



CMP/DEC/2019/0016

11th December 2019

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: Islamic International Rating Agency (“IIRA”) Reaffirms the Ratings of GFH

GFH Financial Group (“GFH”) would like to advise its shareholders and the markets that the Islamic International Rating Agency (IIRA) has reaffirmed GFH’s international scale ratings at ‘BB / B’ (Double B / Single B). At the same time, national scale ratings have been maintained at ‘BBB-(bh) / A3(bh)’ (Triple B Minus / A Three) with the Outlook on the assigned ratings at ‘Stable’.

The report reviewed the Group’s progress across its key business lines which include investment banking, real estate development, the recently expanded treasury and proprietary investments, and commercial banking undertaken through its 55.4% holding of Bahrain - based Khaleeji Commercial Bank. It positively noted that while the Group’s investments book in real estate assets was sizable that this concentration is reducing with a recent buildup of investment in treasury products and increasing investments in volatility resistant sectors – including education and healthcare, through its Investment Banking platform.

Other positive achievements and factors highlighted in the report were special note of GFH’s ability to achieve successful exits from some of its real estate projects, thereby benefitting from appreciation and the Group’s ongoing association with UAE-based Abu Dhabi Financial Group (“ADFG” or “the Group”) as a controlling shareholder.

Looking at its financial position, the report highlighted the Group’s solid Capital Adequacy Ratio which stood at 14.48% at Q3’19, comfortably above the CBB minimum of 12.5%. It also noted that the Group is in the process of raising more medium-term funding over the coming quarters, which is expected to allow for a better matched maturity profile of assets and liabilities, and underpins IIRA’s expectation of improvement in the emerging liquidity risk profile of the Group. At the same time, the report also highlighted that cost rationalisation measures among other strategies are expected to result in boosting of profitability over the coming periods.

Management opinion on the assigned Rating:

The Management believes that the recent rating is a recognition of the continued positive analysis of GFH’s progress, achievements and prospect for the future. The Management aims to continue to diversify the Group’s business through expansion of treasury lines as well continued growth across investment banking business, achieve successful exists and do all that is necessary to continue to even further strengthen the Group’s financial position. With a solid year in 2019 and stable outlook for the



future, the Management look forward to further progress and achievements in the year ahead through continuing to execute the Group's strategy and realise the benefit of the Group's investments.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Nabeel Mirza', enclosed within a blue oval scribble.

Nabeel Mirza
Head of Compliance