾



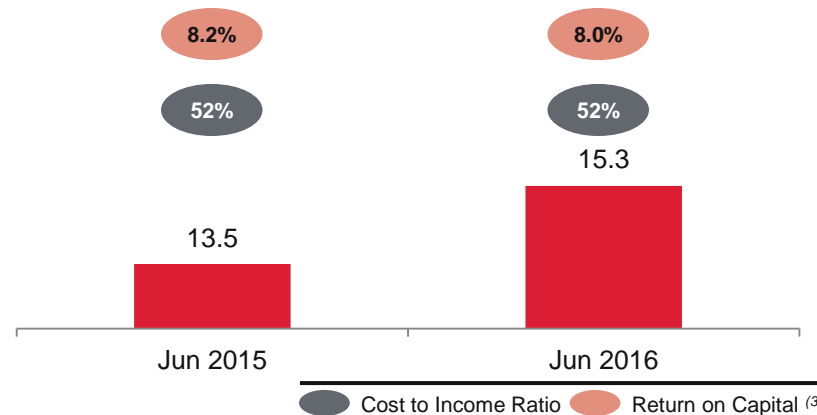
Customer Deposits (\$m) ⁽²⁾



Total Income (\$m)



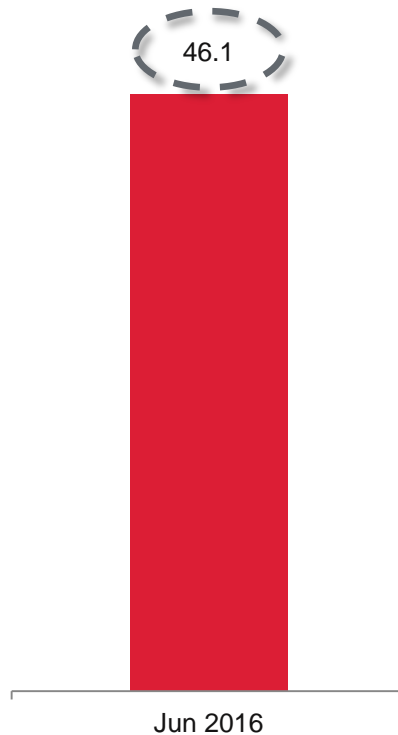
Profit Before Impairment (\$m)



(1) Includes financing assets and assets acquired for leasing. (2) Includes customers' current accounts, placements from non-FIs & individuals and equity of investment account holders. (3) Annualized.

Real Estate Development – Sale of Land Plot in BFH and Launch of Projects

Real Estate Development Income (\$m)



- The Group recognized \$46.1 million income in its Real Estate Development business line on sale of one of its development plots in BFH precinct
- Harbour Row development, a mixed-use project within Bahrain Financial Harbour comprising of unique high quality residential units and lively retail elements, is expected to launch in Q3 2016

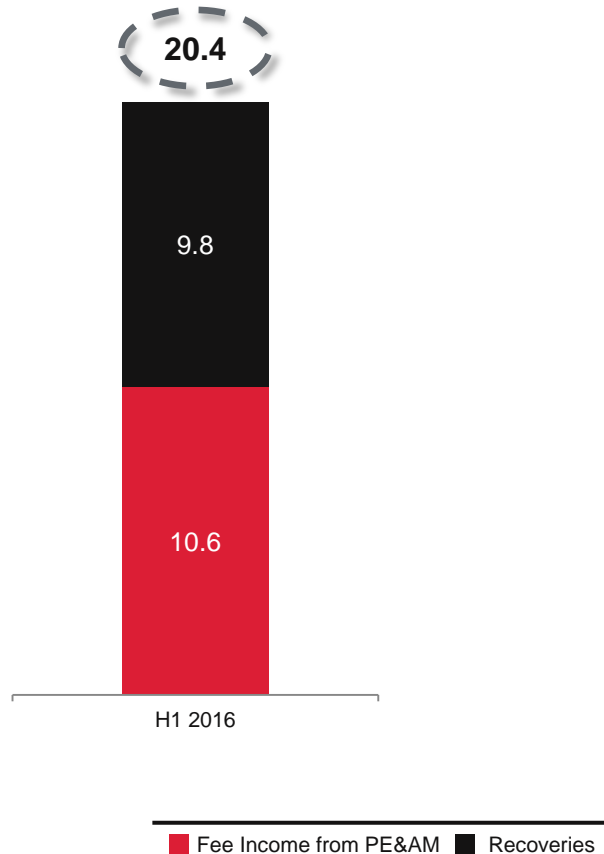


- Dubailand project, an upscale mixed-use development within close proximity to Sheikh Mohammed Bin Zayed Road in UAE, is expected to launch in Q4 2016



PE&AM & Recoveries – Strong Levels of Income Generation in H1 2016

H1 2016 Income Generation (\$m)



- Strong levels of fee generation for the Group in H1 2016 of \$10.6 million
 - Positively impacted by Group's role in selling apartments to its investors in 1 Palace Street
 - 1 Palace Street is located opposite Buckingham Palace and comprises 72 extraordinary apartments, each individual in design and layout

