



## **Gulf Finance House Holds its AGM and updates Shareholders on positive progress achieved upon execution of the restructuring plan**

*New Board of Directors appointed for three years to implement plan*

**Manama, 8 May, 2011:** Gulf Finance House (“GFH” or “the bank”), held its Annual General Meeting (AGM) on Sunday, 8th May 2011 at the bank’s offices on the 28th floor of the Bahrain Financial Harbour’s East Tower.

At the AGM, shareholders were updated on GFH’s activities and financial performance during 2010 in relation to market conditions, along with the measures the Bank had taken to adapt to the economic environment and return to profitability and growth. During the meeting the shareholders reviewed and approved the minutes of the previous meeting held on 14th November 2010; the Corporate Governance Report and the Board of Directors’ Report on GFH’s business activities and the audited financial statements for the year ending 31 December 2010. In addition, decisions were taken on the formation of a new Board of Directors for the bank for the next three years (2011-2014) which is subject to approval by the Central Bank of Bahrain (CBB).

Commenting on the confidence shareholders and investors has placed in the Bank, Mr. Esam Janahi, Executive Chairman of GFH said: “GFH greatly appreciates the support extended by its shareholders and investors during recent times. We are pleased with the significant progress achieved upon executing our recovery plan. As part of this plan, GFH adopted a careful and prudent approach to improve the liquidity position and place the Bank on a solid path towards growth during the next year.”

“As the Bank steered ahead and adhered to this plan it has achieved a healthier balance sheet. A number of immediate recovery measures have been taken which included successfully exiting some non-core assets such as the Bahrain Financial Harbour, Qinvest and Saudi Real Estate Company with cash and assets proceeds reaching approximately US\$ 300, absorbing all provisions to clear the balance sheets, cutting operating costs down to the bare minimum and pushing the debt maturity profile to 2012 and 2013. We have begun to see positive results and look forward with full optimism to the remainder of 2011 and beyond,” he added.

During last year's AGM, GFH has presented its plans to improve the Bank's capital structure, strengthen its balance sheet and raise funds to pursue its growth strategy where resolutions were approved by the 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. In relation to this, GFH has received participations of approximately US\$120 million towards its recapitalization plan and is anticipating receiving additional participation during the course of this year which reflects the solid confidence of the shareholders and investors in the bank's future.

In tandem with the restructuring plan, GFH also adopted a new business model aimed at further improving its balance sheet and concentrating on core assets. The key driver for this new business model will be the re-dedication to GFH's core strength – successfully conceptualizing, developing and managing a diverse range of pioneering Islamic financial institutions that offer a range of services to retail and corporate clients. This shift in focus will create a more stable business model of recurring revenues and profitable returns for GFH and its shareholders and investors.

Janahi concluded saying: "Our priorities at GFH are very clear; namely to grow revenues, maximize efficiencies and return to profitability. I remain confident that achieving these goals are just around the corner and achievable through adopting the new business model which is to build a sustainable recurring income for the bank through creation of regional financial institutions, beside its periodical offered investments and of course through the support of the shareholders and investors in addition to the hard work and dedication of the GFH management and team"

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## 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.

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