



GFH announces 2010 results and participations of over US\$ 100 million towards the capital raising

- Reduction of Net losses to US\$ 349 million in 2010
- Successful exits from Bahrain Financial Harbour, Qinvest and Saudi Real Estate Company with total proceeds reaching US\$ 300 million.
- Participations received for over US\$100 million in the new capital raising program.

Manama, Bahrain 14 April, 2011: Gulf Finance House (“GFH” or “the bank”) today announced its financial results for the year ending 31 December 2010 in which the bank made significant progress in executing upon its restructuring and recapitalization plan.

A net loss of US\$349 million in 2010 compared to a loss of US\$728 million in 2009. Operating costs has drastically been reduced by 20% in 2010.

GFH’s balance sheet continued to be realigned throughout the year as part of its restructuring plan with total assets reaching US\$1 billion in 2010. Liabilities were reduced from US\$1.2 billion to US\$900 million and financing liabilities were reduced by 33% to US\$440 million compared to US\$653 million as at 31 December 2009.

The bank restructured its debt profile by repaying US\$200 million of an outstanding US\$300 million murabaha financing facility in February 2010 to syndicates arranged by West LB and refinanced the \$100 million balance to be paid in August 2010. Following the period-end, the bank successfully renegotiated the repayment terms of the remaining US\$100 million for a period of two years with a further one year until 2013 at the option of GFH. The bank has significantly cut costs by 20% with total expenses falling to US\$101 million, and staff costs down by 37% to US\$18 million only. The bank has also successfully exited some of its assets including its stake in the Bahrain Financial Harbour, Qinvest and Saudi Real Estate Company with cash and assets proceeds reaching approximately US\$ 300 million.

Later in 2010 GFH presented its plans to improve the Bank’s capital structure, strengthen its balance sheet and raise funds to pursue its growth strategy at the AGM / EGM held in November 2010 where resolutions were approved by GFH shareholders. The resolutions covered a 4:1 share consolidation and other capital reduction measures including raising up to US\$500 million through a convertible murabaha to strengthen the Bank’s capital base and fund its growth strategy, and acquiring an additional 10% stake in Khaleeji Commercial Bank.

GFH has received participations of over US\$100 million towards its recapitalization plan from some gulf sovereign funds and gulf investors post obtaining the relevant approvals. GFH is anticipating receiving

additional participation during the course of this year to further support its business growth and strengthen its position in the market.

On this occasion Mr. Esam Yousif Janahi, Executive Chairman of GFH commented, saying: "While 2010 continued to be challenging for financial institutions in both the global and GCC markets, we have continued a prudent and far-reaching review of all of our assets, made provisions where appropriate and successfully exiting some of our investments. In tandem, we have conducted a thorough review of our cost base and successfully reduced expenses by 20% or US\$25 million across the bank.

Our priorities at GFH are now very clear; namely to grow revenues, maximize efficiencies and continue to monitor and minimize costs. In order to achieve these objectives, I and my fellow Board members we have proposed a new plan which includes a change in the executive management of the bank as well as adopting new business model. Accordingly, We undertook several initiatives in 2010 to strengthen our balance sheet and GFH position by building a sustainable recurring income for the bank through creation of regional financial institutions, beside its periodical offered investments. I remain confident that GFH will deliver long-term value to both shareholders and clients alike, and I am personally focused on achieving these goals."

- Ends -

About Gulf Finance House

Since its establishment in 1999, Bahrain based Gulf Finance House (GFH) has been a driving force in the development of regional Islamic financial institutions and infrastructure projects across the Middle East. Its shares are listed on the Kuwait Stock Exchange, the Bahraini Stock Exchange, the Dubai Financial Market and the London Stock Exchange in the form of a GDR. It has been responsible for the creation of leading Middle Eastern financial institutions such as First Energy Bank, QInvest, Syria Finance House, Inovent, Khaleeji Commercial Bank and Arab Finance House. In addition, GFH has created a wide range of significant economic infrastructure projects across the MENA region and beyond.

GFH is currently transitioning to a new business model which will see the business focus on becoming a global leader in the creation and development of Islamic financial institutions.

For further information please contact:

Amal Turki

Head of Corporate Communications

Tel: +973 17538538

Email: aturki@gfh.com

Website: www.gfh.com