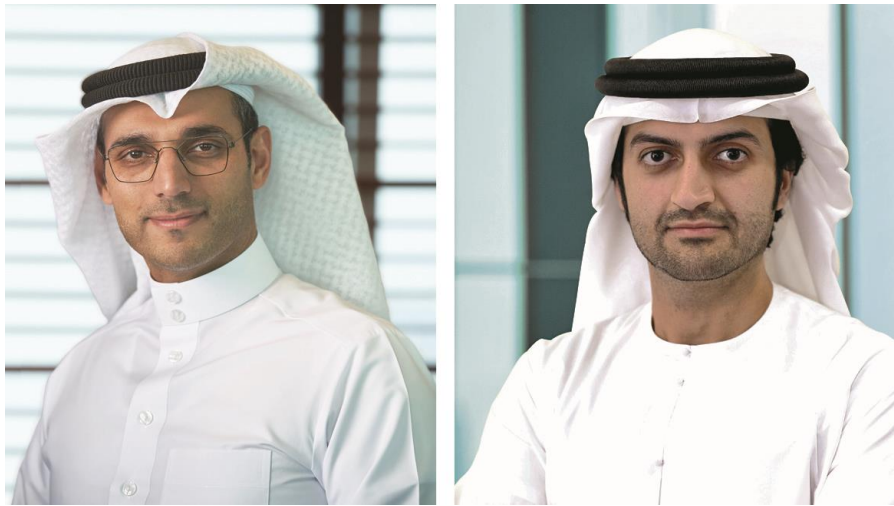




GFH REPORTS NET PROFIT OF US\$114.08 MILLION ATTRIBUTED TO SHAREHOLDERS FOR 2018



- Increases annual profits by 9.5%
- Strong, continued revenue growth across diversified business lines
- Recommended dividend distribution of 8.71% and USD85 million cash and bonus shares
- Recommendation to extinguish 7% treasury shares.

Manama, Bahrain – 11 February 2019: GFH Financial Group (“GFH” or “the Group”) announced continued growth in profitability and strong performance for the financial year ended 31 December 2018. For the year, the Group reported consolidated net profit of US\$115 million as compared with US\$103.19 million from the previous year, an increase of 11.4%, and a net profit attributable to shareholders of US\$114.08 million compared with US\$104.18 for the previous year, an increase of 9.5% mainly due to contribution from across all business lines and strategic transactions during the year.

Net profit attributable to shareholders for the fourth quarter of 2018 was US\$10.64 million versus US\$16.95 million in the fourth quarter of 2017, a decrease of 37.2%. Consolidated net profit for the fourth quarter of 2018 was US\$10.39 million compared with US\$12.15 million in the fourth quarter of 2017, a decrease of 14.5%. Total equity attributable to shareholders in 2018 was US\$1.06 billion as compared to US\$1.15 billion in 2017, a decrease of 7.9% due to share buyback by the Group.

Earnings per share for the year of 2018 was US cents 3.22 compared to US cents 3.58 in the prior-year period.

For the full year 2018, the Group’s total consolidated revenue was US\$246.21 million compared with US\$204.36 million in 2017, reflecting a healthy year-on-year increase of 20.5%. For the fourth quarter 2018, the Group’s total consolidated revenue was US\$61.6 million compared with US\$41.2 million in 2017, reflecting a healthy quarter-on-quarter increase of 49.5%. Growth resulted from a successfully diversified business model and solid contributions from across its investment and commercial banking, real estate and asset management businesses lines in addition to increases in other income generated through strategic initiatives undertaken by the Group. Importantly, GFH also continued to deliver on its strategy of achieving profitable exists, which for the year amounted to US\$120 million.



