



CMP/MAY/2014/0018
19TH May 2014

Mr. Hassan Al Serkal
EVP, COO – Head of Operations Division
Market Operations Division
Dubai Financial Market
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Dear Mr. Al Serkal,

Subject: Planned Capital Reduction

GFH would like to inform its shareholders and the markets on the planned capital reduction. The bank intends to reduce its share nominal value from US\$0.3075 to US\$0.265 which will reduce the issued and paid-up capital from US\$972,281,164 to US\$837,900,841 and will result in a reduction of accumulated losses amounting US\$134,380,324.

The capital reduction will not involve any cash transfer; neither will it result in any change in the bank's net equity. The mechanism to be followed includes:

- 1) Approval from concerned regulatory authorities of Bahrain to incorporate the change in the capital;
- 2) The amendment of the Bank's Memorandum & Articles of Association and notarization by the relevant Ministry (Kingdom of Bahrain);
- 3) The circulation of amended Memorandum & Articles of Association to the Exchanges and the Capital Markets advising the change in the Paid-up Capital; simultaneously, announcement to the shareholders advising the change in the Paid-up Capital.

The required procedures are expected to be completed within the current quarter. It is pertinent to mention that the reduction in the 'share par value' will not affect the shareholders as there is 'no reduction in the number of total outstanding shares'.

Yours Sincerely,

Nabeel Mirza
Compliance Director & MLRO