

GFH Financial Group

Another year of strong performance

Presentation to the Investors on 2021 Results

10 February 2022



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GFH Group at a Glance

Regulated by:

CBB - Bahrain
DFSA - UAE
CMA - KSA

Dividends:

Regular dividend paying
from 2016, average of
~7% yield

Liquidity profile:

~USD 2.2 billion in
liquid assets at end of
2021

Returns:

ROE for 2021 at 9% and
EBITDA margin ~65%

Listed on:

Bahrain Bourse
Bourse Kuwait
Dubai Financial Market

Assets & AuM:

~USD 15 billion

Credit Rating:

Fitch Ratings "B"
Standard & Poor's "B-"
Capital Intelligence
"BB-"

Regulatory:

CAR above 13% and
liquidity ratios above
100%

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Continue to report strong results with ROE at 9% and 87% growth in shareholder profits

- **Consolidated profit of \$92.6m ▲ 88%**
- **Shareholders' profit of \$84.2m ▲ 87%**
- **Annualised ROE at 9%**
- **Proposed dividend of \$60m translating into 6.07% yield, split \$45m cash and \$15m shares**

- 1 Investment banking business 3 deals placed in Q4, taking total deal closed in year to 9. Gross income from investment banking of \$110.4m
- 2 Higher contribution from KHCB, adding another \$5.1m in Q4 net profit to GFH profits, totaling to \$23.4 m in 2021
- 3 Real estate contributed \$13m income for Q4 2021, totaling income of \$30m for the year
- 4 Gross treasury income increased by 20% during 2021 and net treasury spread increased by 55%. Treasury numbers were impacted by negative MTM during Q4
- 5 Total assets grew by 23% primarily due to 68% growth in Treasury portfolio
- 6 Standalone net debt to equity ratio at 1.78x compared to 1.41x in December 2020
- 7 Capital adequacy at 13.5%, LCR and NSFR above regulatory requirements of 100%

Comparison of performance compared to previous year

\$m

YTD numbers	2021	2020	% change
Consolidated profit	92.6	49.3	88%
Shareholders profit	84.2	45.1	87%
Total income	398.7	323.4	23%
Operating expenses	133.5	112.3	19%
Finance expenses	137.0	135.0	2%
Total assets (\$ bn)	8.1	6.6	23%
Total liabilities (\$ bn)	6.9	5.4	28%
Shareholders' equity (\$ bn)	0.95	0.91	5%
Return on Equity	8.7%	4.9%	
Earnings Per Share (US cents)	2.5	1.4	

Q4 numbers	2021	2020	% change
Consolidated profit	24.3	19.0	28%
Shareholders profit	23.9	21.9	9%
Total income	128.1	109.3	17%
Operating expenses	46.9	31.8	48%
Finance expenses	38.8	33.8	15%

	2021	2020
Book value per share (\$)	0.26	0.25
Average cost of funds	4.9%	5.0%
Yield from liquid assets	7.7%	8.3%
Price to Book	1.21x	0.65x
Market capitalization (\$)	1,227m	655m
Assets + AUM (\$)	15Bn	12Bn

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Total income for the year has increased by 23% compared to 2020

\$000s

	2021	2020	% change
Investment banking income	110,387	80,631	37%
Commercial banking income	71,825	65,313	10%
Income from proprietary investments	28,889	29,290	-1%
Real estate income	29,844	19,457	53%
Treasury and other income	157,802	128,703	23%
GROSS OPERATING INCOME	398,748	323,394	23%
Operating expenses	133,530	112,258	19%
Finance expense	137,021	134,994	2%
Impairment allowances	35,581	26,799	33%
TOTAL EXPENSES	306,132	274,051	12%
CONSOLIDATED PROFIT	92,617	49,343	88%
NCI	8,393	4,248	
PROFIT TO SHAREHOLDERS	84,224	45,095	87%

