CMP/FEB/2017/0009
6th February 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: Clarification on GFH's 2016 Financial Results and Extraordinary General Meeting's Agenda

With reference to GFH Financial Group ("GFH")'s recent market notification dated 5th February 2017, announcing year 2016's financial results and the Extraordinary General Meeting's agenda, we wish to clarify to the shareholders and the markets the following:

10) GFH Group has been valued by a third party independent valuer at USD 2.2bn which translates to USD 0.953 per share (AED 3.5 per share). This valuation will be used to issue new GFH shares at the stated price, in exchange for infrastructure assets acquisitions which the Group intends to undertake. No payment or any form of obligation will be required by GFH's current shareholders.
11) Regarding the provisions of USD 221mn taken in 2016's consolidated accounts, we would like to clarify that this amount pertains to all subsidiaries of GFH in addition to GFH standalone. At GFH standalone level, USD 170mn only has been taken as reserve due to the major recoveries achieved, which will be recovered subject to the performance of the underlying assets.
12) The amount of the recoveries has been registered in GFH's books at a conservative value of USD 464mn, as the majority of the recoveries are in the form of assets and not cash. However, based on third party assessment, the valuation of such assets can reach up to USD 760mn over the medium term. GFH expects to achieve part sale of such assets during 2017 and 2018 at substantially higher values\profits.

Finally, we would like to advise shareholders and investors that GFH's Executive Management will be conducting a live webcast tomorrow, Tuesday 7th February 2017 at 3pm Bahrain time, to highlight the Group's financial performance for the year 2016. To join the webcast, please visit GFH's website for login details.

Yours Sincerely,

Nabeel Mirza
Compliance Director & MLRO