



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

Manama – 05 June 2024: 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' with the Outlook on the Long-Term IDR remaining 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'.

In the Group’s ratings reaffirmation, Fitch noted management’s continued focus on developing more stable fee-based revenue streams and the pursuit of a strategy to reduce volatility in the business model by disposing of illiquid real estate investments and increasing recurring income from investment management and treasury activities.

According to Fitch, investment banking activities have been a significant contributor to the Group’s net profit in recent years, mainly through activity fees, whilst also notably increasing fee-earning assets under management (FAUM) to around USD9.9 billion from USD7.8 billion at end-2022.

In Fitch’s view, management's aim to continue to grow FAUM, notably through inorganic growth targeted at the US and UK markets, can support greater revenue consistency and growth over the medium term. Contributing to this aim, the ratings agency highlighted the establishment of the Group’s global real estate investment subsidiary, GFH Partners, and its focus on developing income yielding investments, including the recent acquisitions of Roebuck Asset Management in the UK and SQ Asset Management and Big Sky Asset Management in the US.

Positive contributions in other core areas were also highlighted including the commencement of a new business line, Private Credit and Debt Markets, to cater for growing investor appetite for this asset class. The Group’s commercial and retail banking activities, through Khaleeji Bank, were also noted to be a growing contributor to its revenue and net profit and said to provide a source of more stable income. Following a balance sheet clean-up exercise in recent years, Khaleeji Bank’s asset quality was also noted to be gradually improving.

The ratings report went on to highlight the Group’s adequate capitalisation with a common equity Tier 1 (CET1) ratio of 19.74% at end-2023 (for KHB the CET1 ratio was 19.04% at end-2023). Fitch also noted that GFH's liquidity coverage ratio and net stable funding ratio are above regulatory requirements at 233% and 148%, respectively.

Commenting, Suryanarayanan Hariharan, Group Chief Financial Officer at GFH, said, “The affirmation of the Group’s ratings and Stable Outlook demonstrate the continued progress we continue to make as we focus on executing our strategy and diversification efforts. Fitch’s report highlights growing contributions from our core business lines including investment banking, treasury activities, and commercial banking. It also reports on the sound financial foundations and health of the Group, which will enable us to continue to pursue our expansion across core business lines and geographies. We



look forward to building on this momentum to further build our portfolio of revenue-generating assets and deliver enhanced performance throughout 2024 and beyond.”

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About GFH Financial Group B.S.C.

GFH Financial Group is one of the most recognised financial groups in the Gulf region. Its businesses include Investment Management, Commercial Banking and Treasury & Proprietary Investments, with assets and funds under management exceeding US\$21 billion dollars. The Group’s operations are principally focused across the GCC and North Africa, along with strategic investment in the U.S., Europe and the U.K. GFH is listed in Bahrain Bourse, Abu Dhabi Securities Exchange, Boursa Kuwait and Dubai Financial Market. For more information, please visit www.gfh.com.

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