Total operating expenses for the year were US\$117.09 million versus US\$99.08 million in the prior year, an increase of 18.2%. Total assets increased from US\$4.11 billion for 2017 to US\$4.99 billion in 2018, an increase of 21.4%. The Group ended the year with a capital adequacy ratio of 17.3% and Return on Equity (ROE) ratio of 11.1%. The Group has witnessed substantial improvements in liquidity position and liability profile. The Group repaid the entire amount of a US\$200 million Sukuk, which was originally drawn in 2007, and achieved early payment of a Wakala facility, all of which continue to underscore its financial health and stability.

Reflecting market confidence in the Group was affirmation of its ratings by Fitch, the international ratings agency, at “B” with a stable Outlook, despite local and regional market conditions and downgrades. GFH also continued with its strategy to support its share price and is recommending now extinguishing the treasury shares of 7% subject to CBB and AGM approvals..

Commenting on the results, Mr. Jassim Alseddiqi, Chairman of GFH, said, “We are pleased with the continued growth in profitability and strong performance delivered by the Group in 2018. This marks the fourth consecutive year of solid gains based on the effective implementation of our strategy and success in the further diversification of the business. We are especially pleased with strong income growth achieved during the year across the board, which has been critical to solidifying trust in the ability of the Group, even despite challenging market conditions, to deliver in line with investor and shareholder expectations. Among the strongest measures of market confidence in GFH today and over the past year was the raising of more than US\$1 billion through our investment products and treasury and capital markets during 2018, which fuels further growth and investment for GFH in 2019.”

Mr. Alseddiqi continued, “We are also delighted to announce the Board’s recommendation for another robust distribution of a dividend of 8.71% and USD 85mn (USD 30 million cash and USD 55mn bonus shares) for 2018 to shareholders, subject to approval by the General Assembly and our regulators. Our results, coupled with a progressive dividend policy, continue to make GFH one of the strongest distributors of dividends, which remains our priority. We have entered 2019 in a stronger position than ever to build value and execute on our strategy and I look forward to sharing our progress in the periods ahead. I would also like to take the opportunity to acknowledge the support and partnership of our investors and shareholders and the dedication and hard work of our management team and employees across the Group and our subsidiaries for a job well done.”

Mr. Hisham Alrayes, CEO of GFH, added, “2018 was another year of significant progress for GFH and we are proud of our performance and demonstrated ability to deliver sustained profitability and growth year after year. 2018 was characterised by a strategic focus on further diversifying and building our portfolio of strong income yielding assets in defensive sectors. We continued investing in Education, US income generating assets and private equity. We made our first technology investment in the Entertainer, a market leading leisure platform that operates in the region and globally and which has been doubling its turnover year on year. Significantly, we have also made strong progress in achieving strategic and profitable exits ahead of targets and despite challenging market conditions. We are committed to creating value for shareholders and in 2018 this was demonstrated in the transformation of our real estate portfolio. During the year, we took assets with relatively low book value and turned them into revenue generators. This includes land banks in India, Dubai, Bahrain, which provides the Group with a range of markets and classes from which we can derive benefit over the medium to longer term. Particular progress was also made



on our landmark Villamar project in Bahrain, for which we acquired the majority Sukuk and are taking the development towards completion.”

Mr. Alrayes concluded, “We entered 2019 with strong confidence and expectations for further top and bottom line growth both overall and from across our various business lines including greater contributions from our real estate activities. Diversification will also remain a key focus both in terms of what and where we invest. We plan to start the process to launch operations in Saudi Arabia and the UK and to establish dedicated healthcare and education platforms. As we move ahead, I would like to thank our shareholders and investors for their ongoing confidence in GFH and extend our gratitude to our Board and regulators for their support, and to our employees whose contributions and efforts are the foundations for our achievements and success during 2018 and the years to come.”

-Ends-

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.

Media inquiries can be directed to:

GFH Financial Group

Nawal Al Naji
Tel: +973 17538538
Email: nalnaji@gfh.com

FinMark Communications

Zahraa Taher
Tel: +973 39630997
Email: ztaher@finmarkcoms.com