



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2020 / US\$ 000's	30 June 2020 (reviewed)	31 December 2019 (audited) (restated)	30 June 2019 (reviewed) (restated)
ASSETS			
Cash and bank balances	598,969	364,598	371,805
Treasury portfolio	1,594,462	1,588,661	1,682,405
Financing assets	1,275,622	1,272,777	1,300,231
Real estate Investments	1,808,534	1,806,009	1,821,444
Proprietary investments	251,328	268,175	279,048
Co-investments	98,558	96,507	77,048
Receivables and prepayments	399,555	444,689	502,877
Property and equipment	107,743	103,857	103,116
Total	6,134,771	5,945,273	6,137,974
LIABILITIES			
Clients' funds	104,383	70,858	61,097
Placements from financial, non-financial institutions and individuals	2,296,788	2,447,249	2,789,757
Customer current accounts	127,694	147,487	163,683
Term financing	929,532	301,411	221,953
Payables and accruals	396,175	466,852	525,876
Total	3,854,572	3,433,857	3,762,366
Equity of investment account holders	1,098,723	1,218,545	995,837
OWNERS' EQUITY			
Share capital	975,638	975,638	975,638
Treasury shares	(76,801)	(73,419)	(58,890)
Statutory reserve	125,312	125,312	117,301
Investment fair value reserve	(12,906)	7,737	(5,641)
Foreign currency translation reserve	(48,929)	(29,425)	(43,150)
Retained earnings	(110,273)	(2,498)	50,298
Share grant reserve	1,198	1,198	1,198
Total equity attributable to shareholders of Bank	853,239	1,004,543	1,036,754
Non-controlling interests	328,237	288,328	343,017
Total owners' equity	1,181,476	1,292,871	1,379,771
Total liabilities, equity of investment account holders and owners' equity	6,134,771	5,945,273	6,137,974

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2020 / (US\$ 000's)	Attributable to shareholders of the Bank								Non-controlling interests	Total owners' equity
	Share capital	Treasury shares	Statutory reserve	Investment fair value reserve	Foreign currency translation reserve	Retained earnings	Share grant reserve	Total		
30 June 2020 (reviewed)										
Balance at 1 January 2020	975,638	(73,419)	125,312	7,737	(29,425)	(2,498)	1,198	1,004,543	288,328	1,292,871
Profit for the period	-	-	-	-	-	15,054	-	15,054	5,332	20,386
Fair value changes during the period	-	-	-	(20,643)	-	-	-	(20,643)	(267)	(20,910)
Total recognised income and expense	-	-	-	(20,643)	-	15,054	-	(5,589)	5,065	(524)
Additional capital contribution to subsidiary	-	-	-	-	-	(59,893)	-	(59,893)	(14,311)	(74,204)
Modification loss on financing assets	-	-	-	-	-	(14,016)	-	(14,016)	(11,279)	(25,295)
Government grant	-	-	-	-	-	3,118	-	3,118	936	4,054
Dividends declared	-	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Transfer to zakah and charity fund	-	-	-	-	-	(1,388)	-	(1,388)	(258)	(1,646)
Purchase of treasury shares	-	(48,237)	-	-	-	-	-	(48,237)	-	(48,237)
Sale of treasury shares	-	69,907	-	-	-	(20,650)	-	49,257	-	49,257
Treasury shares acquired for share incentive scheme	-	(25,052)	-	-	-	-	-	(25,052)	-	(25,052)
Foreign currency translation differences	-	-	-	-	(19,504)	-	-	(19,504)	(3,991)	(23,495)
NCI arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	63,747	63,747
Balance at 30 June 2020	975,638	(76,801)	125,312	(12,906)	(48,929)	(110,273)	1,198	853,239	328,237	1,181,476

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the six months ended 30 June 2019 / (US\$ 000's)	Attributable to shareholders of the Bank								Non-controlling interests	Total owners' equity
	Share Capital	Treasury shares	Statutory reserve	Investment fair value reserve	Foreign currency translation reserve	Retained earnings	Share grant reserve	Total		
30 June 2019 (reviewed)										
Balance at 1 January 2019* (as previously reported)	975,638	(85,424)	117,301	(4,725)	(43,380)	98,318	1,086	1,058,814	323,408	1,422,778
Reclassification of subsidiary held-for-sale to held-for-use	-	-	-	-	-	-	-	-	25,396	(25,396)
Balance at 1 January 2019* (restated)	975,638	(85,424)	117,301	(4,725)	(43,380)	98,318	1,086	1,058,814	348,804	1,422,778
Profit for the period	-	-	-	-	-	49,134	-	49,134	(708)	48,426
Fair value changes during the period	-	-	-	(916)	-	-	-	(916)	-	(916)
Total recognised income and expense	-	-	-	(916)	-	49,134	-	48,218	(708)	47,510
Bonus shares issued	55,000	-	-	-	-	(55,000)	-	-	-	-
Extinguishment of treasury shares	(55,000)	50,549	-	-	-	4,451	-	-	-	-
Dividends declared	-	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Transfer to zakah and charity fund	-	-	-	-	-	(2,219)	-	(2,219)	(223)	(2,442)
Issue of shares under incentive scheme	-	-	-	-	-	-	112	112	-	112
Purchase of treasury shares	-	(109,627)	-	-	-	-	-	(109,627)	-	(109,627)
Sale of treasury shares	-	85,612	-	-	-	(14,817)	-	70,795	-	70,795
Foreign currency translation differences	-	-	-	-	230	-	-	230	(4,856)	(4,626)
Acquisition of NCI without a change in control	-	-	-	-	-	431	-	431	15,160	(14,729)
Balance at 30 June 2019	975,638	(58,890)	117,301	(5,641)	(43,150)	50,298	1,198	1,036,754	343,017	1,379,771

* The Bank used to recognise gain / (loss) on sale of treasury shares in statutory reserve. The Bank has regrouped the losses on sale of treasury shares of US\$ 24,818 thousand for the year ended 31 December 2018 to retained earnings.

