



GFH RECORDS NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF US\$49.1 MILLION FOR THE FIRST HALF OF 2019



- Delivers strong and sustainable operating profits
- Raises US\$250 million from investment banking activities

Manama – 08 August 2019: GFH Financial Group (“GFH”) today announced its results for the first six months of 2019 ended 30 June 2019. For the period, the Group reported a 21.9% increase in revenues, which reached US\$163.5 million compared with US\$134.1 million in the first half of 2018. For the second quarter of 2019, revenues rose 34.4% to US\$92.9 million versus US\$69.1 million in the second quarter of 2018. Excluding the one-off recovery income and restructuring income in the first half of 2018, total income of the Group for first half of 2019, grew by 114.3% compared to the comparative period.

Net profit attributable to shareholders for the first half of 2019 was US\$49.1 million compared with US\$72.5 million in the prior-year period, a decrease of 32.3%. However, excluding the one-off recovery income and restructuring income in the first half of 2018, net profit attributable shareholders grew by 234.0% in first half of 2019 compared to first half of 2018. The Group reported consolidated net profit of US\$48.4 million, compared with US\$73.4 million in the first half of 2018, a decrease of 34.1%. For the first half of the year, the decrease in net profits is attributed to lower contribution from the Group’s commercial banking arm due to higher impairment provisions at the commercial bank during second quarter of 2019. Net profit attributable to shareholders for the second quarter of 2019 was US\$27.8 million versus US\$36.0 million in the second quarter of 2018, a decrease of 22.8%. Consolidated net profit for the second quarter was US\$27.7 million compared with US\$36.5 million in the second quarter of 2018, a decrease of 24.1%. Profit from continuing operations for the first half of 2019 was US\$ 48.9 million compared to US\$ 70.5 million in the prior year comparative period, a decrease of 30.6%, and for the second quarter of 2019 was US\$ 27.7 million compared to US\$ 34.7 million in the second quarter of 2018, a decrease of 20.2%.



Contributing to strong income growth for the first half of 2019 was the enhanced performance across the Group's core investment banking and real estate business lines in addition to income from treasury and proprietary investments. During the first half of 2019, investment banking contributed 26.6% to the total income of the Group mainly from placement activities. The Group's strategy for its Treasury business line has shown significant improvement with Treasury contributing to 15.8% of the total income while solid performance from proprietary investments generated 24.5% of the total income and real estate 9.1% for the first half of 2019. Commercial banking contributions were low due to provisions.

Total expenses including provision for impairment for the six-month period of 2019 were at US\$114.7 million compared to US\$63.7 million in the comparative previous period, an increase of 80%, primarily due to an increase in the impairment provisions in the commercial banking business of 99% and an increase in the treasury portfolio of the Group. Total expenses including provisions for impairment for the second quarter of 2019 were US\$65.2 million compared to US\$34.4 million in the comparative prior year period, an increase of 89.5%. Financing costs saw a gradual reduction over the period to US\$3.0 million in the first half of 2019 from US\$ 3.8 million during the first half of 2018. An increase in the money market as part of the Group's growing treasury portfolio and increased revenue generation from that business line also led to an increase in related costs from US\$11.7 million during first half of 2018 to US\$50.7 million during first half of 2019.

Operating expenses for the period were US\$48.8 million compared with US\$42.5 million in the first half of 2018, an increase of 14.8%. For the second quarter, operating expenses were US\$26.9 million versus US\$21.8 million in the prior-year period, an increase of 23.4%.

Total assets of the Group grew to US\$6.1 billion at 30 June 2019 from US\$5.9 billion as at 31 March 2019, an increase of 3.9%, while the Group's liabilities increased to US\$3.8 billion at 30 June 2019 from US\$3.6 billion at 31 March 2019, an increase of 5.9%. This increase was primarily due to increase in the money market and growing treasury portfolio.

Total equity attributable to shareholders at 30 June 2019 was US\$1.0 billion a decrease of 1.1% from US\$1.1 billion at the end of the first quarter. Earnings per share for the first half of 2019 was US cents 1.45 compared to US cents 2.02 in the comparative prior-year period. Earnings per share for the second quarter of 2019 was US cents 0.84 compared to US cents 1.00 in the comparative prior-year period.

Commenting on the results, Mr. Jassim Al Seddiqi, Chairman of GFH, said, "Strong and consistent growth across the Bank's core business lines continues to deliver solid results and steady improvements in income generation. This was evidenced by a significant increase of 21.9% in revenues for the first half of the year and reflects GFH's ongoing success and the positive impact of efforts to diversify the business and derive value from new and existing assets. The Group's newly expanded treasury business is a strong example of this diversification at work. Having performed extremely well, this is an area we will continue to grow and benefit from as we go forward."

Mr. Hisham Alrayes, Group CEO of GFH, added, "For the period, GFH was able to raise in excess of US\$250 million towards its investment banking products which highlights the growing confidence in the Group. We offered education and US portfolios in addition to starting healthcare investments as a new line of investment. The positive growth and contributions from our profitable investments and exits achieved during the first half of the year and, second quarter in particular are in line with the internal strategies and we look forward to building on our results in the forthcoming periods of 2019."



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About GFH Financial Group B.S.C.

GFH is one of the most recognised financial groups in the Gulf region. Its businesses include Asset Management, Wealth Management, Commercial Banking and Real Estate Development. The Group's operations are focused in the GCC, North Africa and India. GFH is listed in Bahrain Bourse, Kuwait Stock Exchange and Dubai Financial Market.

For more information, please visit www.gfh.com

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