



# GFH Financial Group 9M/3Q 2019 Financial Performance

## Presentation to Investors and Analysts

14 November 2019



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# Highlights of Financial Performance



Shareholders profit of USD 24.4m for Q3 2019 (decrease of 21% compared to Q3 2018) and USD 73.6m for 9M 2019 (decrease of 29% compared to 9M 2018)

Consolidated profit of USD 21.8m for Q3 2019 (decrease of 30% compared to Q3 2018) and USD 70.2m for 9M 2019 (decrease of 33% compared to 9M 2018)

Operating income of USD 254m for 9M 2019 (increase of 24% compared to 9M 2018) and USD 90.5m for Q3 2019 (increase of 27% compared to Q3 2018)

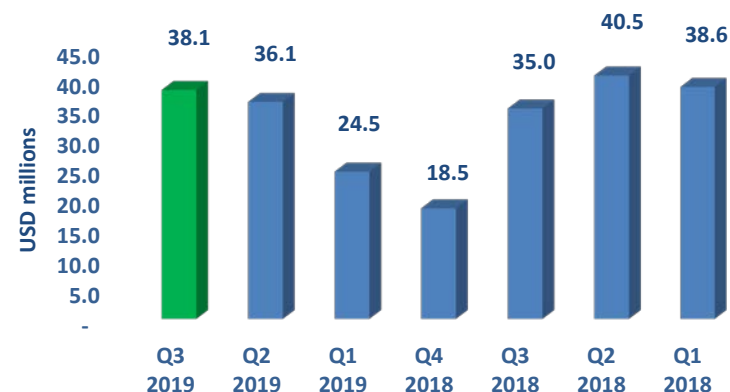
Consolidated profit before provisions of USD 38.1m for Q3 2019 (increase of 8% compared to Q3 2018) and USD 98.7m for 9M 2019 (decrease of 13% compared to 9M 2018)

Excluding one-off recovery income and restructuring income, net profit attributable to shareholders grew by 61.4% in 9M 2019

## Net profit to shareholders



## Net profit before provisions



# Highlights of Financial Performance



Consolidated operating expenses for 9M 2019 of USD 70.2m was marginally lower than 9M 2018 expenses of USD 71m

Finance expenses for 9M 2019 of USD 84.7m was 241% higher than comparative period due to increased money market activities

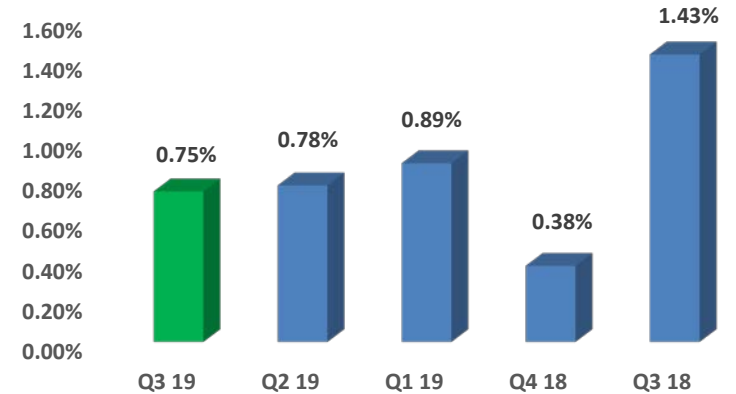
Impairment provisions from KHCB of USD 28.4m for 9M 2019 was 3 times higher than the comparative period

Consolidated assets increased to USD 6.1 billion from USD 5.0 billion from December 2018 (increase of 22%) primarily from increase in liquid assets deployment of money market funds

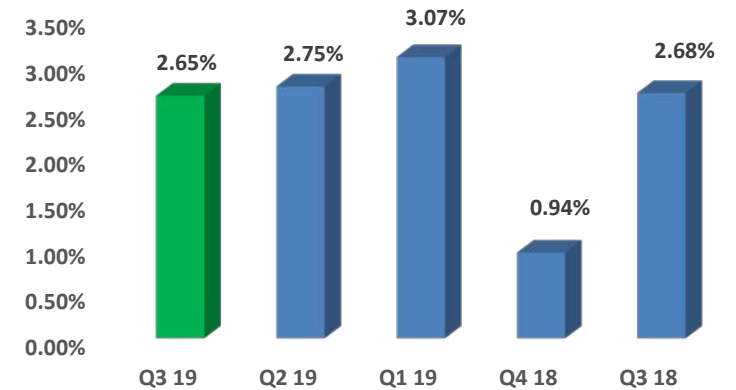
Consolidated liabilities increased to USD 3.8 billion for Q3 2019 from USD 2.7 billion (increase of 41%) primarily from receipt of money market funds

