# Gulf Finance House reports 87 per cent increase in net profit to US$ 117 million for first half 2006

- *Quarter 2 results continue the Bank's trend of record growth and profitability*

LDD 05-08-'06 07:47

- *Strategy of regional diversification remains firmly on course*

**Manama, Bahrain, 4 August 2006:** Gulf Finance House (GFH) today reported an excellent financial result of US$ 60 million for the second quarter of 2006, taking consolidated net profit for the half year ended 30 June 2006 to US$ 117 million, an increase of 87 per cent over the same period in 2005. The Bank's results provided an annualised return on equity of 50 per cent.

Announcing the results, Dr. Fuad Al-Omar, Chairman of GFH, said: "This impressive performance builds upon the strong results achieved by GFH during the first quarter of 2006, and continues the trend of record growth and profitability set by the Bank in 2005. It reinforces the reputation of GFH for delivering consistent returns to our shareholders and clients, regardless of market volatility."

Commenting on the Bank's balance sheet, Dr. Al-Omar said: "It is particularly pleasing that GFH has achieved this industry-leading result while maintaining very high levels of liquidity including holding around US$ 730 million in cash deposits."

Total assets increased by 118 per cent to US$ 1,308 million, while shareholders' equity grew by 101 per cent to US$ 580 million compared to the same period last year.

"These results reflect the success of the Bank's investment strategy, which couples an innovative approach with a unique understanding of the developments in the region's economies and local markets. The results reinforce the status of GFH as one of the premier investment banks in the

MENA region, and demonstrate why GFH was once again recognised by *The Banker Middle East* magazine as 'Best Investment Bank' for the second year running," Dr. Al-Omar said.

"The first six months of the year witnessed the achievement of a number of major milestones," added Dr. Al-Omar. "These include an increase in the Bank's share capital to US$ 391 million following the successful closure of the rights issue, and the cross-listing of GFH on the Dubai Financial Market. In addition, the Bank's strategy of regional diversification remained firmly on course with the entry of GFH into Saudi Arabia and Morocco for the first time.

"The first half of 2006 was highlighted by significant investment exit activity. A total of four exits, all profitable, were successfully undertaken. These generated returns for the Bank's clients ranging from 20 to 155 per cent, over investment time frames of between one to four years," confirmed Dr. Al-Omar.

Reviewing the Bank's progress during the first six months of 2006, Mr. Esam Janahi, Chief Executive Officer and Board Member of GFH said: "The half-year results reaffirm the resilience of the Bank's business model, which is not dependent on stock market conditions. Our record results come on the back of a number of successful investment placement activities."

These include additional fundraising for the Energy City Qatar project during the first quarter, and the launch of two new infrastructure development projects in the second quarter. GFH is one of the initial core investors for the new Prince Abdul Aziz Bin Mousaed Economic City in the Ha'il region of the Kingdom of Saudi Arabia; and it is also the lead financial adviser and promoter for the 'Gateway to Morocco' project in the Kingdom of Morocco, which comprises Marrakech Equestrian City, and Cap Malabata Resort at Tangiers. In addition, encouraging progress was made in further developing the Bank's existing regional infrastructure projects: Bahrain Financial Harbour and Al Areen in the Kingdom of Bahrain; and Legends, Dubailand in the UAE, Mr. Janahi pointed out.

Mr. Janahi confirmed that the Bank's strategy for the rest of 2006 and beyond is to diversify investment and revenue generation activities in line with emerging opportunities both in the region as a whole and beyond. "We will continue, in particular, to provide our clients with new opportunities to invest in the financial services sector," he said.

"In this respect, I am pleased to report the appointment of a Board of Directors for the new Islamic investment bank that GFH is establishing in Qatar in collaboration with Qatar Islamic Bank. We will also seek to offer our clients new opportunities to invest in other high growth sectors, while continuing to provide them with additional infrastructure project investment opportunities, both regionally and internationally."

The financial results of GFH for the first half of 2006 are prepared on a consolidated basis and include the results of Gulf Finance House Commercial Bank (GFHCB), a wholly-owned Group subsidiary. GFHCB posted an excellent financial performance during the first six months of the year, with net profits increasing by 228 per cent to US$ 14 million, compared to the same period in 2005. GFHCB recently changed its name to Khaleeji Commercial Bank (KHCB) in order to create a distinct identity that better reflects the Bank's focus on the GCC region, and its provision of innovative Islamic commercial banking services and high-end Islamic retail banking products.

- ends -