The Board of Directors approved the condensed consolidated interim financial information on 17 August 2020 and signed on its behalf by:

Jassim AlSeddiq Chairman
Hisham Alrayes Chief Executive Officer & Board Member

CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2020 / US\$ 000's	Six months ended	
	30 June 2020 (reviewed)	30 June 2019 (reviewed) (restated)
Continuing operations		
Investment banking income		
Asset management	2,727	1,358
Deal related income	38,237	42,089
	40,964	43,447
Commercial banking income		
Income from financing	41,268	38,762
Treasury and investment income	17,372	17,330
Fee and other income	3,206	10,745
Less: Return to investment account holders	(15,978)	(19,130)
Less: Finance expense	(13,494)	(9,788)
	32,374	37,919
Income from proprietary and co-investments		
Direct investment income, net	19,300	10,086
Restructuring related income	-	29,406
Dividend from co-investments	4,109	507
	23,409	39,999
Real estate income		
Development and sale	9,256	13,517
Rental and operating income	1,157	1,248
	10,413	14,765
Treasury and other income		
Finance income	35,240	25,459
Fair value loss on treasury investments, net	(10,933)	-
Other income, net	15,059	1,956
	39,366	27,415
Total income	146,526	163,545
Operating expenses	57,649	48,783
Finance expense	66,944	53,705
Impairment allowances	1,547	12,164
Total expenses	126,140	114,652
Profit from continuing operations	20,386	48,893
Loss from discontinued operations, net	-	(467)
Profit for the period	20,386	48,426
Attributable to:		
Shareholders of Bank	15,054	49,134
Non-controlling interests	5,332	(708)
	20,386	48,426
Earnings per share		
Basic and diluted earnings per share (US cents)	0.45	1.45
Earnings per share - continuing operations		
Basic and diluted earnings per share (US cents)	0.45	1.47

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2020 / (US\$ 000's)	30 June 2020 (reviewed)	30 June 2019 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	20,386	48,426
Adjustments for:		
Income from commercial banking	(16,470)	(13,560)
Income from proprietary investments	(23,409)	(10,482)
Income from dividend and gain / (loss) on treasury investments	(8,623)	(16,530)
Foreign exchange (gain) / loss	(1,174)	623
Restructuring related income	-	(29,406)
Finance expense	80,408	63,493
Impairment allowances	1,547	12,164
Depreciation and amortisation	1,308	1,097
	53,973	55,825
Changes in:		
Placements with financial institutions (maturities of more than 3 months)	346,762	(280,537)
Financing assets	(2,845)	(91,284)
Other assets	31,581	(179,515)
CBB Reserve and restricted bank balance	44,145	(15,783)
Clients' funds	33,526	14,458
Placements from financial and non-financial institutions	(150,461)	1,161,368
Customer current accounts	(19,793)	(14,223)
Equity of investment account holders	(119,822)	98,927
Payables and accruals	(52,731)	(48,042)
Net cash generated from operating activities	164,335	701,194
INVESTING ACTIVITIES		
Payments for purchase of equipment	(233)	(273)
Proceeds from sale of proprietary investment securities, net	1,008	2,156
Purchase of treasury portfolio, net	(268,797)	(261,748)
Cash acquired on acquisition of a subsidiary	32,856	-
Proceeds from sale of investment in real estate	342	38,118
Dividends received from proprietary investments and co-investments	7128	3,065
Advance paid for development of real estate	(12,197)	(11,734)
Net cash used in investing activities	(239,893)	(230,416)
FINANCING ACTIVITIES		
Financing liabilities, net	650,040	(59,028)
Finance expense paid	(82,595)	(25,794)
Dividend paid	(33,397)	(27,829)
Acquisition of NCI	-	(9,026)
Purchase of treasury shares, net	(24,124)	(39,182)
Net cash used in financing activities	509,924	(160,859)
Net increase in cash and cash equivalents during the period	434,366	309,919
Cash and cash equivalents at 1 January *	367,533	397,620
Cash and cash equivalents at 30 June	801,899	707,539
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash)	559,020	298,544
Placements with financial institutions (less than 3 months)	242,879	408,995
	801,899	707,539

* net of expected credit loss of US\$ 612 thousand (31 December 2019: US\$ 1,098 thousand).

The above Condensed Consolidated Statement of Financial Position, Income Statement, Statement of Cash Flow and the Changes in Owners' Equity have been extracted from Condensed Consolidated Financial Statements of GFH Financial Group B.S.C. for the six months ended 30th June 2020, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 17 August 2020.