FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 3Q26

UAE Equity Research | Sector: Financials | Market: ADX/DFM

GFH Bank (GFH)

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.65	AED 2.05	+24%	BUY

3Q26 Net Profit lower than our estimate

- Total income declined 5.0% YOY to USD 131 Mn in 3Q26, mainly due to lower Treasury & Proprietary income, partially offset by higher Wealth & Investment Management and Credit & Financing income.
- Wealth & Investment Management income increased from USD 30 Mn in 3Q25 to USD 54 Mn in 3Q26, driven by higher asset management and portfolio management income and a higher share of profit from associates, partially offset by lower structuring income.
- Credit & Financing income increased 8.9% YOY to USD 44 Mn in 3Q26, mainly driven by higher underwriting and fee income, partially offset by lower finance income and higher finance cost.
- Treasury & Proprietary income declined from USD 68 Mn in 3Q25 to USD 33 Mn in 3Q26, mainly due to lower gains on sale of assets, higher repo and financing expenses and lower ALM & Trading income, partially offset by higher fixed income and direct investment income.
- Operating expenses increased 4.4% YOY to USD 73 Mn in 3Q26.
- Operating profit declined 14.6% YOY to USD 58 Mn in 3Q26, due to lower total income and higher operating expenses.
- Finance expenses declined from USD 24 Mn in 3Q25 to USD 8 Mn in 3Q26.
- Impairment allowances increased 11.1% YOY to USD 9 Mn in 3Q26, mainly due to higher provisions on receivables and financing contracts, partially offset by a reversal on the treasury portfolio.
- Profit before tax increased 16.7% YOY to USD 41 Mn in 3Q26.
- Tax expense was recorded at USD 0.5 Mn in 3Q26, compared to nil in 3Q25, reflecting the domestic minimum top-up tax applicable from 1 January 2026.
- Net profit attributable to shareholders increased 17.8% YOY to USD 40 Mn in 3Q26, lower than our estimate of USD 48 Mn. The increase was supported by lower finance expenses, partially offset by lower total income, higher operating expenses, higher impairment allowances and recognition of tax expense.

Earnings Call Summary

- Wealth & Investment Management income rose 47.5% YOY to USD 176.1 Mn in 9M26, with asset management income up 98.9% YOY and portfolio management income up 106.4% YOY. Management and performance fees now make up c. 80% of segment income in 9M26.
- GFH noted that c. 50–60% of Wealth & Investment Management income is recurring, with fees on AUM continuing over the next few years and structuring fees supported by consistent new fund offerings of c. USD 700 Mn to USD 1 Bn a year over the last decade. Performance fees are expected to rise as exits from the 3–5-year holding cycle feed new fund-raising, and under the revised incentive policy staff now receive the majority of performance fees, with GFH retaining c. 40–50%.
- GFH continued to realise value for investors despite subdued global exit activity, including the Sabre Power Investments exit (over 3x net, c. USD 173.5 Mn distributed), the USD 151 Mn sale of a US logistics facility to Michelin and the sale of 10 US industrial outdoor storage properties. GFH Partners has also agreed terms to sell a c. USD 130 Mn US logistics and industrial portfolio from Funds VII and VIII.
- The Bank entered aviation as a strategic and cornerstone investor in a new platform with Bridgepoint and AIP Capital, scaling towards over USD 1 Bn of aircraft engines. New funds were launched across logistics, industrial, healthcare, infrastructure, energy and technology, and further investments and announcements are expected in 4Q26.
- The Bank's higher impairments mainly reflect USD 23.4 Mn of precautionary provisioning at Khaleeji, and the increase in Stage 3 relates to the consolidated commercial bank, while GFH has no late-stage

financing on a standalone basis. Stage 3 is 5.5% of financing contracts, with collateral and provisions covering c. 100% of the exposure.

- GFH has significant plans for Khaleeji, which should show over the next 12 months. The Company noted that deconsolidating the commercial bank would substantially improve the CAR and other ratios.
- Treasury & Proprietary income normalised from strong prior-year gains, which drove the 5.0% YOY decline in 3Q26 total income, as 3Q25 included one large proprietary exit. Fixed income rose 28.5% YOY in 9M26, and quoted sukuk of USD 3.8 Bn make up c. 80% of the treasury portfolio.
- CAR declined to 14.33% in 3Q26 from 16.62% in 4Q25 and Tier 1 to 13.63% from 15.92% over the same period, with GFH planning to strengthen capital through treasury share sales to strategic investors and profitable asset disposals. The Bank is also diversifying funding and accelerating exits, while NSFR stood at 144.1% in 3Q26 and LCR at 127%, both above regulatory minimums.
- The Bank has no plans for a share buyback for now, although Central Bank approval is in place if markets need support. A Saudi listing of GFH shares is on hold given the geopolitical situation, while cross-listing the acquired Seef stake in other GCC markets remains part of the strategy, and the Bank expects the price gap between its listings to narrow as markets stabilise.
- The number of accounts rose c. 30% YTD in 2026 as the banking platform expanded, with GFH focused on high-net-worth and institutional clients through digital onboarding, IBAN services, cards and discretionary portfolio management rather than retail.
- GFH views Infracorp as a specialised asset manager and value creator, with the Bank's exposure held mostly through London-listed sukuk. The Morocco resort developed by Infracorp was largely exited in 3Q26.
- The Bank expects a domestic minimum top-up tax charge of c. USD 2.5 Mn for 2026, which can be used as the base for 2027. GFH retains its semi-annual dividend policy, although the Bank did not declare an interim dividend for 1H26 as a precaution amid the regional conflict.
- GFH expects full-year 2026 total income to grow YOY, although the Bank did not provide formal income guidance.

GFH - P&L

USD Mn	3Q25	2Q26	3Q26	3Q26F	Var.	YOY Ch	QOQ Ch
Wealth and Investment Management	30	50	54	57	-5.0%	NM	7.9%
Credit & Financing	40	30	44	33	32.6%	8.9%	45.5%
Treasury and proprietary income	68	79	33	82	NM	NM	NM
Total income	**137**	**159**	**131**	**172**	**-24.0%**	**-5.0%**	**-17.8%**
Operating expenses	70	71	73	77	-5.7%	4.4%	2.7%
Operating Profit	**68**	**88**	**58**	**95**	**-38.8%**	**-14.6%**	**-34.1%**
Finance expenses	24	38	8	41	NM	NM	NM
Impairment allowance	8	6	9	6	NM	11.1%	45.5%
Total Expense	**33**	**45**	**17**	**46**	**NM**	**-48.3%**	**NM**
Profit before tax	**35**	**44**	**41**	**48**	**-15.1%**	**16.7%**	**-5.5%**
Income tax expense	0	1	1	0	NM	NM	NM
Profit for the period	**35**	**42**	**41**	**48**	**-16.2%**	**15.3%**	**-3.8%**
Non-Controlling Interest	1	1	1	1	-25.8%	NM	NM
Net Profit attributable to shareholders	**34**	**41**	**40**	**48**	**-16.0%**	**17.8%**	**-2.4%**

FABS estimate & Co Data

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

FAB Securities Contacts:

Research Analyst

Ahmad Banihani	+971-2-6161629	Ahmad.Banihani@Bankfab.com
Shahrukh Nawaz	+971-2 -6161612	Shahrukh.Nawaz@Bankfab.com

Sales & Execution

Abu Dhabi Head Office

Trading Desk	+971-2-6161700/1	Online Trading Link
	+971-2-6161777	
Institutional Desk	+971-4-4245765	

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