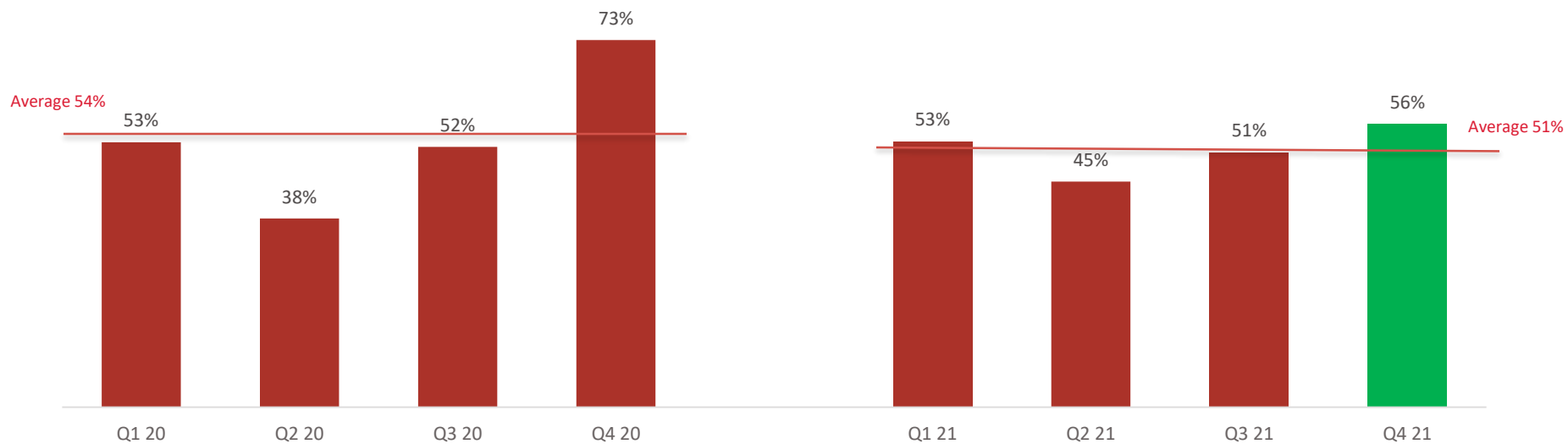
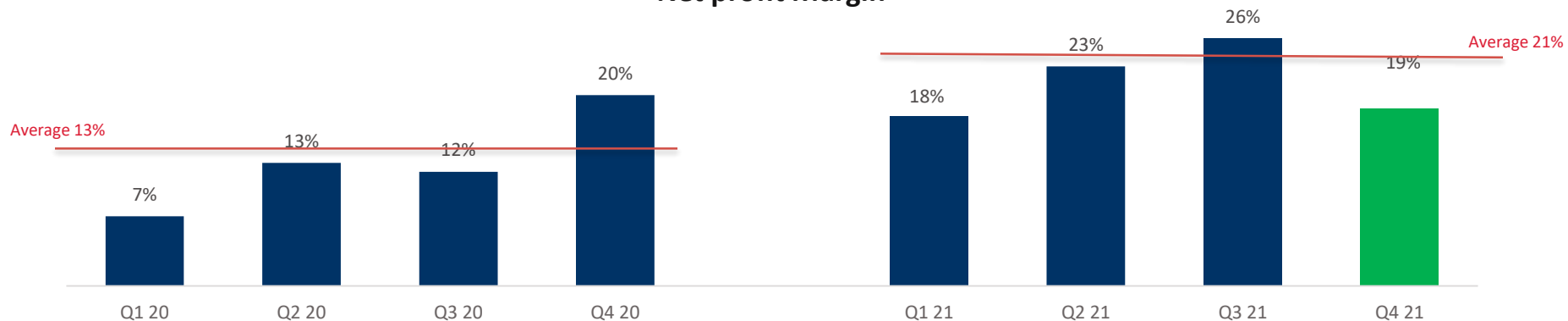
Q4 performance higher compared to Q4 2020

\$000s

	Q4 2021	Q4 2020
Investment banking income	52,247	14,851
Commercial banking income	13,336	20,485
Income from proprietary investments	4,101	2,501
Real estate income	13,440	5,631
Treasury and other income	45,017	65,824
GROSS OPERATING INCOME	128,141	109,292
Operating expenses	46,892	31,775
Finance expense	38,770	33,804
Impairment allowances	18,139	24,679
TOTAL EXPENSES	103,801	90,258
CONSOLIDATED PROFIT	24,340	19,034
NCI	456	(2,893)
PROFIT TO SHAREHOLDERS	23,884	21,927

Performance ratios better than 2020

Net profit Margin



Cost to Income Ratio ¹

¹ Excluding Treasury income, Finance expenses & MTM losses

Higher contributions from each business line and their Q4 contributions

\$000s

	2021	2021 income contribution	Q4 2021
Investment banking income	110,387	28%	52,247
Commercial banking income	71,825	18%	13,336
Income from proprietary investments	28,889	7%	4,101
Real estate income	29,844	7%	13,440
Treasury and other income	157,802	40%	45,017
GROSS OPERATING INCOME	398,748		128,141
Operating expenses	133,530		46,892
Finance expense	137,021		38,770
Impairment allowances	35,581		18,139
TOTAL EXPENSES	306,132		103,801
CONSOLIDATED PROFIT	92,617		24,340
NCI	8,393		456
PROFIT TO SHAREHOLDERS	84,224		23,884

