



CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2019 / US\$ 000's	30 June 2019 (reviewed)	31 December 2018 (audited)	30 June 2018 (reviewed)
ASSETS			
Cash and bank balances	369,552	341,567	171,456
Treasury portfolio	1,682,405	818,000	407,165
Financing assets	1,300,231	1,208,947	1,226,224
Real estate Investments	1,821,444	1,840,010	1,798,473
Proprietary investments	279,048	234,012	240,946
Co-investments	77,048	77,644	76,653
Assets held-for-sale	101,213	147,141	-
Receivables and prepayments	482,334	229,142	295,662
Property and equipment	24,699	92,902	113,630
Total	6,137,974	4,989,365	4,330,209
LIABILITIES			
Clients' funds	61,097	46,639	27,072
Placements from financial, non-financial institutions and individuals	2,789,757	1,628,389	947,184
Customer current accounts	163,683	177,906	165,751
Term financing	199,960	256,137	471,447
Liabilities directly associated with assets held-for-sale	39,936	42,749	-
Payables and accruals	507,933	517,857	440,894
Total	3,762,366	2,669,677	2,052,348
Equity of investment account holders	995,837	896,910	832,116
OWNERS' EQUITY			
Share capital	975,638	975,638	975,638
Treasury shares	(58,890)	(85,424)	(50,815)
Statutory reserve	117,301	117,301	105,893
Investment fair value reserve	(5,641)	(4,725)	3,342
Foreign currency translation reserve	(43,150)	(43,380)	(11,866)
Retained earnings	50,298	98,318	90,867
Share grant reserve	1,198	1,086	1,115
Total equity attributable to shareholders of Bank	1,036,754	1,058,814	1,114,174
Non-controlling interests	317,621	323,408	331,571
Non-controlling interests held-for-sale	25,396	40,556	-
Total owners' equity	1,379,771	1,422,778	1,445,745
Total liabilities, equity of investment account holders and owners' equity	6,137,974	4,989,365	4,330,209

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	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			
30 June 2019 (reviewed)											
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	1,422,778
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	317,621	25,396	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.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (Continued) 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	Share premium	Treasury shares	Statutory reserve	Retained earnings	Share grant reserve	Investment Fair value reserve	Foreign currency translation reserve			Total
30 June 2018 (reviewed)											
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)	
Balance at 1 January 2018 (restated)	975,638	3,058	(58,417)	105,893	106,239	1,026	-	1,133,437	332,678	1,466,115	
Profit for the period	-	-	-	-	72,502	-	-	72,502	904	73,406	
Fair value changes during the period	-	-	-	-	-	-	3,342	3,342	-	3,342	
Total recognised income and expense	-	-	-	-	72,502	-	3,342	75,844	904	76,748	
Dividends declared	-	-	-	-	(82,412)	-	-	(82,412)	-	(82,412)	
Transfer to zakah and charity fund	-	-	-	-	(2,432)	-	-	(2,432)	(522)	(2,954)	
Derecognition on loss of control	-	-	-	-	-	-	-	-	(711)	(711)	
Issue of shares under incentive scheme	-	-	-	-	-	89	-	89	-	89	
Purchase of treasury shares	-	-	(16,241)	-	-	-	-	(16,241)	-	(16,241)	
Sale of treasury shares	-	(3,058)	23,843	-	(3,030)	-	-	17,755	-	17,755	
Foreign currency translation differences	-	-	-	-	-	-	(11,866)	(11,866)	(7,161)	(19,027)	
Non-controlling interests arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	6,383	6,383	
Balance at 30 June 2018	975,638	-	(50,815)	105,893	90,867	1,115	3,342	1,114,174	331,571	1,445,745	

The Board of Directors approved the condensed consolidated interim financial information on 8 August 2019 and signed on its behalf by:

