بيت التمويل الخليجي
ش.م.ب.
بنك استثماري
Gulf Finance House B.S.C.
Investment Bank

الخميس، 11 فبراير، 2010

السيد / عيسى بوزيد الموقر
سوق البحرين للأوراق المالية
المنامة – مملكة البحرين
فاكس: 17 213061

السلام عليكم ورحمة الله وبركاته ،

الموضوع: الخبر الصحفي بخصوص تصنيف بيت التمويل الخليجي

بالإشارة إلى رسالتكم المؤرخة اليوم وذلك بخصوص الخبر الصحفي المنشور في صحيفة الوطن البحرينية العدد(1524) والصادر اليوم الخميس 2010/2/11 والذي يشير الى خفض وكالة التصنيف العالمية "ستاندر ان بورز" تصنيف بيت التمويل الخليجي إلى درجة " CC ".

مرفق تجدون طيه تقرير تصنيف SD لبيت التمويل الخليجي والذي تم استلامه من مؤسسة التصنيف "Standard & Poors" بتاريخ 10 فبراير 2010.

شاكرين لكم حسن تعاونكم ودعمكم المستمر، ومتمنيين لكم دوام التوفيق.

وتفضلوا بقبول فائق التحية والاحترام،،،

د. حيدر المجالي –
مقرر مجلس الإدارة /المستشار العام

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February 10, 2010

Research Update:

Bahrain-Based Gulf Finance House Lowered To 'SD/SD' (Selective Default) On Partial Debt Extension

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Research Update:

Bahrain-Based Gulf Finance House Lowered To 'SD/SD' (Selective Default) On Partial Debt Extension

Overview

- Bahrain-based Gulf Finance House (GFH) yesterday extended the maturity of $100 million of its $300 million syndicated loan by six months.
- Because we consider the partial debt maturity extension a "distressed exchange", we are downgrading GFH to 'SD/SD' (selective default) from 'CC/C'.
- We expect GFH to soon extend the maturity of another facility (subject to final approval from all syndicate members). Once the maturity extension is finalized, we plan to reassess GFH's credit standing and change the ratings accordingly.

Rating Action

On Feb. 10, 2010, Standard & Poor's Ratings Services lowered its long- and short-term counterparty credit ratings on Bahrain-based Gulf Finance House G.S.C. (GFH) to 'SD/SD' (selective default) from 'CC/C'.

Rationale

The downgrade to 'SD/SD' follows GFH's completion of the extension of maturity of $100 million of its $300 million syndicated loan facility due on Feb. 10, 2010. We understand that GFH has obtained consent for the partial extension from all facility lenders. We understand that GFH achieved the partial extension by executing the facility's "deed of extension" clause. The new maturity of the extended portion is six months from Feb. 10, 2010. Under our criteria, we consider GFH's maturity extension to be a "distressed exchange" and therefore tantamount to a default, because the new maturity represents a change to the facility's originally scheduled payment terms.

We understand that GFH intends to soon restructure a second $100 million facility by agreeing another partial maturity extension with facility members. The first tranche of this facility is a $50 million payment due March 3, 2010 and the remainder is due March 3, 2011. If completed, Standard & Poor's would consider this second maturity extension as another distressed exchange. The ratings would consequently remain at 'SD/SD' pending completion or another resolution of the restructuring.

We expect to reassess the creditworthiness of GFH by analyzing, among other things, its new liability structure, cash flow projections, and its overall business model and strategy. Based on present information, we believe that the

ratings on GFH could be raised to the 'CCC' category from their current 'SD/SD' level. While the immediate and severe stress on GFH's liquidity is somewhat reduced due to the partial maturity extension, it remains in our view very weak and will likely constrain the ratings. In addition, we understand that GFH is still in discussions with third parties regarding the sale of some of its investments, but the conclusion of these transactions is proving to be more time-consuming than management had anticipated.

With total assets of $2.5 billion on Sept. 30, 2009, GFH is an Islamic wholesale investment institution based in the Kingdom of Bahrain (A/Stable/A-1). GFH's main focus and area of expertise is economic infrastructure projects. Geographic and sector concentrations are high in our view because GFH has focused on real estate, infrastructure, and industrial projects across its home region.

Related Research

- Rating Implications Of Exchange Offers And Similar Restructurings, Update, May 12, 2009

Ratings List

Downgraded

	To	From
Gulf Finance House		
Counterparty Credit Rating	SD/SD	CC/Negative/C
Certificate Of Deposit	SD/SD	CC/C

Ratings Affirmed

GFH Sukuk Ltd.	
Senior Unsecured	CC

Additional Contact:
Financial Institutions Ratings Europe;FIG_Europe@standardandpoors.com

Complete ratings information is available to RatingsDirect on the Global Credit Portal subscribers at www.globalcreditportal.com and RatingsDirect subscribers at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4011.

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