



GFH REPORTS NET PROFIT OF \$217 MILLION ATTRIBUTED TO SHAREHOLDERS FOR 2016



- **Major Recoveries and 20% profit distribution**
- **Plans to double shareholders equity with a new growth strategy**
- **Acquisition of infrastructure investments in Asia, Gulf and North Africa**
- **Exits for infrastructure investors with 110% ROI**
- **Increased Market Capitalization by 4x during 2016**

Manama, Bahrain – 5th February 2017: GFH Financial Group (“GFH” or “the Group”), announced a net profit attributable to shareholders of \$217.12 million for the year ended 31 December 2016. This represents a significant increase from losses of \$5.52 million reported in 2015 due to provisions. The Group reported a consolidated net profit of \$233.05 million for the year as compared to \$12.03 million for the prior-year.

Net profit attributable to shareholders for the fourth quarter of 2016 increased to \$213.18 million from a loss of \$9.6 million in the fourth quarter of 2015. Consolidated net profit for the period also increased to \$223.34 million, after provisions of \$196.1 million, versus a loss of \$5.9 million in the fourth quarter of 2015.

For the full year 2016, the Group’s total consolidated revenues grew to \$578.96 million as compared to \$87.99 million in 2015. The significant part of the increase was due to major recoveries achieved from litigation awards with a registered value of \$464 million. Consolidated operating profit before provisions was \$454.16 million for 2016 as compared to \$25.88 million in 2015. Total operating expenses for the year were \$124.8 million compared with \$62.11 million



in the prior year. Total assets increased from \$2.65 billion in 2015 to \$3.30 billion in 2016. The Group also adopted a conservative provisioning policy during the year due to major recoveries achieved, setting aside \$221 million in reserves of a non-cash nature. The quality of assets and bank's ratios have also substantially improved in 2016 with the Group reporting a capital adequacy ratio of 24% and Return on Equity (ROE) of 31%.

Commenting on the results, Dr. Ahmed Al Mutawa, Chairman of GFH, said, "We are extremely pleased to have delivered great performance for 2016. These results are a testament to the success of the strategy that GFH has adopted since 2014, and the commitment and integrity of the Board and management team. Our results were supported by the significant recoveries that saw \$460 million of assets restored back to the Group, a major benefit for shareholders and one that will allow us to deliver stronger results for the years to come.

The Board has also recommended the distribution of 20% profits to shareholders in the form of 10% cash dividends and 10% bonus shares, which will be subject to approval at the General Assembly and by regulators.

Building on the successful achievement of our strategy for 2014-2016, GFH's Board of Directors has also approved and recommended a new strategy for 2017-2019, which focuses on accelerating growth by way of acquiring financial institutions, infrastructure investments and strategic assets. The new strategy will be presented for shareholder approval at the next General Assembly Meeting and are subject to final regulatory approvals.

As we enter a new and exciting year, I would like to thank our shareholders for their continued commitment toward GFH and the Group's management team for their outstanding performance."

Mr. Hisham Alrayes, CEO of GFH, added, "2016 was a year of significant progress across the Group and we are proud of the transformation that has been accomplished as demonstrated by our results. During the year, we have delivered on our promise to shareholders and the market with regard to recoveries, which will effectively return to the Group all past accumulated and written-off losses of the last eight years.

We have also set the group foundations for the future by further strengthening our Investment Banking, Real Estate and Commercial Banking activities, and have taken sufficient provisions to make the Group's balance sheet more efficient for future value extraction.

During the year, we have seen a substantial rise in shareholder's equity with our share price reaching USD 0.76 on 2nd February 2017 and growth in market capitalization reaching \$1.7 billion, a 540% increase in value from the beginning of 2016 to date.

Based on our new strategy, GFH will aim to double the size of the balance sheet over the next three years, increase the value of shareholders' equity by 2.5x and grow the Group to become



one of the most predominant regional players in the financial sector and infrastructure development.

I would also like to announce that we will be offering the investors in our infrastructure investments a great opportunity to exit at 110% ROI and roll their holdings into GFH ownership. This will reposition GFH as the leading investment manager in the region with one of the most successful exit track records. I am sure our investors will be pleased to receive this news.

Mr. Alrayes concluded, “We look forward to building on the momentum of our turnaround success story and start 2017 in a stronger financial position that will allow us to accelerate the implementation of our new strategy and plans for growth. I would like to thank Allah for blessing GFH with the success we have enjoyed in 2016. I would also like to extend our gratitude to our shareholders and regulators for their confidence and to all of our staff members, partners and families for their support.”

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About GFH Financial Group B.S.C.

GFH is one of the most recognised financial groups in the Gulf region. Its businesses include Asset Management, Wealth Management, Commercial Banking and Real Estate Development. The Group’s operations are focused in the GCC, North Africa and India. GFH is listed in Bahrain Bourse, Kuwait Stock Exchange and Dubai Financial Market. For more information, please visit www.gfh.com

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