



GFH Financial Group
Year 2020 Financial Performance

Presentation to Investors and Analysts

16 February 2021



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.



Results Highlights

Profitability Measures – Full year



- Consolidated net profit for the year of USD 49.3 million compared to USD 53.1 million, a drop of 7%.
- Net profit attributable to shareholders of USD 45.1 million for the year 2020 compared to USD 66 million for the previous year, a drop of 32%.
- Return on Equity of 4.9% with earnings per share of USD cents 1.35.
- Net profit margin of the Group was at 13.9%
- EBITDA margins continued to be maintained at north of 55%.

Profitability Measures – Q4 2020



- Consolidated net profit for the fourth quarter of 2020 was USD 19 million compared with losses of USD 8.1 million in the fourth quarter of 2019
- For the fourth quarter of 2020, the Group reported net profit attributable to shareholders of USD 21.93 million compared with USD 1.5 million in the fourth quarter of 2019.

Balance sheet metrics



- Total assets of the Group has increased by 10.8% to USD 6.6 billion.
- Liquid assets of the Group has increased by 21.5% during 2020
- Total liabilities of the Group have also increased by 24% to USD 4.2 billion
- Equity attributable to shareholders dropped by 9% to USD 913 million.
- Capital adequacy ratio remained at 13.5% for the year
- Liquidity ratios well above the Central Bank of Bahrain's regulatory threshold.
- Total assets and funds under management grew by 20% to USD 12 billion compared from USD 10 billion at 2019 year end.

Proposed dividends



- USD 42m yielding 4.60% on par value, split between cash and bonus shares

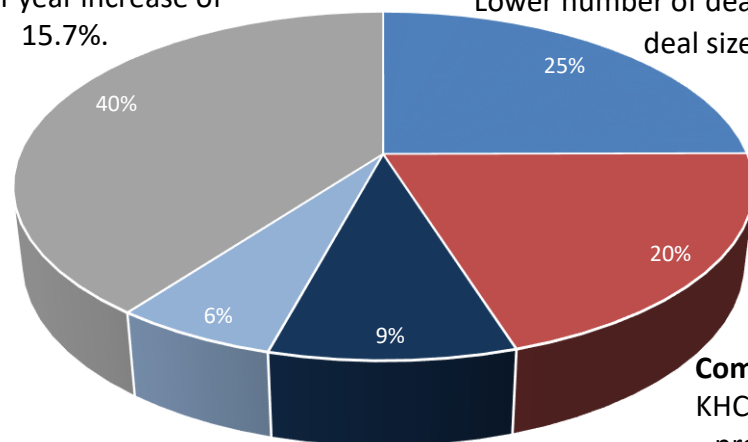
Results snapshot



USD 000s

Treasury: Income from Sukuks and structured products. Improvement in the mark to market position Treasury portfolio has seen a year-on-year increase of 15.7%.

Investment banking: Mainly from product placement with investors and structuring fees. Able to place higher number of deals with its loyal investor base. Lower number of deals and smaller deal size.



Real estate: Sale of development units in Bahrain. Sales has been slow in 2020 with this industry being significantly hit by the pandemic.

Commercial banking: KHCB has returned to profitability during 2020 with lower impairment provisions

	2020	2019
Investment banking income		
- Asset management	4,895	2,880
- Deal related income	75,736	92,971
	80,631	95,851
Commercial Banking Income	65,313	67,790
Income from proprietary and co-investments		
Direct investment income	20,436	10,121
Restructuring related	-	29,406
Dividend from co investments	8,854	2,359
	29,290	41,885
Real Estate Income	19,457	40,416
Treasury and Other income		
Finance income	19,395	24,081
Income from treasury portfolio	71,880	34,531
Fair value loss on treasury investments, net	(1,599)	-
Other income	39,026	17,059
	128,703	75,671
Gross Operating Income	323,394	321,613
Operating Expenses	112,258	102,435
Finance Expenses	134,994	111,330
Provision for Impairment	26,799	54,264
Total Expenses	274,052	268,029
Profit from Continuing Operations	49,342	53,584
Profit from Discontinued Operations	-	(467)
Profit for the year	49,342	53,117
NCI	4,247	(12,916)
Net profit to shareholders	45,095	66,033



Results snapshot



USD 000s

Assets ↑ 10.8%

Increase primarily due to the increase in the liquid assets of the Group. Liquid assets of the Group has increased by 21.5% during 2020.

Liabilities ↑ 24.0%

GFH's landmark Sukuk issuance during the beginning of 2020 along with depositors' confidence in GFH has lead to an increase in the financing liabilities during 2020.

Equity ↓ 9.0%

Financial impact of COVID-19 resulting in modification losses, commercial banking restructuring activities and foreign currency translation differences at the Group level.

Assets & AUM ↑ 20.0%

Total Assets and FUM grow to USD 12 billion through inorganic growth

	Dec-20	Sep-20	Jun-20	Dec-19
ASSETS				
Cash and bank balances	536,502	337,361	598,969	364,598
Treasury portfolio	1,838,546	1,767,975	1,594,463	1,588,661
Financing assets	1,267,266	1,234,951	1,275,623	1,272,777
Real estate investment	1,812,315	1,840,586	1,808,533	1,806,009
Proprietary investment	256,108	287,898	251,327	268,175
Co-Investments	126,319	103,774	98,558	96,507
Receivables & prepayments	605,658	482,435	399,554	444,689
Property and equipments	144,149	107,146	107,742	103,857
Total	6,586,862	6,162,126	6,134,771	5,945,273
LIABILITIES				
Clients' funds	130,935	94,320	104,382	70,858
Placements from FI & non-FI	2,418,000	2,278,800	2,296,788	2,447,249
Customer current accounts	140,755	124,001	127,694	147,487
Term financing	1,089,077	933,276	929,532	301,411
Payables and accruals	465,038	400,382	396,175	466,852
Total	4,243,804	3,830,778	3,854,572	3,433,857
EIAH	1,156,993	1,122,234	1,098,723	1,218,545
Shareholders' equity	913,332	875,793	853,239	1,004,542
Non-controlling interests	272,733	333,321	328,237	288,328
Total owners' equity	1,186,065	1,209,114	1,181,476	1,292,871
Total liabilities, EIAH and owners' equity	6,586,862	6,162,126	6,134,771	5,945,273

Liquidity Coverage Ratio: 240%
 Net Stable Funding Ratio: 96%
 Debt to Equity Ratio: 2.73x
 Net Debt to Equity Ratio: 1.98x





Thank you

Q & A

