



CMP/SEP/2017/0010
25th September 2017

Mr. Hassan Al Serkal

EVP, COO – Head of Operations Division, Market Operations Division
Dubai Financial Market
P.O Box 9700
Dubai - United Arab Emirates

Dear Mr. Al Serkal,

Subject: Capital Intelligence Affirms GFH's Rating with a 'Stable' Outlook

GFH would like to advise its shareholders and the markets that Capital Intelligence Ratings (“CI”) has announced today that it has affirmed GFH's Long-Term Rating at 'BB' and the Short-Term Rating at 'B'. The Outlook for GFH's ratings remains 'Stable'.

The ratings are supported by GFH's successful implementation of its recent strategy to convert to a financial group, improved and satisfactory liquidity, low debt and leverage, and increased profitability at both the operating and net levels in H1 2017. The Bank's focus on income-generating investments, planned acquisition of financial services assets and value-accretive exits are expected to reduce earnings volatility in the future. The major constraining factors are Bahrain sovereign risk (Bahrain ratings 'BB+'/'B'/'Stable'), and the increased challenging regional economic environment and increased credit risk driven by the fall in oil prices remains another constraining factor.

Management opinion on the assigned Rating:

GFH's management believes that the recent rating is an endorsement of the success of its recent changes including the new growth strategy, and looks forward to more growths and successes built on the acquisitions of financial institutions and strategic assets. Finally, GFH continues to strengthen its financial position whilst strengthening its rating levels in the future.



Long-term Rating:

BB, a *Speculative Grade*, refers to speculative credit quality. Capacity for timely fulfillment of financial obligations is vulnerable to adverse changes in internal or external circumstances. Financial and/or non-financial factors do not provide significant safeguard and the possibility of investment risk may develop.

Short-term Rating:

B, a *Speculative Grade*, refers to an adequate capacity for timely repayment that could be seriously affected by unexpected adversities.

Note: The (-) or the (+) is added to the rating based on the discretion of the rating agency. This symbolizes the weightage of the rating granted.

Yours Sincerely,

A handwritten signature in blue ink, enclosed in a blue rectangular box. The signature appears to be 'Nabeel Mirza'.

Nabeel Mirza

Senior Director Compliance & MLRO