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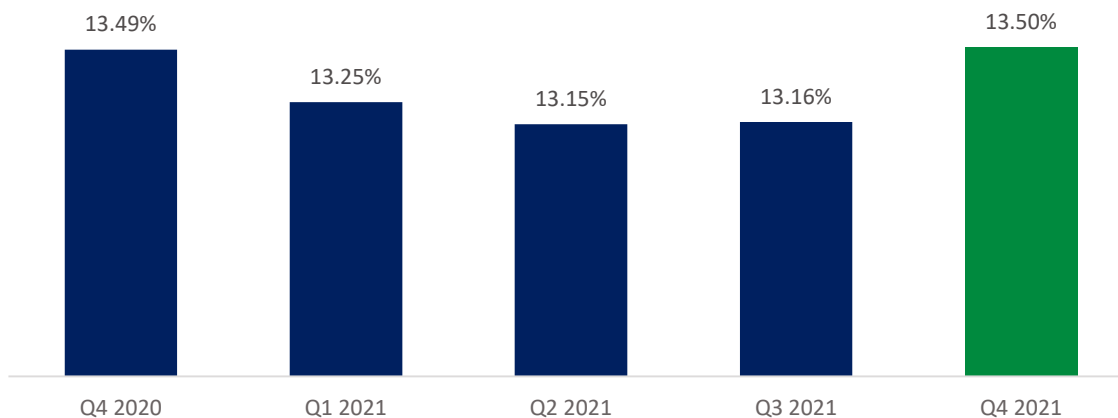
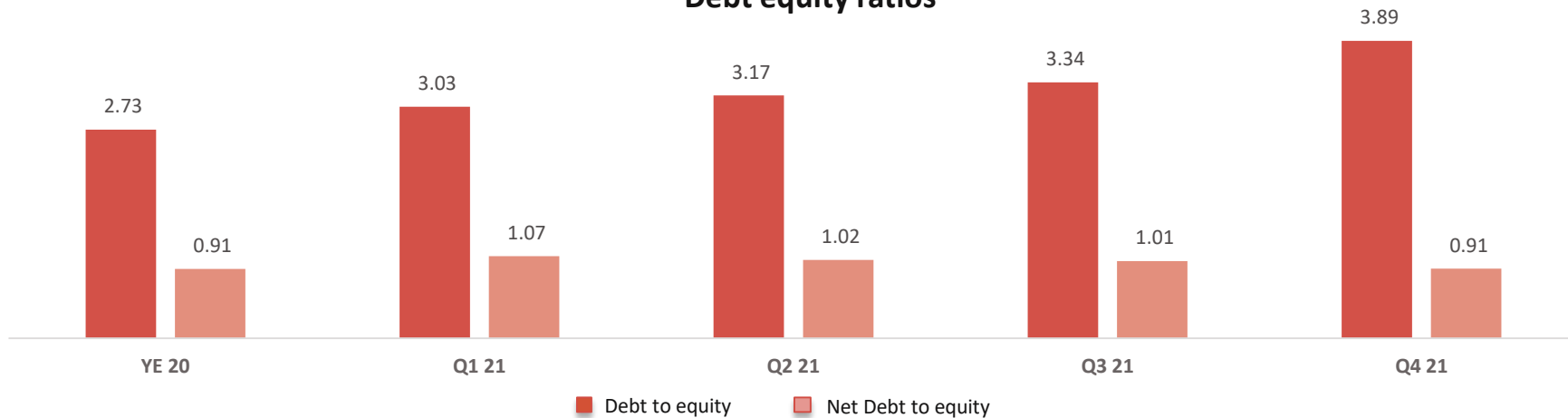
23% growth in total assets in 2021

\$000s

	Dec 2021	Dec 2020	
ASSETS			
Cash and bank balances	722,471	536,502	
Treasury portfolio	3,089,925	1,878,546	Leverage and money market funds deployed in Treasury portfolio
Financing assets	1,311,002	1,267,266	
Real estate investment	1,905,598	1,812,315	
Proprietary investment	211,638	216,108	
Co-Investments	171,877	126,319	
Receivables & prepayments	531,488	605,658	
Property and equipment	139,687	144,149	
TOTAL	8,083,686	6,586,863	
LIABILITIES			
Clients' funds	216,762	130,935	Funds from exit of investments
Placements from FI & non-FI	3,052,092	2,418,000	Increase in money market funds received
Customer current accounts	133,046	140,756	
Term financing	1,750,667	1,089,077	Increase in leverage against Treasury portfolio
Payables and accruals	404,654	465,038	
Total	5,557,221	4,243,806	
Equity of investment account holders	1,358,344	1,156,993	
EQUITY	963,094	913,331	Profits for the year
Non-controlling interests	205,027	272,733	
Total owners' equity	1,168,121	1,186,064	
TOTAL	8,083,686	6,586,863	

Stable net debt to equity and Capital adequacy ratios

Debt equity ratios



Capital adequacy ratio

Thank You

