



**GFH REPORTS NET PROFIT OF US\$104 MILLION ATTRIBUTED
TO SHAREHOLDERS FOR 2017**

- Revenue growth of 84% year-on-year excluding one-off gains in 2016 --**
- Board recommends distribution of US\$85 million dividend to shareholders -**

Manama, Bahrain – 14 February 2018: GFH Financial Group (“GFH” or “the Group”) announced strong performance and results for the financial year ended 31 December 2017. For the year, GFH reported net profit attributable to shareholders of US\$104.2 million compared with US\$217.12 million for the previous year and a consolidated net profit of US\$103.2 million for the year as compared with US\$233.05 million for the prior-year. These results, in real terms, reflect year-on-year growth in all areas of the business when excluding US\$464 million in one-off income from the settlement of litigation by the Group in the fourth quarter of 2016.

Net profit attributable to shareholders for the fourth quarter of 2017 was US\$16.9 million versus US\$213.18 million in the fourth quarter of 2016. Consolidated net profit for the fourth quarter was US\$12.1 million versus US\$223.34 million in the fourth quarter of 2016.

For the full year 2017, the Group’s total consolidated revenue was US\$211.65 million as compared to US\$ 115 million in 2016, excluding one-off recovery gains achieved in 2016 of US\$ 464 million. This reflects a healthy increase in revenue of 84% year-on-year. Supporting revenue growth was higher investment banking income from exits and placements. In line with GFH’s strategy, the Group also achieved successful exits for its clients amounting to US\$1.2 billion during the year from infrastructure investments and US multi-family assets based in Houston and Atlanta. During the year, GFH has also created a strategic partnership with Inspired Education Group, a leading international education operator, which acquired 50% of GFH’s education portfolio.

Total operating expenses for the year were US\$99.18 million down from US\$124.8 million in the prior year. Total assets increased from US\$3.30 billion in 2016 to US\$4.11 billion for 2017. The Group ended the year with a capital adequacy ratio of 17.36% and Return on Equity (ROE) ratio of 9.1%. Further steps were also taken in 2017 to optimize overall financing liabilities, improve liquidity and enhance the balance sheet. The success of these efforts resulted in GFH receiving an upgraded credit rating of “B” with a positive outlook from Fitch, the international credit rating agency, based on its strengthened capital position and the reduction of associated legacy uncertainties.

Commenting on the results, H.E. Sheikh Ahmed bin Khalifa Al-Khalifa, Chairman of GFH, said, “We are delighted with the solid performance and profitably reported during 2017 and further recognition by the market of the sound financial position and progress at GFH. The continued operational revenue growth across our business lines underscores the strength of our strategy and success in diversification. “



Sheikh Ahmed continued, “In line with these results and the Group’s progressive dividend policy, we are happy to announce the Board’s recommendation for the distribution of a 8.7% cash dividend (US\$85 million) to shareholders, subject to approval at the General Assembly and by our regulators. The Group’s continued strong shareholder returns underscores our commitment to delivering value on which we will remained focused throughout 2018. I would like to take this opportunity to extend our gratitude to our investors and shareholders for their ongoing confidence in GFH and to our management and staff for their dedication in the past year.”

Mr. Hisham Alrayes, CEO of GFH, added, “We are pleased with the strong progress made and the significant growth achieved in our Investment Banking and Real Estate activities during 2017. We continued to effectively advance GFH’s position as a leading player in the region’s financial sector and infrastructure development. Notably in 2017, we focused on undertaking key exits for our clients in our infrastructure portfolio and US funds. We also saw further investments in our US real estate and regional education portfolio and have completed the successful listing of our commercial banking subsidiary, KHCB, on the Dubai Financial Market. Under our real estate subsidiary, we have been able to substantially advance our landmark Villamar and Harbour Row projects in Bahrain, which support the government’s efforts to bolster the Kingdom as a tourism and hospitality destination.”

Mr. Alrayes concluded, “Building on our strong momentum and financial position, GFH looks toward achieving another successful year, Inshallah, where we will target strategic acquisitions that add new lines of business and markets to GFH. We will also look to achieve further profitable exits from some of our direct investments. I would like to thank our shareholders and investors for their continued partnership and confidence in GFH and our Board and regulators for their guidance and support. I would also like to acknowledge the outstanding contributions of our employees and partners to the successes of the past year and look forward to delivering even stronger results and profitably in the year ahead.”

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About GFH Financial Group B.S.C

GFH is one of the most recognized 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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