



GFH Ratings Affirmed by Fitch at 'B'; Outlook Stable

Manama – 6 June 2023: GFH Financial Group (“GFH” or “the Group”) today announced that Fitch Ratings has affirmed its Long- and Short-Term Issuer Default Ratings (IDR) at 'B'. The Outlook on the Long-Term IDR is Stable.

Fitch has also affirmed the senior unsecured long-term rating of the US\$500 million sukuk due 2025 issued through GFH Sukuk Company Limited (“GFH SCL”) at 'B' with a Recovery Rating of 'RR4'.

The reaffirmation of the Group’s rating was reported by Fitch taking into account the current management team's success in its efforts to develop the business model towards a more stable fee-based revenue stream.

According to the report, key ratings drivers included GFH’s evolving business model, noting management has made progress in implementing a de-risking strategy in recent years, growing its treasury activities, increasing fee-generative business from investment management and reducing legacy illiquid real estate investments. GFH’s overall profitability was affirmed as moderate, with capitalisation and liquidity noted to be in line with and above regulatory standards, respectively.

The Group’s treasury activities (26% of revenue in 2022), were also highlighted by Fitch as a growing area and significant profit contributor, having commenced only a few years ago. These activities, according to the report, are believed to add stability to GFH's earnings. Furthermore, the report noted that the Group’s investment management business was a strategic priority, with investment banking activities (approximately 27% of revenue in 2022) cited as a significant recent contributor to GFH's net profit.

Fitch affirmed management's goal of significantly increasing the Group’s fee-earning assets (Currently: US\$7.8 billion; in 2021: US\$5.7 billion) over the medium term, primarily through inorganic growth targeted at the US and UK markets. Recent acquisitions were highlighted, including Roebuck Asset Management in the UK and Student Quarters Asset Management and Big Sky Asset Management in the US. The Group’s commercial banking business through KHCB was also referenced as a significant contributor to GFH's revenue (approximately 18% in 2022) and net profit, as well as a source of more stable income. Following a balance sheet clean-up exercise in recent years, KHCB's asset quality has been improving and the bank is adjusting to a higher rate environment.

Fitch noted other IDR drivers including GFH's significant albeit reduced exposure to illiquid unlisted investments, primarily related to real estate investments and exposure to low-rated operating environments.

Fitch further notes that the IDR also takes into account GFH's niche franchise in Bahrain as an Islamic wholesale investment bank and majority owner of Khaleeji Commercial Bank (“KHCB”, unrated).



Commenting, Mr. Damian White, Group Chief, Financial Institutions and Proprietary Investments of GFH, said, “We’re pleased to announce that Fitch has affirmed the Group’s ratings and Stable Outlook in what has been a challenging global market environment. The report highlights ongoing market recognition of the success of GFH’s strategy in diversifying our business and revenue streams and maintaining resilience across our core focus areas, from commercial and investment banking to growth in treasury and asset management. We will continue to pursue expansion in key areas and markets with the aim of further strengthening our performance and building our portfolio of income-generating assets.”

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

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