



GFH Reports Net Profit of US\$ 80.1 Million Attributed to Shareholders for 2019



- Board recommends 5.57% dividends to shareholders
- Quality of income improves substantially year-on-year
- Income increases by 17.3%
- Higher provisions in commercial banking arm impact overall performance

Manama – 12 February 2020 – GFH Financial Group B.S.C (“GFH” or “the Group”) (Bahrain Bourse: GFH) today announced its financial results for the fourth quarter and year ended 31 December 2019.

Net profit attributable to shareholders was US\$6.5 million for the fourth quarter compared with US\$10.6 million in the last quarter of 2018 a decrease of 38.7%. This was attributed to higher provisions from the Group’s commercial banking subsidiary. Earnings per share for the fourth quarter was US cents 0.19 compared to US cents 0.30 for the last quarter of 2018. Income for the fourth quarter was US\$81.66 million up slightly from US\$80.87 million during the fourth quarter of 2018.

Net profit attributable to shareholders for the full year was US\$80.1 million compared with US\$114.1 million for the prior year, a decrease of 29.8% resulting primarily from higher provisions in the commercial banking subsidiary of the Group. Earnings per share for the year was US cents 2.37 compared with US cents 3.22 in the corresponding prior year. Total equity attributable to shareholders was US\$1.0 billion at 31 December 2019 from US\$1.06 billion at 31 December 2018, a decrease of 5.7% due to additional acquisition of an infrastructure project and treasury share buyback programs. Total assets of the Group were US\$5.9 billion at 31 December 2019 compared with US\$5.0 billion at the previous year end, an increase of 18.2%. Total Assets plus fund under management increased from US\$ 8.5 billion in 2018 to US\$ 10.0 billion in 2019.

Other Financial and Operating Highlights

- Fund raised reached US\$2 billion in equity and money market, a 100% increase from 2018.
- Concluded six transactions for a total deal value of US\$557 million across the UK, US and GCC markets.



Revenue for the year was US\$335.69 million versus US\$286.17 million for 2018 an increase of 17.3%. This reflects continued growth and progress in the Group's core investment banking business, increased contributions from real estate activities and strong performance in the Group's growing treasury business. In line with results, the Board of directors has recommended the distribution of cash dividend of 5.57% (US\$50 million) for 2019 to shareholders, subject to approval by the General Assembly and regulators.

Commenting on the results, Mr. Jassim Alseddiqi, Chairman of GFH, said, "For the year, the Group was pleased to report continued growth and progress and a subsequent double digit increase in income for 2019. While results were impacted by higher provisions in our commercial banking operations, we were pleased to announce another dividend as well as good overall performance and profits reflecting the continued successful implementation of our strategy, further diversification of our business lines and sound financial position. During the fourth quarter, we approached the debt capital markets in a landmark transaction for the Group. The overwhelmingly positive response that we received is no better testament to where GFH stands today and market recognition and confidence in the Group and where we are heading. We went on to announce in January 2020, the successful pricing of a US\$300 million 5-year sukuk, which was 'B' rated by S&P and Fitch, and oversubscribed 2.5 times exceeding US\$750 million. Importantly, this included strong demand from international investors who were allocated 47% of the issuance further diversifying our sources of funding and building GFH's brand with global investors. These proceeds will be used to fund our next phase of development in 2020 and beyond. With solid foundations and the strides we have made over the past year, the Group's focus now continues on growth, diversification and value creation for our investors and shareholders."

Mr. Hisham Alrayes, CEO of GFH, further expanded on the Group's operating performance during the year, "Alhamdulillah we have achieved good growth and results from across our core business lines, which characterised the Group's performance in 2019. We had to restructure our commercial banking operations for stronger contributions in the future, hence we have been impacted by provisions. However, investment banking income for the year has witnessed a substantial increase, more than doubling as a result of our strengthened focus and success in identifying and placing unique income generating investments. Key among these was continued growth of our portfolio of real estate assets in the US market where we have now concluded investments in excess of US\$1 billion over the past five years. Similarly, we also saw significantly improved contributions from our real estate activities where we advanced our landmark projects launching sales in a number of our iconic developments including Harbour Heights where units were sold to regional and international investors as well as achieving well-timed and profitable exits. Our newly established treasury line also exceeded expectations supporting income growth and adding further diversification to our business. These constitute three key areas of our business that we will be working to further diversify and grow in 2020."

Mr. Alrayes continued, "During the year, we were pleased to launch our Britus Education platform through which we will continue to grow our position as a leading regional and international investor in this promising defensive sector in addition to other sectors where we have been active during the year and see continued opportunities. Furthermore, during 2020, we will begin our operations in the Saudi Arabian market where we have established a presence and are poised to accelerate the growth of our investments and activities."

Concluding Mr. Alrayes said, "We are excited for our next phase of growth in 2020 and have entered the year in a strong operating and financial position and with the full confidence of the market following the successful placement of our 5-year sukuk. I would like to take this opportunity to thank our shareholders



and investors for their continued support and extend our gratitude to our Board and regulators for their guidance. I'd also like to thank our dedicated and hardworking teams for their ongoing efforts and the critical part they play in our success and our efforts to continue delivering value for our shareholders, investors and the economies in which we are active."

The Group's financial results in full can be found at <https://www.bahrainbourse.com/>. Shares of GFH are traded under the ticker "GFH" on the Bahrain Bourse, Boursa Kuwait and Dubai Financial Market.

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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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