CMP/AUG/2015/0022
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Mr. Hassan Al Serkal
EVP, COO – Head of Operations Division
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Dear Mr. Al Serkal,

Subject: Capital Intelligence Affirms GFH's Rating

GFH Financial Group would like to advise its shareholders and the markets that Capital Intelligence (CI), the international credit rating agency, has affirmed GFH's Long-Term Rating at 'BB' and the Short-Term Rating at 'B'. The Outlook for GFH's ratings remains 'Stable'.

CI in its announcement declared the following:

"The ratings are supported by GFH's satisfactory leverage, and the moderately improved diversification of the balance sheet and revenue streams in H1 2015 following the consolidation of Khaleeji Commercial Bank (KHCB, formerly an associate). The major rating constraints are GFH's relatively small asset base (although expanded) coupled with ongoing concentration risk, just adequate liquidity, limited financial flexibility, and the still challenging investment environment exacerbated by the fall in oil prices. Also constraining the ratings is the rather low ROAA (return on average assets) combined with volatility in earnings, although the latter is expected to improve due to KHCB consolidation."

- **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.*

Management opinion on the assigned credit rating:

The management of the Group feels that the affirmation of the rating by Capital Intelligence is an acknowledgement and an important validation which indicates that the Group is on the right track and continues to have the support of the market and its shareholders. The affirmation by an international rating agency will further strengthen market confidence in the Group and allow for better business opportunities in the future.

Yours Sincerely,

Nabeel Mirza
Compliance Director & MLRO