

## IIRA UPGRADES GFH RATING TO BBB-



Manama, 10 May 2017: GFH Financial Group (GFH) announced today that Islamic International Rating Agency (IIRA) has upgraded its national scale ratings by a notch to 'BBB-(bh)/A3(bh)' (TripleB Minus/ A Three) with a 'Stable' outlook and maintained its international scale ratings at 'BB/B' (Double B / Single B), 1`.

According to the agency's report, the rating action recognizes recent positive developments that have reinforced the Group's balance sheet, better aligning it for future growth, in line with its announced strategy. A number of other positive factors were cited in the report. Among these was a marked increase in profitability in 2016, which has served to strengthen the balance sheet and the taking of additional provisions that have effectively reduced the burden of non-earning assets. Capitalization has also strengthened with the consistent deleveraging measures taken by the Group, improving financial flexibility.

The report also detailed the importance of recent litigation related recoveries in 2016, which albeit non-recurring, were noted to be a high magnitude event, specifically in terms of enabling the Group's ability to achieve its medium-term growth strategy. According to IIRA, GFH's core profitability remains in the development phase and subject to generating further steady revenue streams through its planned acquisitions.

The report cited macroeconomic challenges and uncertainties that persist in the Group's key markets, and more particularly in the Kingdom of Bahrain, as factors constraining the international scale rating. IIRA also noted that the Group's overall fiduciary score falls in the range of '61-65', reflecting adequate protection of the rights of various stakeholders and reported that GFH's maintains sound regulatory corporate governance and Shari'a requirements.

Further, IIRA also opined that the ratings were a positive reflection on the recent addition of a strong anchor institutional investor, Abu Dhabi Financial Group (ADFG) with significant operations in the UAE and Europe.

Commenting, Mr. Hisham Alrayes, CEO of GFH said, “We are pleased with the upgrade of the GFH’s national rating to investment grade (BBB-) by IIRA and their recognition of the strong and stable outlook for the Group. The ratings underscore the significant strengthening of our results and financial position in 2016 including the increased profits and consequently, a robust balance sheet. Furthermore, the report more broadly points to the success of our strategy overall and our progress in having developed more diverse revenue streams. We will continue to build on these and grow further through targeted acquisitions and expand across all business lines. We are confident that the strategy we have in place and the actions we are taking will result in further value creation and deliver strong results for our shareholders and investors alike.”

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**About GFH Financial Group B.S.C.:**

GFH is one of the most recognized financial groups in the gulf region that includes: Asset Management, Wealth Management, Commercial Banking and Real Estate Development. The group operations are focused in the GCC, North Africa and India. GFH is listed in Bahrain Bourse, Kuwait Stock Exchange and Dubai Financial Market.

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