



GFH REPORTS NET PROFIT OF US\$23.17 MILLION ATTRIBUTED TO SHAREHOLDERS FOR THE FIRST NINE MONTHS OF 2020



Manama – 12 November 2020 – GFH Financial Group B.S.C (“GFH” or “the Group”) (Bahrain Bourse: GFH) today announced its financial results for the first nine months of the year ended 30 September 2020 (“the period”).

The Group reported net profit attributable to shareholders of US\$8.11 million for the third quarter of 2020 compared with US\$19.84 million in the third quarter of 2019, a decrease of 59.1%. The decrease is predominantly attributable to the worldwide COVID-19 pandemic which had an impact across the Group’s business lines. Earnings per share for third quarter of 2020 was US cents 0.24 compared to US cents 0.60 for the comparative quarter of 2019. Consolidated net profit for the third quarter was US\$9.92 million compared with US\$17.22 million in the third quarter of 2019, a decrease of 42.4%.

Net profit attributable to shareholders was US\$23.17 million for the nine month period of 2020 compared with US\$64.53 million in the first nine months of 2019, a decrease of 64.1%. The primary reason for this decrease was the lower contributions from the Group’s investment banking and real estate operations, as well as fair value movements in the Group’s treasury portfolio. Earnings per share for the period was US cents 0.69 compared to US cents 1.91 for the first nine months of 2019. Consolidated net profit for the first nine month period of 2020 was US\$30.31 million compared with US\$61.22 million in the first nine months of 2019, a decrease of 50.5%.

Total equity attributable to shareholders was US\$0.88 billion at 30 September 2020 from US\$1.00 billion at year-end 2019, a decrease of 12.0%. The drop in the shareholders’ equity 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\$6.16 billion at 30 September 2020 compared with US\$5.95 billion at 31 December 2019, an increase of 3.5%.

Total income for the first nine months of the year was US\$214.10 million versus US\$244.99 million for the 2019 period. Despite a decrease of 12.6% in the income, all business lines have contributed to the income



despite difficult market conditions that have characterised 2020. Total income for the third quarter of 2020 was US\$67.58 million compared to US\$85.89 million for the third quarter of 2019, a decrease of 21.3%. Major contributions for the third quarter of 2020 included income from the placement of the Group's US deal and advisory fee income. Total Expenses for the period were US\$183.79 million up marginally by 0.3% from US\$183.31 million for the first nine months of 2019, reflecting the cost streamlining measures undertaken by the Group. Total expenses for the third quarter of 2020 was US\$57.65 million compared to US\$68.66 million in the comparative period of 2019, a significant drop of 16.0%.

Commenting on the results, Mr. Jassim Alseddiqi, Chairman of GFH, said, "For the first nine months of 2020, we remain encouraged by the resilient nature of the Group's diverse business model. While net profit for the period was affected by the fallout of the COVID-19 pandemic, the ability of the Group to deliver solid income and results is an important demonstration of the underlying strength of our strategy and progress that continues to be made across each and every one of our business lines. We also continue to be gratified by the resounding market recognition of the sound nature of the Group's overall financial health, performance and prospects for the future. Having successfully issued Sukuk to regional and international investors in 2020 and having received a ratings affirmation from Fitch, despite the economic turmoil, we look forward to continuing to show the market GFH's ability to create value and deliver growth through diversification even in the most difficult of operating climates. Although we expect current challenges to continue for the foreseeable future, we remain confident in our own ability to nevertheless find and leverage opportunities including those we see for inorganic growth in the forthcoming periods."

Mr. Hisham Alrayes, CEO of GFH, added, "We are pleased with GFH's continued strong performance and revenue generation despite the unprecedented market conditions under which the Group and our portfolio companies have been operating over the past nine months. Despite these challenges, we are extremely proud to have continued to make progress across the business in line with plans and our focus on further building and diversifying our position in key defensive sectors and in core markets. Having issued Sukuk during the year, we are in a good position to leverage our strong liquidity and market confidence in our strategy to move forward with opportunities we see for both organic and inorganic growth in our businesses. Also, while economic conditions remain strained, we have been successful in identifying unique new investment targets and establishing a strong deal pipeline on which we are now ready and intend to capitalise. At the same time, coupled with market confidence in our performance, we are also witnessing a renewed appetite on the part of our investors for deals, which together will enable us to close and place more investments in the remaining quarter of the year. We are also pleased with the results of the restructuring of our commercial banking subsidiary and its ability to contribute to profitability over the last quarter. As we go forward, we expect enhanced activity in our investment banking and commercial banking businesses as well as treasury and real estate operations to have a positive impact on our performance and results. As always, we are grateful to our Board and the Central Bank of Bahrain for their guidance and to our investors and employees for their continued partnership with 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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