Jassim AlSeddiqi
Chairman

Hisham Alrayes
Chief Executive Officer & Board Member

CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2019 / US\$ 000's	Six months ended		Three months ended	
	30 June 2019 (reviewed)	30 June 2018 (reviewed)	30 June 2019 (reviewed)	30 June 2018 (reviewed)
Continuing operations				
Investment banking income				
Asset management	1,358	1,108	622	571
Deal related income	42,089	31,600	35,435	22,700
	43,447	32,708	36,057	23,271
Commercial banking income				
Income from financing	38,762	33,284	19,463	16,780
Treasury and investment income	17,330	11,480	9,208	7,496
Fee and other income	10,745	3,459	8,952	1,631
Less: Return to investment account holders	(19,130)	(10,767)	(10,334)	(5,223)
Less: Finance expense	(9,788)	(10,601)	(3,331)	(5,142)
	37,919	26,855	23,958	15,542
Income from proprietary and co-investments				
Direct investment income, net	10,086	8,619	10,316	5,145
Restructuring related income	29,406	35,300	-	-
Dividend from co-investments	507	721	248	150
	39,999	44,640	10,564	5,295
Real estate income				
Development and sale	13,517	4,411	6,041	1,211
Rental and operating income	1,248	1,410	686	848
	14,765	5,821	6,727	2,059
Treasury and other income				
Finance income	9,423	473	4,159	31
Dividend and gain / (loss) on treasury investments	16,530	(432)	10,748	(432)
Other income, net	1,462	24,053	730	23,343
	27,415	24,094	15,637	22,942
Total income	163,545	134,118	92,943	69,109
Operating expenses	48,783	42,544	26,871	21,813
Finance expense	53,705	15,407	29,998	8,534
Impairment allowances	12,164	5,699	8,352	4,025
Total expenses	114,652	63,650	65,221	34,372
Profit from continuing operations	48,893	70,468	27,722	34,737
(Loss) / profit from assets held-for-sale and discontinued operations, net	(467)	2,938	-	1,774
Profit for the period	48,426	73,406	27,722	36,511
Attributable to:				
Shareholders of Bank	49,134	72,502	27,768	36,023
Non-controlling interests	(708)	904	(46)	488
	48,426	73,406	27,722	36,511
Earnings per share				
Basic and diluted earnings per share (US cents)	1.45	2.02	0.84	1.00
Earnings per share - continuing operations				
Basic and diluted earnings per share (US cents)	1.47	2.02	0.84	1.00

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2019 / (US\$ 000's)	30 June 2019 (reviewed)	30 June 2018 (reviewed)
OPERATING ACTIVITIES		
Profit for the period	48,426	73,406
Adjustments for:		
Income from deal related income	(42,089)	(15,000)
Income from commercial banking	(13,560)	(10,382)
Income from proprietary investments	(10,482)	(9,292)
Income from dividend and gain / (loss) on treasury investments	(16,530)	432
Foreign exchange (gain) / loss	623	307
Restructuring related income	(29,406)	(35,300)
Finance expense	63,493	26,008
Impairment allowances	12,164	5,699
Depreciation and amortisation	1,097	1,026
	13,736	36,904
Changes in:		
Placements with financial institutions (maturities of more than 3 months)	(280,537)	8,301
Financing assets	(91,284)	(5,594)
Other assets	(137,426)	(52,118)
CBB Reserve and restricted bank balance	(15,783)	(2,454)
Clients' funds	14,458	(12,341)
Placements from financial and non-financial institutions	1,161,368	88,688
Customer current accounts	(14,223)	(23,856)
Equity of investment account holders	98,927	(74,237)
Payables and accruals	(48,042)	(11,093)
Net cash generated from / (used in) operating activities	701,194	(47,800)
INVESTING ACTIVITIES		
Payments for purchase of equipment	(273)	(1,065)
Proceeds from sale of proprietary investment securities, net	2,156	23,670
Purchase of treasury portfolio, net	(261,748)	(38,910)
Proceeds from sale of a subsidiary	-	104,591
Proceeds from sale of investment in real estate	38,118	-
Dividends received from proprietary investments and co-investments	3,065	15,983
Advance paid for development of real estate	(11,734)	(2,652)
Acquisition of additional stake in a subsidiary	-	(5,144)
Net cash (used in) / generated from investing activities	(230,416)	96,473
FINANCING ACTIVITIES		
Financing liabilities, net	(59,028)	(7,012)
Finance expense paid	(25,794)	(22,651)
Dividend paid	(27,829)	(90,533)
Acquisition of NCI	(9,026)	-
Purchase of treasury shares, net	(39,182)	1,514
Net cash used in financing activities	(160,859)	(118,682)
Net (decrease) / increase in cash and cash equivalents during the period	309,919	(70,009)
Cash and cash equivalents at 1 January *	397,620	256,887
CASH AND CASH EQUIVALENTS AT 30 June	707,539	186,878
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve and restricted bank balances)	298,544	118,999
Placements with financial institutions (maturities of less than 3 months)	408,995	67,879
	707,539	186,878

* net of expected credit loss of US\$ 55 thousand (31 December 2018: US\$ 1,041 thousand).		
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*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 six months ended 30th June 2019, which were reviewed by KPMG, who have expressed an Unqualified Opinion on 8th August 2019.