

GFH Financial Group's outlook upgraded to Stable following global acquisitions and reduced credit risk

- Capital Intelligence Ratings upgrades GFH outlook as group increases share of quality global assets and cuts credit risk
- GFH's diverse funding sources and asset base increase robustness of group's model

Manama, Bahrain. 6 October 2021: GFH Financial Group's outlook has been upgraded to Stable by Capital Intelligence Ratings, which now rates the group's Long-Term Foreign Currency Rating (LT FCR) and Short-Term Foreign Currency Rating (ST FCR) as 'BB-' and 'B', respectively.

The improvement reflects the group's sound liquidity, coupled with a sizeable liquid sovereign Sukuk portfolio, increasingly diversified sources of funding and increased share of non-Bahrain assets. The updated corporate ratings are also supported by GFH's extended debt maturity profile following a US\$500 million five-year Sukuk issue in 2020, low refinancing risk and satisfactory debt service capacity.

"We are pleased that CI has recognized our efforts and significant progress towards improving our model and reducing our overall credit risk profile over the last few years. Despite the challenging market headwinds caused by Covid-19, we have managed to continue to effectively implement our ongoing strategy to transform GFH from a purely Islamic wholesale bank into a fully integrated Sharia'a compliant financial group," said Mr. Salem Patel, Managing Director of Asset Management at GFH.

GFH has a strong track record of operating through economic cycles, focusing on defensive sectors and recession proof investments to deliver growth and value creation for stakeholders. The group reported net profit attributable to shareholders of more than US\$37 million for the first half of 2021, an increase of 146% compared with the same period in 2020.

CI's rating report noted that GFH has continued to diversify risk assets and revenue streams by launching new business segments. The report forecasted that GFH's risk profile is expected to "improve further, particularly as diversification reduces historical concentrations in the real estate sector".

GFH is focused on building a broad and diverse portfolio covering sectors including healthcare, technology, education and yielding real estate. The group targets acquisitions of prime, high-quality assets in strategic geographies and high-growth areas.

Placements from financial and non-financial institutions together with term financing remain the largest component of funding at GFH, having more than doubled in recent years. These funds are sourced predominately from within the GCC region and have demonstrated "a rather high degree of resilience", according to CI, despite the impact of Covid-19 and volatile oil prices on GCC economies.

Patel added: "We are one of just a handful of universal banks in the GCC that has managed to weather the pandemic while generating a profit. Our new business segments, including developing treasury activities, are a boon to our model. Our focus now is on evolving further and achieving a Positive rating."

The report added that GFH's recently increased stake in Khaleeji Commercial Bank is expected to positively impact profitability in the medium to long-term.

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About GFH Financial Group B.S.C:

GFH is known among the global investor community as one of the Middle East region's most highly regarded and credible financial investment groups. Over two decades, GFH has established a strong and diverse portfolio of investments across the Middle East, US, UK, Asia and other key markets. Focusing on defensive sectors, including healthcare, education, and logistics, GFH is focused on delivering growth and value creation for stakeholders.