CMP/NOV/2019/0021
13th November 2019

Mr. Hassan Al Serkal
EVP, COO – Head of Operations Division, Market Operations Division
Dubai Financial Market
P.O Box 9700
Dubai - United Arab Emirates

Dear Mr. Al Serkal,

Subject: Results of GFH's Board of Directors Meeting held on 13th November 2019

GFH Financial Group would like to advise its shareholders and the markets that its Board of Directors has met today, Wednesday 13th November 2019, and has discussed and approved the financial results for Q3-2019, in addition to other internal matters.

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 second quarter 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 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 0.58 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 30.4%. 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 26.4%. 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 1.99 compared to US cents 2.91 for the first nine-months of 2018.

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 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 decreased marginally to US$1.07 billion at 30 September 2019 from US$1.09 billion at 30 September 2018, a decrease of 2%.

Enclosed are the approved financial results for Q3-2019, period ended 30th September 2019.

Yours Sincerely,

Nabeel Mirza
Head of Compliance