



Notice to Attend the Ordinary and Extraordinary General Meeting

You are cordially invited to attend the Ordinary and Extraordinary General Meeting of Gulf Finance House BSC (“GFH”) to be held on Sunday, 31 October 2010 at 09.00am in Al Areen Resort & Palace, Kingdom of Bahrain, to discuss and approve the following agenda. If the required legal quorum is not available, a second meeting will be held on 7 November 2010 at the same time and place, whereby the provisions of Article 57 of the Articles of Association of the Bank will apply. If the required legal quorum is not available at such second meeting, a third meeting will be held on 14 November 2010 at the same time and place, whereby the provisions of Article 57 of the Articles of Association of the Bank will apply.

Agenda of the Ordinary General Meeting

1. To approve the previous meeting minutes.
2. To approve the asset swap transaction between GFH and its Chairman Mr. Esam Janahi, whereby Mr. Janahi will transfer his entire shareholding in Khaleeji Commercial Bank B.S.C. (104,923,734 shares) to GFH in return to receiving GFH’s entire 100% equity interest in Al Areen Leisure and Tourism SPC (Lost Paradise of Dilmun), in addition to US\$3 million to be paid either in cash or through GFH treasury shares.
3. To approve the transformation of GFH Shareholders’ Register from the traditional system to the electronic system in accordance with the provisions of Central Bank of Bahrain and Bahrain Stock Exchange.

Agenda of the Extraordinary General Meeting

1. To approve the previous meeting minutes.
2. To consider and approve the consolidation and reverse share split of the issued shares of GFH at a ratio of 4:1 resulting in the issued shares being reduced from 1,896,332,565 shares to 474,083,141 shares.
3. To consider and approve the reduction of the paid up capital from US\$625,789,746.45 to US\$145,780,565.93 due to accumulated losses.
4. To consider and approve the new par value of US\$1.32 following the consolidation of shares and the reduction of the paid up capital mentioned in agenda items 2 and 3 to US\$0.3075.
5. To consider and approve the borrowing by GFH through any special purpose vehicle established by GFH or at its request, of up to US\$500,000,000 in equity linked Murabaha Financing on the basis of the following terms and conditions:
 - Market based profit at a rate and form determined by the Board of Directors at or shortly before the date of drawdown. Such profit can be paid in cash or in the form of in-kind shares in GFH.
 - Conversion price ranging from [US\$0.31 to US\$0.40] (which would be at least a 20% to 40% discount to the market value post consolidation, but not less than the new par value) with the exact price to be determined by the Board Directors at or shortly before the date of drawdown.
 - Tenor of up to 3.5 years.
 - Unsecured but convertible, at the option of the investor, into GFH shares at the conversion price, at any time during the Tenor on terms as approved by the Board.
 - Early conversion incentive to incentivise investors to convert into shares prior to the term of the Tenor on terms as approved by the Board.
6. To grant the waiver of pre-emptive rights of GFH shareholders over the issue of new ordinary shares that will be issued at the time of conversion of the Murabaha Financing as per the terms of agenda item 5.
7. To authorize the Board of Directors and/or its delegates to carry out all required or proper formalities and do all acts necessary so as to carry into effect the Murabaha Financing including but not limited to determining and/or modifying all the terms of the Murabaha Financing and the necessary documentation thereof.
8. To authorize the Chairman or his representative to sign the amended Memorandum and Articles of Association on behalf of the shareholders before the Notary Public, in regard to the changes in the capital to reflect the foregoing.

Esam Yousif Janahi
Executive Chairman