Market capitalization of USD 880m at 30 September 2019, Book value per share of AED 1.06/share with P/B ratio of 0.83x

## Return on Assets



## Return on Equity



# Income statement



USD m

	9M 2019	Q3 2019	H1 2019	9M 2018
Investment banking	79.0	35.6	43.4	33.4
Commercial Banking	52.4	14.5	37.9	39.4
Proprietary and co-investment	41.4	1.4	40.0	53.9
Real Estate Income	19.9	5.1	14.8	7.0
Treasury and Other income	61.3	33.9	27.4	71.6
<b>Total income</b>	<b>254.0</b>	<b>90.5</b>	<b>163.5</b>	<b>205.3</b>
Finance Expenses	84.7	31.0	53.7	24.8
Other Operating Expenses	70.2	21.4	48.8	71.0
<b>Profit prior to impairment allowance</b>	<b>99.1</b>	<b>38.1</b>	<b>61.0</b>	<b>109.5</b>
Provision for Impairment	28.4	16.3	12.1	9.5
<b>PROFIT FOR THE PERIOD</b>	<b>70.7</b>	<b>21.8</b>	<b>48.9</b>	<b>100.0</b>
Profit/(Loss) from Discontinued Operations	(0.4)	-	(0.4)	4.6
Non-Controlling Interest	(3.3)	(2.6)	(0.7)	(1.2)
<b>NET PROFIT TO SHAREHOLDERS</b>	<b>73.6</b>	<b>24.4</b>	<b>49.2</b>	<b>103.4</b>

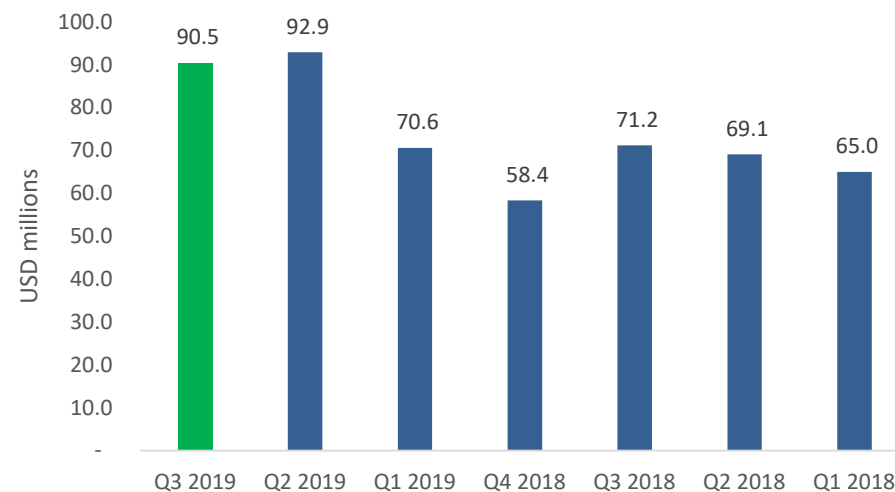
9M 2018 had one off restructuring, settlement and recovery income of USD 102.8m.  
Excluding this, income has increased by 148% in 9M 2019





- Increase in total operating income primarily driven by the contribution from Investment banking, Treasury, and Real estate business line
- Increase in the finance expenses by 241.5% due to the increased money market activities during the period
- Investment Banking major contributions from placement of 2 Funds.
- Treasury income is from inter bank placements, Sukuks and structured notes
- Real estate contribution for 9m 2019 primarily from the sale of units in Harbour Row
- Impairment provisions for the Group stood at USD 28.4m for 9m of 2019 compared to USD 9.5m for the comparative period in 2018, an increase of 199%, primarily from the commercial banking subsidiary of the Group

## Total Revenues



	9M 2019	9M 2018	Variance
Total operating income	254.0	205.3	23.7%
Total operating expenses	70.2	71.0	1.1%
Total finance expenses	84.7	24.8	241.5%
<b>Net profit to shareholders</b>	<b>73.6</b>	<b>103.4</b>	<b>28.8%</b>
Consolidated profit	70.2	104.7	33.0%



