CMP/JUN/2013/0003
3rd June 2013

Ms. Noura Al Hatimi
VP - Head of Listing & Disclosure Dept.
Dubai Financial Market
PO Box 9700
Dubai - United Arab Emirates

Fax: +971 4331 5148

Dear Ms. Al Hatimi,

Subject: Clarification on MOU signed by KHCB

Gulf Finance House('GFH') would like to clarify to its shareholders that Khaleeji Commercial Bank ('KHCB'), which is 46.9% owned by GFH has signed an Memorandum of Understanding ('MOU') with Bank Al Khair B.S.C.(c) that is largely owned by Dar Al Arkan in KSA. A committee will be formed between both banks in order to conduct feasibility due diligence and valuation for the banks' assets in the preparation for the merger. The appropriate regulatory approvals will be taken for the banks' merger in order to proceed forward.

It is worth noting that GFH has received a number of interests on KHCB sale/merger previously, but GFH believes that merging KHCB with Bank Al Khair will add regional diversification value to KHCB's commercial presence primarily due to their commercial operations in Bahrain, Malaysia, Turkey and KSA. Subject to conclusion, GFH believes that it will have positive value for the shareholders on the medium term due to creation of the diversified recurring income on GFH's book.

Further developments of the merger are expected and shall be announced once it takes place.

We thank you for your continued support and co-operation. May you require any further information, please feel free to contact us.

Yours Sincerely,

Nabeel Mirza
Compliance Manager & MLRO

Nabeel Mirza
Compliance Manager & MLRO
Compliance Department
Gulf Finance House B.S.C. - CR 44136

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Mr. Hassan Al Serkal
EVP, COO – Head of Operations Division
Market Operations Division
Dubai Financial Market
PO Box 9700
Dubai - United Arab Emirates

Fax: +971 4331 5148

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