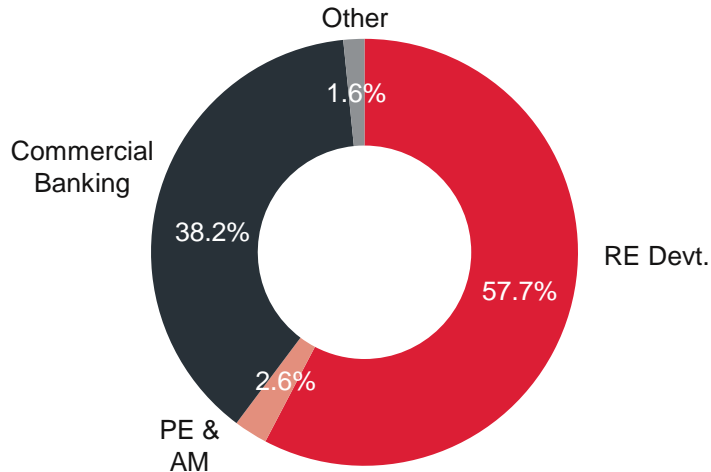


- Recoveries to the Group during H1 2016 from the Ex-Chairman and settlement of other receivables with other third-parties resulting in income of \$9.8 million

Income Diversification & Profitability

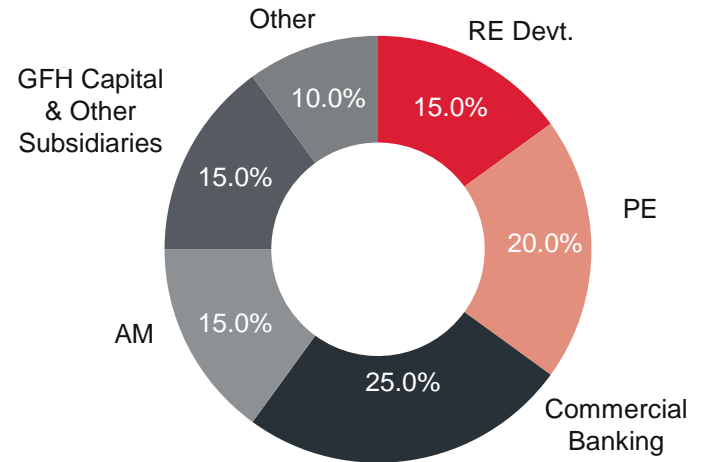
Income Diversification

H1 2016 Group Income Contribution

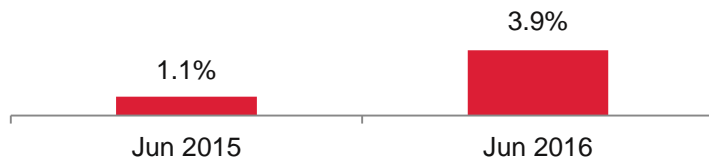


**By
2019**

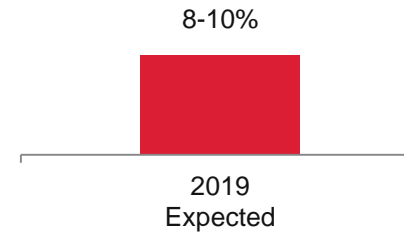
2019 Expected Group Income Contribution



Group Profitability (Return on Capital)



**By
2019**



The Group is aiming to diversify its operations as well as targeting to generate an ROC of 8-10% by 2019

Summary

Commercial Banking

- Khaleeji Commercial Bank (“KHCB”) delivered sustained growth in profits before impairment of 13% year-on-year (\$15.3 million)
 - Impressive growth in financing assets of 25% year-on-year to \$1.2 billion
 - Continued momentum in retail banking division with segmental net profit growing by 12%
 - Prudent provisioning policy, with an additional impairment allowance of \$4.2 million recorded in H1 2016 to guard against any drop in the value of assets
 - Strong capital adequacy ratio of 19.3% will enable KHCB to continue its growth strategy in the future

Private Equity & Asset Management

- Strong levels of fee generation for the Group in H1 2016 of \$10.6 million
 - Positively impacted by Group’s role in selling apartments to its investors in 1 Palace Street, a prime residential development overlooking Buckingham Palace

Real Estate Development

- The Group entered into an agreement to sell a plot of land in BFH Precinct
 - Income of \$46 million positively impacting Group overall income and profitability
 - The launch of the Harbour Row and Dubailand developments is expected in Q3 and Q4 2016, respectively

Recoveries, Income Diversification & RoC

- Group results positively impacted due to recovery from Ex-Chairman and settlement of other receivables to the Group
- Continued income diversification, with growing contribution from Private Equity & Asset Management and Commercial Banking
- Strong increase in RoC with H1 2016 RoC reaching 3.9% vs. 1.1% in H1 2015

Group net income attributable to shareholders increased by c. 250% to \$11.5 million in H1 2016

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**Thank You
Q&A**