



CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st December 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2020 / US\$ 000's	31 December 2020	31 December 2019
ASSETS		
Cash and bank balances	536,502	364,598
Treasury portfolio	1,838,546	1,588,661
Financing assets	1,267,266	1,272,777
Real estate Investments	1,812,315	1,806,009
Proprietary investments	265,108	268,175
Co-investments	126,319	96,507
Receivables and prepayments	605,658	444,689
Property and equipment	144,149	103,857
Total	6,586,863	5,945,273
LIABILITIES		
Clients' funds	130,935	70,858
Placements from financial, non-financial institutions and individuals	2,418,000	2,447,249
Customer current accounts	140,756	147,487
Term financing	1,089,077	301,411
Payables and accruals	465,038	466,852
Total	4,243,806	3,433,857
Equity of investment account holders	1,156,993	1,218,545
OWNERS' EQUITY		
Share capital	975,638	975,638
Treasury shares	(63,979)	(73,419)
Statutory reserve	19,548	125,312
Investment fair value reserve	5,593	9,244
Foreign currency translation reserve	(46,947)	(29,425)
Retained earnings	22,385	(4,005)
Share grant reserve	1,093	1,198
Total equity attributable to shareholders of Bank	913,331	1,004,543
Non-controlling interests	272,733	288,328
Total owners' equity	1,186,064	1,292,871
Total liabilities, equity of investment account holders and owners' equity	6,586,863	5,945,273

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the year ended 31 December 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		
Balance at 1 January 2020*	975,638	(73,419)	125,312	9,244	(29,425)	(4,005)	1,198	1,004,543	288,327	1,292,871
Profit for the period	-	-	-	-	-	45,095	-	45,095	4,248	49,343
Fair value changes during the period	-	-	-	5,036	-	-	-	5,036	412	5,448
Reclassified to income on impairment of quoted equity securities	-	-	-	12,000	-	-	-	12,000	-	12,000
Reclassified to income on disposal of sukuk	-	-	-	(20,688)	-	-	-	(20,688)	-	(20,688)
Total recognised income and expense	-	-	-	(3,652)	-	45,095	-	41,443	4,660	46,103
Additional capital contribution to subsidiary	-	-	-	-	-	(59,893)	-	(59,893)	(14,311)	(74,204)
Modification loss on financing assets	-	-	-	-	-	(13,893)	-	(13,893)	(11,179)	(25,072)
Government grant	-	-	-	-	-	3,690	-	3,690	1,267	4,957
Dividends declared for 2019	-	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Transfer to zakah and charity fund	-	-	-	-	-	(1,388)	-	(1,388)	(258)	(1,646)
Transfer of profits	-	-	4,509	-	-	(4,509)	-	-	-	-
Purchase of treasury shares	-	(107,518)	-	-	-	-	-	(107,518)	-	(107,518)
Sale of treasury shares	-	133,483	-	-	-	(22,985)	-	110,498	-	110,498
Treasury shares acquired for share incentive scheme	-	(16,525)	-	-	-	-	(105)	(16,630)	130	(16,500)
Foreign currency translation difference	-	-	-	-	(17,522)	-	-	(17,522)	(3,084)	(20,606)
NCI arising from acquisition of a subsidiary	-	-	-	-	-	-	-	-	64,147	64,147
Distribution of NCI	-	-	-	-	-	-	-	-	(56,966)	(56,966)
Adjustment of accumulated losses with statutory reserve	-	-	(110,273)	-	-	110,273	-	-	-	-
Balance at 31 December 2020	975,638	(63,979)	19,548	5,593	(46,947)	22,385	1,093	913,331	272,733	1,186,064

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the year ended 31 December 2019 / (US\$ 000's)	Attributable to shareholders of the Bank								Non-controlling interests	Non-controlling interests held-for-sale	Total owners' equity
	Share capital	Treasury shares	Statutory reserve	Investment fair value reserve	Foreign currency translation reserve	Retained earnings	Share grant reserve	Total			
Balance at 1 January 2019	975,638	(85,424)	117,301	(4,725)	(43,380)	98,318	1,086	1,058,814	323,408	40,556	1,442,778
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	15,160	1,442,778
Profit for the period	-	-	-	-	-	66,033	-	66,033	(12,197)	-	53,116
Fair value changes during the year	-	-	-	13,969	-	-	-	13,969	-	-	13,969
Total recognised income and expense	-	-	-	13,969	-	66,033	-	80,002	(12,917)	-	67,085
Bonus shares issued	55,000	-	-	-	-	(55,000)	-	-	-	-	-
Extinguishment of treasury shares	(55,000)	50,549	-	-	-	4,451	-	-	-	-	(30,000)
Dividends declared for 2018	-	-	-	-	-	(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	-	(183,174)	-	-	-	-	-	(183,174)	-	-	(183,174)
Sale of treasury shares	-	176,669	-	-	-	(26,596)	-	150,073	-	-	150,073
Treasury shares acquired for share incentive schemes	-	(32,039)	-	-	-	-	-	(32,039)	-	-	(32,039)
Acquisition of NCI without a change in control	-	-	-	-	-	(51,412)	-	(51,412)	(40,588)	-	(92,000)
Transfer to statutory reserve	-	-	8,011	-	-	(8,011)	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	13,955	-	-	13,955	(6,748)	-	7,207
Disposal of subsidiary held-for-sale	-	-	-	-	-	431	-	431	-	(15,160)	(14,729)
Balance at 31 December 2019	975,638	(73,419)	125,312	9,244	(29,425)	(4,005)	1,198	1,004,543	288,328	-	1,292,871

