



GFH REPORTS NET PROFIT OF US\$45.1 MILLION ATTRIBUTED TO SHAREHOLDERS FOR 2020



- Board to recommend total dividend of USD 42mn at 4.60% on par value
- Delivers income growth and further diversification of revenue streams
- Enters 2021 with a strong pipeline of opportunities and plans for further expansion of its global portfolio

Manama – 15 February 2021 – GFH Financial Group B.S.C (“GFH” or “the Group”) (Bahrain Bourse: GFH) today announced its financial results for the fourth quarter and twelve months ended 31 December 2020 (“the year”).

The Group reported net profit attributable to shareholders of US\$21.93 million for the fourth quarter of 2020 compared with US\$1.5 million in the fourth quarter of 2019, an increase of 1362%. Previous year fourth quarter results included a significant impairment provision in the commercial banking subsidiary of the Group. Earnings per share for fourth quarter of 2020 was US cents 0.65 compared to US cents 0.04 for the comparative quarter of 2019. Consolidated net profit for the fourth quarter was US\$19.04 million compared with losses of US\$8.1 million in the fourth quarter of 2019

Net profit attributable to shareholders was US\$45.1 million for the full year compared with US\$66.03 million in 2019, a decrease of 31.7 %. The decline is predominantly attributable to slower contribution from business lines as a result of the pandemic situation during the year. Earnings per share for the year was US cents 1.35 compared to US cents 1.96 for the full year 2019. . Consolidated net profit for the year was US\$49.34 million compared US\$53.12 million in 2019.

Total equity attributable to shareholders was US\$0.913 billion from US\$1.00 billion at year-end 2019, a decrease of 8.7%. The drop was primarily due to the 2019 dividends payout, mark to market changes on treasury portfolio, and additional capital contribution to the Group’s commercial banking subsidiary. Total assets of the Group were US\$6.59 billion at year-end 2020 compared with US\$5.95 billion at 31 December 2019, an increase of 10.8%. The Group’s Total Assets and Fund Under Management (AUM) increased from US\$10 billion in 2019 to over US\$12 billion in 2020, marking a year-on-year increase 20%, primarily from the growth in the treasury portfolio of the Group along with inorganic growth through acquisition.

Total income for the fourth quarter was US\$109.29 million compared to US\$76.62 million for the fourth quarter of 2019, an increase of 42.6%. This was achieved despite an impairment loss of US\$12 million



from an equity investment. Total income for the year was US\$323.39 million versus US\$321.61 million in 2019, an increase of 0.6%. This is the result of ongoing contributions from all business lines despite difficult market conditions that persisted throughout 2020. While major contributions came from strong income generation from the Group's investment and advisory activities. During the quarter, investment banking income included income from placement of the Group's investment in Hidd Mall in Bahrain, its second Lulu anchored retail centre asset, and from its investment in two strategically located Amazon designated logistics warehouses in Spain. Other income of note was gains in the Group's treasury portfolio, which benefited from the continuing recovery in the global equity markets, and income from the reversal of liabilities resulting from a successful conclusion of litigation. Expenses for the fourth quarter were US\$90.26 million compared to US\$84.72 million in the fourth quarter of 2019, an increase of 6.5%. Total Expenses for the year were US\$274.05 compared with US\$268.03 million in 2019, an increase of 2.2%.

In line with results, the Board of Directors has recommended total dividend of USD 42mn at 4.60% on par value, divided into 1.86% cash dividends amounting to US\$17 million and 2.74% stock dividends of US\$25 million for the shareholders, subject to approval by the General Assembly and regulators.

Commenting on the results, Mr. Jassim Alseddiqi, Chairman of GFH, said, "2020, despite its exceptional challenges and the unprecedented global turmoil caused by the COVID-19 pandemic, has helped GFH to test and confirm the strength and resilience of the Group, our strategy and business model. We remain pleased with our overall performance and ongoing diversification, which has enabled the Group not simply to weather this storm but to continue to make strides across the business and deliver another solid dividend for our shareholders even in the toughest of years. While net profit for the period was impacted by disruptions to businesses and markets in the region and around the world, we are pleased to have maintained strong levels of income generation even reporting a moderate increase for the year. We're especially pleased with the momentum gained as we closed out the year, which has been successfully carried over into 2021 and on which we will continue to build."

Mr. Alseddiqi, continued, "The year was also marked by other milestones that underscored the sound and steady performance GFH is delivering year after year and the market confidence we now enjoy as a result - even during the current crisis. In the first and third quarters, and despite the upheavals of COVID, we have been successful in the issuance of our Sukuk. We're proud with the strong investor demand the issuances received and uptake from a diverse pool of highly reputable international institutional investors and those from the region. The proceeds of these issuances are being used to help us achieve a number of strategic goals including further strengthening of the balance sheet and diversification of our sources of income, which we're pursuing through both organic and inorganic growth. While we are still in the thick of fighting the pandemic globally, we hope to see signs of improvement in 2021 and remain focused on effectively managing our investments and delivering new, exciting and profitable opportunities benefiting the Group and our shareholders and investors in the months and year ahead."

Mr. Hisham Alrayes, CEO of GFH, added, "As we look back on what was no doubt the most challenging year faced by governments, businesses and citizens around the world, we're very proud of how we've performed. We worked quickly to secure the safety of our colleagues, their families and our community, activated our continuity plans and provided support to investments as and where required. Unanimously, our teams across the Group and at our portfolio companies around the world did an incredible job under extremely difficult and volatile circumstances and markets. That said, we also entered this crisis believing that whatever the challenges, GFH had the right strategy, resources and talent to thrive and that's what



we have done – successfully seeking out and capturing unique opportunities in line with our strategy and plans for growth. During the year, we made more than US\$208 million of new investments leveraging our strong liquidity. These investments saw us expand our existing global portfolios in the MENA region, US and UK as well as conclude our first investment in Europe. Among these transactions was the acquisition of a leading UK real estate asset manager, giving us an edge as we go forward in identifying and acquiring further compelling and income generating real estate assets in the UK and Europe similar to the strategic acquisition we announced in late December of two Amazon designated logistics warehouses in Spain. The investments we have made in 2020 have proven highly attractive and sought after by our regional investors, who have exhibited strong appetite for GFH's products and great confidence in the unique deals we were able to deliver even under considerable market strain."

Continuing, Mr. Alrayes, said, "Outside our core investment banking business, we also continued to make progress throughout the year in other lines. During the year, we effectively restructured our commercial banking subsidiary, Khaleeji Commercial Bank, saw positive movement in our treasury business, which continues to expand, and strengthening in real estate operations - all of which delivered positive contributions supporting growth in income for the year. We believe, even despite the ongoing pain of the pandemic, that we have entered 2021 in a very solid position with everything we need to continue to build and diversify our business and keep delivering solid returns and value to our investors and shareholders. We have already begun to convert promising opportunities we have identified, having come into the year with a strong and growing pipeline of new opportunities. We are looking positively to the future and to keeping the market updated on our activities across all of our core business lines. In concluding, I'd like to stress that none of our achievements over the past year would have been possible without the unwavering support of the Government of Bahrain and other GCC governments for our regional economies and of course the tireless efforts of frontline workers everywhere, who allowed life and business to continue to the extent that they have. We are also incredibly grateful to our Board or Directors for their total support over this challenging period and to the Central Bank of Bahrain for their ongoing guidance. I'd also like to express my deep appreciation to our investors, again to our employees, and to our partners for their dedication and commitment to GFH."

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, Boursa Kuwait and Dubai Financial Market. For more information, please visit www.gfh.com

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