# Statement of financial position



USD m

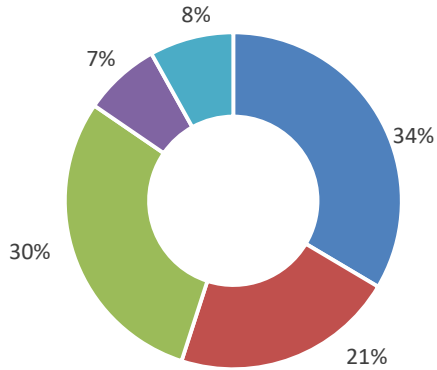
	Sep 2019	Jun 2019	Mar 2019	YE 2018	9M 2018
Cash and bank balances	401.9	369.6	541.9	341.6	277.0
Treasury portfolio	1,655.8	1,682.4	1,477.2	818.0	534.7
Financing assets	1,316.7	1,300.2	1,272.6	1,208.9	1,177.5
Real estate investment	1,815.8	1,821.4	1,824.9	1,840.0	1,770.3
Proprietary investment	276.5	279.0	271.3	234.0	235.6
Co-Investments	74.4	77.0	77.6	77.6	80.0
Assets held-for-sale	101.2	101.2	147.1	147.1	-
Receivables & prepayments	471.4	482.3	269.5	229.1	264.1
Property and equipment	24.6	24.7	24.1	92.9	92.5
<b>Total Assets</b>	<b>6,138.3</b>	<b>6,138.0</b>	<b>5,906.2</b>	<b>4,989.2</b>	<b>4,431.7</b>
Clients' funds	74.5	61.1	41.0	46.6	25.1
Placements from FI & non-FI	2,675.4	2,790.0	2,598.1	1,628.4	1,119.7
Customer current accounts	169.4	163.7	161.5	177.9	160.3
Term financing	268.0	200.0	238.2	256.2	260.1
Liabilities associated with assets held for sale	39.9	39.9	42.7	42.7	-
Payables and accruals	526.9	507.9	468.3	517.9	534.0
<b>Total Liabilities</b>	<b>3,754.1</b>	<b>3,762.4</b>	<b>3,549.9</b>	<b>2,669.7</b>	<b>2,099.2</b>
<b>EIAH</b>	<b>971.5</b>	<b>995.8</b>	<b>947.2</b>	<b>896.9</b>	<b>916.5</b>
<b>Total Equity attributable to shareholders of Bank</b>	<b>1,072.5</b>	<b>1,036.8</b>	<b>1,048.4</b>	<b>1,058.8</b>	<b>1,088.7</b>
Non-controlling interest	340.2	343.0	360.8	364.0	327.3
<b>Total Liability, EIAH &amp; Equity</b>	<b>6,138.3</b>	<b>6,138.0</b>	<b>5,906.2</b>	<b>4,989.4</b>	<b>4,431.7</b>

- Increase in total assets primarily from increase in liquid assets from USD 614m at 2018 to USD 1.57bn at end of Q3 2019
- Increase in total liabilities primarily from increase in money market funds raised by the Bank. Money market funds raised by the Bank at 30 Sept 2019 is \$2.1bn compared to \$1.1bn at 31 December 2018
- Equity attributable to shareholders of the Bank is at \$1.07bn at 30 Sept 2019 translating into a book value per share of AED 1.06/share.





## Asset distribution

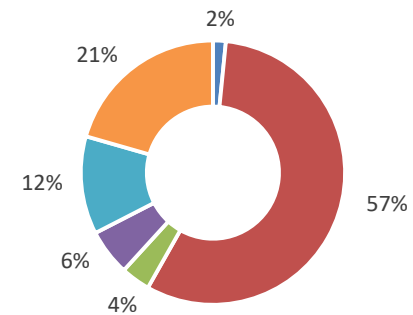


- Liquid assets
- Financing assets
- Real estate investment
- Proprietary investment
- Receivables & prepayments

- Asset distribution has remained constant during the year 2019 with liquid assets dominating the mix along with real estate assets
- Total assets have increased by 23% during 2019 primarily from inflow of funds received for money market funds

- Liabilities distribution has remained constant during the year 2019 with money market funds dominating the mix

## Liabilities distribution




- Clients' funds
- Placements from FI & non-FI
- Customer current accounts
- Term financing
- Payables and accruals
- Equity of investment account holders





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Thank you  
Q & A