



GFH REPORTS RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2019



Manama – 13 November 2019: GFH Financial Group (“GFH”) today announced its results for the third quarter and first nine months of 2019 ended 30 September 2019. For the third quarter of 2019 net profit attributable to shareholders was US\$24.4 million versus US\$30.9 million in the third quarter of 2018, a decrease of 21.0%, while earnings per share was US cents 0.74 compared to US cents 0.87 in the third quarter of 2018. Consolidated net profit for the third quarter was US\$21.8 million compared with US\$31.3 million in the third quarter of 2018, a decrease of 30.1%. Profit from continuing operations for the third quarter of 2019 was US\$21.8 million compared to US\$29.6 million in the third quarter of 2018, a decrease of 26.2%. Total income for the third quarter of 2019 increased by 27.1% to US\$90.5 million versus US\$71.2 million in the third quarter of 2018. Total expenses including provisions for impairment for the third quarter of 2019 were US\$68.7 million compared to US\$41.6 million in the third quarter of 2018, an increase of 65.1%. For the third quarter, operating expenses were US\$21.4 million versus US\$28.4 million in the prior-year period, a decrease of 24.6%.

Net profit attributable to shareholders for the first nine months of 2019 was US\$73.6 million compared with US\$103.4 million in the prior-year period, a decrease of 28.8%. However, excluding one-off recovery income and restructuring income in the first nine months of 2018 of US \$ 57.8 million, net profit attributable shareholders grew by 61.4% in the first nine months of 2019. Earnings per share for the nine-month period was US cents 2.19 compared to US cents 2.91 for the first nine-months of 2018.

The Group reported consolidated net profit of US\$70.2 million for the nine-month period compared with US\$104.7 million in the first nine months of 2018, a decrease of 33%. The decrease in net profits is attributed to lower contribution from the Group’s commercial banking arm due to higher impairment provisions taken during nine month period of 2019. Profit from continuing operations for the first nine months of 2019 was US\$70.7 million compared to US\$100.0 million in the prior year period, a decrease of 29.3%.



For the nine-month period, the Group reported a 23.7% increase in income, which reached US\$254.0 million compared with US\$205.3 million in the first nine months of 2018. Excluding the one-off recovery income and restructuring income in the first nine months of 2018, total income of the Group for first nine months of 2019, grew by 72.2% compared to the comparative period. Contributing to solid income growth for the first nine months of 2019 was the continued positive performance of the Group's core investment banking business, real estate activities and income generation from treasury and proprietary investments. For the period, investment banking contributed 31.1% to the total income of the Group mainly from placement activities and contributions from Treasury activities continued to grow reaching 24.1% of total income. Improved performance was also reported in real estate, which accounted for 7.9% while proprietary investments and commercial banking contributed 16.3% and 20.6%, respectively to total income for the first nine months of the year.

Total expenses including provision for impairment for the first nine-months of 2019 were at US\$183.3 million compared to US\$105.3 million in the prior-year period, an increase of 74.1%, primarily due to an increase in the impairment provisions in the commercial banking business of 198.9% and an increase in the finance costs as part of treasury portfolio of the Group. Operating expenses for the period were US\$70.2 million compared with US\$71.0 million in the first nine months of 2018, a decrease of 1.1%.

Total assets of the Group increased to US\$6.14 billion at 30 September 2019 from US\$ 4.43 billion in the previous-year period, an increase of 38.6 % while the Group's liabilities increased to US\$3.75 billion at 30 September 2019 from US\$2.1 billion in the previous year period, an increase of 78.6 %.

Total equity attributable to shareholders increased marginally to US\$1.07 billion at 30 September 2019 from US\$1.06 billion at 31 December 2018, a increase of 1%.

Commenting on the results, Mr. Jassim Al Seddiqi, Chairman of GFH, said, "We're pleased to announce another period of solid growth and improvements in income generation and operating performance at GFH. Quarter after quarter, we see the Group's strategy to diversify the business and focus on investments and activities that can support steady income generation paying off. For the period, we saw revenues increase once again by a substantial 23.7% aided by strong performance in investment banking, real estate and treasury activities. For the remainder of the year, we will continue to focus on maximising the performance and returns derived from both new and existing assets and remain committed to deliver stronger performance by year-end."

Mr. Hisham Alrayes, Group CEO of GFH, added, "Growth and increased income contributions from our core business lines continued throughout the first nine months of 2019. During the third quarter, we successfully placed unique opportunities capable of providing strong income generation and returns for the Group and our investors. These were in key sectors on which the Group is focused on building our portfolios including technology, Fintech and education, all areas of growth in the MENA region and globally. We also realised the benefits of further progress in our real estate development activities, newly established Treasury business line and proprietary investments. In our commercial banking business, we took a conservative position taking some provisions on the portfolio in line with market conditions, but expect contributions from this areas of the business to increase in 2020. For the period ahead, we will continue to build on the momentum we've enjoyed thus far this year and look forward to finishing out 2019 with solid performance and results."

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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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