



CMP/FEB/2017/0015

11<sup>th</sup> February 2017

**Sh. Khalifa Bin Ebrahim Al Khalifa**

Chief Executive Officer

Bahrain Bourse

P.O Box 3203

Manama - Kingdom of Bahrain

Dear Sh. Khalifa,

**Subject: Clarification on GFH's Annual and Extraordinary General Meeting Agenda**

Further to the clarification issued dated 6<sup>th</sup> February 2017 on the subject, we wish to clarify the following to the shareholders and the markets:

**EGM Point # 3 - Capital Increase for Acquisitions:**

The bank intends to increase the capital by way of issuance of new share in order to acquire infrastructure assets. The settlement (payment) to the shareholders of the infrastructure assets will be by way of issuance of new shares of GFH at rate of AED 3.5 per share. The entitlement for the new shares of GFH will only be for the shareholders of the infrastructure assets; hence the current shareholder of GFH will not be the ones subscribing to the new share issuance. It is to be noted that the new shares will be issued at fair value of the company at rate of AED 3.5 per share – as per the valuation of independent third party.

**AGM Point # 11- GFH Benefit Trust:**

The amount of 300,000,000 share issuance is a provisional sum, specified by the bank following Central Bank of Bahrain ("CBB") directives to include a cap figure for this resolution, for the shares intended to be issued in future on annual bases for the benefit of Staff Remuneration Scheme that has been approved in previous years. It is worth noting that the total annual issuance of such shares will be as per applicable regulations for this matter and will be specific and doesn't exceed employee remunerations amounts disclosed in the banks's financial reports. Please note this is as per CBB remuneration policy for senior employees to receive 50~60% of their annual bonus remunerations in the form of shares award over 3 years not cash as was the case before in all banks. This new remuneration policy is in-line with new international best practices to align employees' interest with shareholders.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'Nabeel Mirza', is written over a faint blue circular stamp or watermark.

**Nabeel Mirza**

Compliance Director & MLRO