



# CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31<sup>st</sup> December 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2022 / US\$ 000's	31 December 2022	31 December 2021
<b>ASSETS</b>		
Cash and bank balances	858,239	722,471
Treasury portfolio	4,210,020	3,131,246
Financing assets	1,435,238	1,311,002
Investment in real estate	1,287,085	1,905,598
Proprietary investments	1,005,053	170,317
Co-investments	142,051	171,877
Receivables and other assets	589,869	531,488
Property and equipment	232,736	139,687
<b>Total assets</b>	<b>9,760,291</b>	<b>8,083,686</b>
<b>LIABILITIES</b>		
Clients' funds	123,300	216,762
Placements from financial institutions	3,790,870	2,278,480
Placements from non-financial institutions and individuals	1,064,258	773,612
Current accounts	131,234	133,046
Term financing	1,942,198	1,750,667
Other liabilities	423,363	404,654
<b>Total liabilities</b>	<b>7,475,223</b>	<b>5,557,221</b>
<b>Total equity of investment account holders</b>	<b>1,213,674</b>	<b>1,358,344</b>
<b>OWNERS' EQUITY</b>		
Share capital	1,015,637	1,000,637
Treasury shares	(105,598)	(48,497)
Statutory reserve	36,995	27,970
Investment fair value reserve	(53,195)	(28,561)
Foreign currency translation reserve	-	(70,266)
Retained earnings	95,831	81,811
Share grant reserve	6,930	-
<b>Total equity attributable to shareholders of Bank</b>	<b>996,600</b>	<b>963,094</b>
Non-controlling interests	74,794	205,027
<b>Total owners' equity</b>	<b>1,071,394</b>	<b>1,168,121</b>
<b>Total liabilities, equity of investment account holders and owners' equity</b>	<b>9,760,291</b>	<b>8,083,686</b>

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the year ended 31 December 2022 / (US\$ 000's)	Attributable to shareholders of the Bank								Non - controlling interests (NCI)	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 2022	1,000,637	(48,497)	27,970	(28,561)	(70,266)	81,811	-	963,094	205,027	1,168,121
Profit for the period	-	-	-	-	-	90,253	-	90,253	7,454	97,707
Transfer on reclassification from FVTE to amortised cost	-	-	-	41,320	-	-	-	41,320	-	41,320
Fair value changes during the period	-	-	-	(63,312)	-	-	-	(63,312)	(2,462)	(65,774)
Transfer to income statement on disposal of sukuk	-	-	-	(2,642)	-	-	-	(2,642)	-	(2,642)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,634)</b>	<b>-</b>	<b>90,253</b>	<b>-</b>	<b>65,619</b>	<b>4,992</b>	<b>70,611</b>
Bonus Shares issued for 2021	15,000	-	-	-	-	(15,000)	-	-	-	-
Dividends declared for 2021	-	-	-	-	-	(45,000)	-	(45,000)	-	(45,000)
Purchase of treasury shares	-	(79,141)	-	-	-	-	-	(79,141)	-	(79,141)
Sale / vesting of treasury shares	-	22,040	-	-	-	(5,725)	-	16,315	-	16,315
Transfer to zakah and charity fund	-	-	-	-	-	(1,483)	-	(1,483)	-	(1,483)
Transferred to income statement on deconsolidation of subsidiaries	-	-	-	-	70,266	-	-	70,266	-	70,266
Transfer to statutory reserve	-	-	9,025	-	-	(9,025)	-	-	-	-
Increase in NCI without loss of control	-	-	-	-	-	-	-	-	6,492	6,492
Issue of shares under incentive scheme	-	-	-	-	-	-	6,930	6,930	-	6,930
Adjusted on deconsolidation of subsidiaries	-	-	-	-	-	-	-	-	(141,717)	(141,717)
<b>Balance at 31 December 2022</b>	<b>1,015,637</b>	<b>(105,598)</b>	<b>36,995</b>	<b>(53,195)</b>	<b>-</b>	<b>95,831</b>	<b>6,930</b>	<b>996,600</b>	<b>74,794</b>	<b>1,071,394</b>

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY for the year ended 31 December 2021 / (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 2021 (as previously reported)	975,637	(63,978)	19,548	5,592	(46,947)	22,385	1,093	913,330	272,733	1,186,063
Effect of adoption of FAS 32	-	-	-	-	-	(2,096)	-	(2,096)	-	(2,096)
Balance at 1 January 2021 (restated)	975,637	(63,978)	19,548	5,592	(46,947)	20,289	1,093	911,234	272,733	1,183,967
Profit for the year	-	-	-	-	-	84,224	-	84,224	8,393	92,617
Fair value changes during the year	-	-	-	(786)	-	-	-	(786)	62	(724)
Transfer to income statement on disposal of sukuk	-	-	-	(33,367)	-	-	-	(33,367)	-	(33,367)
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,153)</b>	<b>-</b>	<b>84,224</b>	<b>-</b>	<b>50,071</b>	<b>8,455</b>	<b>58,526</b>
Bonus Shares issued for 2020	25,000	-	-	-	-	(25,000)	-	-	-	-
Dividends declared for 2020	-	-	-	-	-	(17,000)	-	(17,000)	-	(17,000)
Transfer to zakah and charity fund	-	-	-	-	-	(1,572)	-	(1,572)	(142)	(1,714)
Transfer to statutory reserve	-	-	8,422	-	-	(8,422)	-	-	-	-
Purchase of treasury shares	-	(45,025)	-	-	-	-	-	(45,025)	-	(45,025)
Sale / vesting of treasury shares	-	60,506	-	-	-	5,121	-	65,627	-	65,627
Foreign currency translation differences	-	-	-	-	(23,319)	-	-	(23,319)	(5,965)	(29,284)
Acquisition of NCI without a change in control	-	-	-	-	-	23,078	-	23,078	(70,054)	(46,976)
Extinguishment of Share grant reserve to (retained earnings)	-	-	-	-	-	1,093	(1,093)	-	-	-
<b>Balance at 31 December 2021</b>	<b>1,000,637</b>	<b>(48,497)</b>	<b>27,970</b>	<b>(28,561)</b>	<b>(70,266)</b>	<b>81,811</b>	<b>-</b>	<b>963,094</b>	<b>205,027</b>	<b>1,168,121</b>

\*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 31<sup>st</sup> December 2022, which were audited by KPMG, who have expressed an Unqualified Opinion on 9 February 2023\*.

CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2022 / US\$ 000's	2022	2021
<b>Investment banking income</b>		
Deal related income	86,967	102,304
Fees based income	33,536	8,083
	<b>120,503</b>	<b>110,387</b>
<b>Commercial banking income</b>		
Income from financing	94,751	79,333
Treasury and investment income	61,021	55,258
Fee and other income	9,211	4,630
Less: Return to investment account holders	(38,051)	(31,710)
Less: Finance expense	(47,960)	(35,685)
	<b>78,972</b>	<b>71,826</b>
<b>Income from proprietary and co-investments</b>		
Direct investment income, net	68,815	14,670
Income from co-investments, net	22,915	14,280
Share of profit / (loss) from equity-accounted investees	12,437	(61)
Income from sale of assets	13,388	24,885
Leasing and operating income	7,753	4,959
	<b>125,308</b>	<b>58,733</b>
<b>Treasury and other income</b>		
Finance and treasury portfolio income, net	96,977	107,159
Other income, net	19,910	50,643
	<b>116,887</b>	<b>157,802</b>
<b>Total income</b>	<b>441,670</b>	<b>398,748</b>
Staff costs	70,415	63,231
Other operating expenses	77,532	70,299
Finance expense	192,706	137,020
Impairment allowances	3,310	35,581
<b>Total expenses</b>	<b>343,963</b>	<b>306,131</b>
<b>Profit for the year</b>	<b>97,707</b>	<b>92,617</b>
<b>Attributable to:</b>		
Shareholders of the Bank	90,253	84,224
Non-controlling interests	7,454	8,393
	<b>97,707</b>	<b>92,617</b>
<b>Earnings per share</b>		
Basic and diluted earnings per share (US cents)	<b>2.65</b>	<b>2.60</b>

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 December 2022 / US\$ 000's	2022	2021
<b>Operating Activities</b>		
Profit for the year	97,707	92,617
Adjustments for:		
Income from proprietary and co-investments	(125,308)	(58,733)
Income from treasury and other income	(116,887)	(157,802)
Foreign exchange gain	(4,853)	(2,190)
Finance expense	192,706	137,020
Impairment allowances	3,310	35,581
Depreciation and amortisation	5,841	2,541
	<b>52,516</b>	<b>49,034</b>
Changes in:		
Placements with financial institutions (original maturities of more than 3 months)	(475,696)	6,541
Financing assets	(169,271)	(98,555)
Receivables and other assets	(177,000)	(65,637)
CBB Reserve and restricted bank balance	(12,676)	(13,612)
Clients' funds	(93,462)	85,827
Placements from financial institutions	1,520,053	366,126
Placements from non-financial institutions and individuals	290,646	267,966
Current accounts	(1,812)	(7,710)
(Return to) / receipt from equity of investment account holders	(144,670)	201,351
Other liabilities	(113,660)	(60,384)
<b>Net cash generated from operating activities</b>	<b>674,968</b>	<b>730,947</b>
<b>INVESTING ACTIVITIES</b>		
Payments for purchase of equipment, net	(1,818)	(3,604)
Proceeds from sale of proprietary and co-investments, net	30,441	13,391
Cash transferred on deconsolidation of a subsidiary	(80,111)	-
Purchase of treasury portfolio, net	(467,860)	(1,177,088)
Profit received on treasury portfolio and other income	111,054	95,759
Proceeds from sale of investment in real estate	19,209	9,741
Dividends received from proprietary and co-investments	55,235	18,030
Payment for development of real estate asset	(65,809)	(6,515)
Cash paid on acquisition of subsidiaries	(7,112)	-
<b>Net cash used in investing activities</b>	<b>(406,779)</b>	<b>(1,050,286)</b>
<b>FINANCING ACTIVITIES</b>		
Term financing, net	215,998	701,035
Finance expense paid	(204,649)	(190,713)
Dividends paid	(44,818)	(17,575)
(Purchase) / sale of treasury shares, net	(38,000)	15,481
<b>Net cash (used) in / generated from financing activities</b>	<b>(71,469)</b>	<b>508,228</b>
<b>Net increase in cash and cash equivalents during the year</b>	<b>196,720</b>	<b>188,889</b>
Cash and cash equivalents at 1 January *	844,344	655,455
<b>Cash and cash equivalents at 31 December</b>	<b>1,041,064</b>	<b>844,344</b>
Cash and cash equivalents comprise: *		
Cash and balances with banks (excluding CBB Reserve balance and restricted cash)	787,479	664,388
Placements with financial institutions (original maturities of 3 months or less)	253,585	179,956
	<b>1,041,064</b>	<b>844,344</b>

\*Net of expected credit loss of US\$ 11 thousand (31 December 2021: US\$ 24 thousand)

The consolidated financial statements were approved by the Board of Directors on 9 February 2023.

**Ghazi Faisal Ebrahim Al Hajeri**

Chairman

**Hisham Alrayes**

Chief Executive Officer & Board Member