



CMP/DEC/2019/0025

26th 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: S&P Initiates Coverage of GFH With 'B' Long-Term Issuer Rating and Stable Outlook

GFH Financial Group would like to advise its shareholders and the markets S&P Global Ratings has initiated coverage and assigned it with a 'B' long-term issuer credit rating with a stable outlook. The rating comes in line with the GFH's success in reshaping its business model in order to become a fully diversified financial group.

The report looked at the Group's four distinct business segments that include: Investment Banking, where the agency made note of GFH's ability to achieve a stable pipeline of deals as well as its focus on undertaking income-generating transactions; Commercial Banking, via its subsidiary Khaleeji Commercial Bank (KHCB); Real Estate Development, where the Group is looking to transform and exit legacy assets, and Treasury and Proprietary Investments, a recently established and growing business line that manages the Group's liquidity and generates income.

The Group's financial position was also reviewed with the report considering GFH's capital and earnings as adequate and mentioned its improving ability to generate cash flows. The report further noted that the new Treasury function and some progress in KHCB activities would likely contribute to increasing income and would support the Group's headline margins. Looking at risk, the report underscored the Group's risk position as moderate and highlighted the geographic diversification of its real estate portfolio.

Management's Opinion on the Assigned Rating:

The management are pleased with the continued recognition from ratings agencies and the market of the steady progress and ongoing development of the Group's business. The management's focus on diversification, income generation and exits from legacy assets has



been demonstrated and is now understood by the market. The management will continue to execute the Group's strategy with the aim of even further enhancing results and delivering greater value to the Group's shareholder and investors in the coming year.

Yours Sincerely,

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

Nabeel Mirza
Corporate Governance Officer