



GFH RECORDS NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF US\$ 21.36 MILLION FOR THE FIRST QUARTER 2019



Bahrain – 13 May 2019: GFH Financial Group (“GFH”) announced its results for the first quarter of 2019 ended 31 March 2019. For the period, the Group reported a 6.47% increase in revenues, which reached US\$70.12 million versus US\$65.86 million in the first quarter of 2018. This underscores GFH’s continued success in implementing its strategy, which remains highly focused on diversifying and enhancing revenue streams and income generation across its core business activities.

Net profit attributable to shareholders for the first quarter of 2019 was US\$21.36 million compared with US\$36.48 million in the prior-year period, a decrease of 41.44%. The Group reported consolidated net profit of US\$20.7 million, compared with US\$36.89 million in the first quarter of 2018. The decrease in net profits is attributed primarily due to lower contribution from the Group’s commercial banking arm and extended closure of investment funds, which are expected to realise during the second quarter.

Supporting the results for the first quarter of 2019 was the significant contribution from the proprietary investments revenue stream of the Group with a successful exit of 40% stake in its Bahrain-based Al Areen Hotel, against acquisition of the Hotel Tower in Villamar development, which contributed US\$29.40 million. The Group’s Investment Banking business also contributed US\$7.4 million. The Group’s real estate business reported a US\$8 million contribution from its Harbour Row projects. The Group Treasury contributed US\$11.3 million this quarter following GFH’s new strategy toward developing treasury recurring income.

Profit from continuing operations for the period was US\$21.17 million compared with US\$35.73 million in the first quarter of 2018, a decrease of 40.75%. Operating expenses for the period were US\$21.43 million compared with US\$21.29 million in the first quarter of 2018, increase of 0.6%. Finance costs for the Bank increased to US\$ 23.71 million for the first quarter of 2019 from US\$ 7.17 million in the comparative period of 2018, primarily due to the additional money market funds raised by the Bank as part of its new Treasury strategy. Cash received during the quarter attributes to US\$ 40.72 million representing 58.07% of the revenues recorded during the quarter.



Total assets of the Group increased from US\$ 4.99 billion at year end of 2018 to US\$ 5.91 billion as at 31 March 2019, an increase of 18.44%, liabilities of the Group also increased to US\$4.50 billion at 31 March 2019 from US\$ 3.57 billion at year end of 2018, primarily due to additional money market activities.

Total equity attributable to shareholders at 31 March 2019 was at US\$1.05 billion compared to year end 2018 of US\$ 1.06 billion, after factoring for the profits for the quarter and the appropriation for the cash dividends approved by the shareholders in the last Annual General Meeting. Earnings per share for the first quarter of 2019 was US cents 0.64 compared to US cents 1.02 in the comparative prior-year period.

Commenting on the results, Mr. Jassim Al Seddiqi, Chairman of GFH, said, “GFH continues to focus on and invest in diversifying our business and investment portfolio to deliver steady revenue generation through varied business lines. Notwithstanding the sizeable investments that we have made into further developing the business in the first quarter of 2019 we have delivered sound performance, , that we expect to be further enhanced in the forthcoming periods of 2019 as we build on the momentum we are seeing across our business. I would like to thank our shareholders for their support and look forward to a successful year to come.”

Mr. Hisham Alrayes, Group CEO of GFH, said, “During the first quarter, we have been able to exit part of our proprietary investments to a strategic partner and took ownership of the Villamar Hotel in the Bahrain Financial Harbour. This will allow us to complete the project faster and achieve higher returns for our shareholders. We have also launched our Britus US\$200 million education platform during the quarter and have been able to sign to acquire six new K-12 private schools in the region. We believe education is a highly specialised investment line and have plans to build on our track record and portfolio in this sector. Treasury activities have also been increasing. With momentum from the fourth quarter of 2018 and further gains in the first quarter of 2019, we see this as an important recurring business line for GFH going forward. As we moved ahead, I would like to thank our investors for their trust and belief in GFH and our team for their continued efforts and dedication.”

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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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