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2020 / US\$ 000's	2020	2019
Continuing operations		
Investment banking income		
Asset management	4,895	2,880
Deal related income	75,736	92,971
	80,631	95,851
Commercial banking income		
Income from financing	80,400	83,113
Treasury and investment income	42,864	27,924
Fee and other income	4,582	15,189
Less: Return to investment account holders	(32,587)	(40,018)
Less: Finance expense	(29,946)	(18,418)
	65,313	67,790
Income from proprietary and co-investments		
Direct investment income, net	20,436	10,520
Restructuring related income	-	29,406
Dividend from co-investments	8,854	1,959
	29,290	41,885
Real estate income		
Development and sale	14,209	37,872
Rental and operating income	5,248	2,543
	19,457	40,415
Treasury and other income		
Finance income	19,395	24,081
Dividend and net gain on treasury investments	70,282	34,531
Other income, net	39,026	17,059
	128,703	75,671
Total income	323,394	321,612
Staff costs	47,072	50,590
Other operating expenses	65,186	51,845
Finance expense	134,994	111,330
Impairment allowances	26,799	54,264
Total expenses	274,051	268,029
Profit from continuing operations	49,343	53,583
Loss from assets held-for-sale and discontinued operations, net	-	(467)
Profit for the year	49,343	53,116
Attributable to:		
Shareholders of the Bank	45,095	66,033
Non-controlling interests	4,248	(12,917)
	49,343	53,116
Earnings per share		
Basic and diluted earnings per share (US cents)	1.35	1.96
Earnings per share - continuing operations		
Basic and diluted earnings per share (US cents)	1.35	1.96

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2020/ US\$ 000's	2020	2019
OPERATING ACTIVITIES		
Profit for the year	49,343	53,116
Adjustments for:		
Income from commercial banking	(41,402)	(22,133)
Income from proprietary investments	(29,290)	(12,344)
Income from treasury and other income	(88,915)	(34,531)
Foreign exchange (gain) / loss	(1,329)	2,264
Restructuring related income	-	(29,406)
Finance expense	164,940	129,748
Impairment allowances	26,799	54,264
Depreciation and amortisation	6,150	2,173
	86,295	143,151
Changes in:		
Placements with financial institutions (original maturities of more than 3 months)	450,752	(280,706)
Financing assets	5,511	(108,524)
Other assets	(161,470)	(306,240)
CBB Reserve and restricted bank balance	39,623	(27,176)
Clients' funds	60,077	24,218
Placements from financial and non-financial institutions	(29,250)	818,860
Customer current accounts	(6,731)	(30,421)
Equity of investment account holders	(61,552)	321,635
Payables and accruals	(30,204)	(68,948)
Net cash generated from operating activities	353,051	485,849
INVESTING ACTIVITIES		
Payments for purchase of equipment	(674)	(860)
Proceeds from sale of proprietary, co-investment securities, net	(39,230)	2,156
Purchase of treasury portfolio, net	(621,110)	(353,003)
Proceeds from sale of investment in real estate	6,256	38,805
Dividends received from proprietary investments and co-investments	11,936	5,426
Advance paid for development of real estate	(19,751)	(25,792)
Net cash flows from acquisition of subsidiaries	26,803	-
Net cash used in investing activities	(635,770)	(333,268)
FINANCING ACTIVITIES		
Term financing, net	787,666	28,613
Finance expense paid	(165,778)	(106,078)
Dividends paid	(37,433)	(31,037)
Acquisition of NCI	-	(9,026)
Purchase of treasury shares, net	(13,814)	(65,140)
Net cash generated from / (used in) financing activities	570,641	(182,668)
Net (decrease)/increase in cash and cash equivalents during the year	287,922	(30,087)
Cash and cash equivalents at 1 January *	367,533	397,620
Cash and cash equivalents at 31 December	655,455	367,533
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash)	492,031	278,251
Placements with financial institutions (original maturities of 3 months or less)	163,424	89,282
	655,455	367,533

* net of expected credit loss of US\$ 15 thousand (31 December 2019: US\$ 1,098 thousand).

The consolidated financial statements were approved by the Board of Directors on 15 February 2021 and signed on its behalf by:

Jassim Al Seddiqi
Chairman

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 2020, which were audited by KPMG, who have expressed an Unqualified Opinion on 15 February 2021.