

## Gulf Finance House to Form 'FIRST ENERGY BANK', the Region's First Bank Tailored to the Energy Sector

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Manama - The first Sharia'a compliant bank focused on the investment, financing and service needs of the energy sector is now under formation with a planned paid-up capital of US\$750 million, having obtained the 'in principal' approval of the Central Bank of Bahrain.

*First Energy Bank* is the latest strategic business concept from Gulf Finance House, designed to capitalize on the huge anticipated demand for investment in the global energy industry. According to the International Energy Agency's *World Energy Outlook 2007*, the energy infrastructure for the MENA region alone requires approximately US\$56 billion per year from now through 2030. This implies the region's energy sector will need \$280 billion in investment within the next five years.

Gulf Finance House is a recognised global pioneer in 21<sup>st</sup> century energy projects with their visionary concept of a network of Energy Cities. Following the announcement of their latest Energy City project in Libya, after the launch of successful Energy Cities in Qatar and India, establishing a bank focused on the provision of tailored services to the energy marketplace is a logical next step in its continued commitment to the sector.

Commenting on the formation of First Energy Bank, Chairman of the Founding Committee for First Energy Bank, Esam Janahi said today, "A great opportunity comes from the significant demand that is projected for investment in the global energy sector over the next 25 years. *First Energy Bank* is a response to this imperative and we're proud to be associated with a Sharia'a banking concept that will be the very first to offer exclusively tailored investment, financing and service solutions to the energy industry. The establishment of *First Energy Bank* shows our commitment to the energy sector, building further on our concept of Energy Cities and energy focused business districts"

According to International Energy Agency (*IEA*) estimates, world energy demand will increase by 1.8% annually through 2030. Demand is anticipated to grow from 83.6 million bbl/d in 2005 to 91.3 million bbl/d in 2010 and to 116.3 million bbl/d in 2030. Natural gas demand is expected to rise by 2.0% per year over this time period, more rapidly than any other fossil fuel. To meet this demand, US\$4.3 trillion of new investment will be required globally in the oil sector through 2030, and approximately US\$3.9 trillion is projected to be invested in the gas sector. Approximately half of these investments will be in emerging market countries, in particular India and China. More than three-fourths of the investments in oil will be in upstream projects. In addition, upstream investments are projected to account for 60% of investments in the natural gas sector.

Mr. Peter Panayiotou, Acting CEO of GFH added, "A substantial number of these new energy projects will be implemented by private developers who have a sound project concept, yet lack capital and extensive development expertise - two crucial elements that First Energy Bank can provide, thus adding significant value. Regional companies that focus their business primarily on the energy sector, such as local oil services firms that lack the resources to fully capitalize on the current growth in the sector will also be targeted as potential acquisitions. This pipeline of business will help to grow acquired firms quickly. An ability to provide both capital and deep industry expertise, will create competitive advantages for First Energy Bank's investments, thus boosting returns."

Once established, First Energy Bank will target consistent of returns for clients by focussing on Oil and Gas Upstream/ Downstream, Transportation, Petrochemicals, Power and IWPP.

Investment activities of the First Energy Bank are planned to include the following:

**Energy Development Projects:** These consist of equity investments and underwriting for new energy projects that are in the early stages of development whereby the Bank can act as principal or joint venture partner. Equity positions in these projects may be subsequently syndicated through a private offering or offered to the public through an IPO within 2 years of initiating a successful development opportunity. These development projects are expected to yield the highest rates of return to the Bank.

**Co-investment in Development Projects:** The Bank will co-invest in early stage development projects alongside strategic investors who will lead and manage the development activities while the Bank will participate in the management, structuring and commercialization of the projects.

**Asset/Portfolio Acquisitions:** Acquisitions of business lines or portfolios of assets that are non-core to companies or those banks that need to divest due to financial constraints. Portfolios acquired are expected to yield stable returns with the upside offered from restructuring the portfolio, recapitalization and/or through a public offering on a regional or international exchange following restructurings.

**Corporate Acquisitions:** Acquisitions of public or private companies that are mispriced or undervalued in their market and where value can be added through more efficient structuring, more active management and/or strategic repositioning.

**Mezzanine Capital/Preferred Equity:** Mezzanine capital opportunities that provide a stable risk-return profile will be explored for larger transactions that have potential funding gaps between senior international debt, Islamic debt tranches and debt maturities, where mezzanine capital may be structured and deployed based on the underlying asset value.

The Bank will be established, subject to satisfying regulatory requirements, in association with various strategic partners, who have commented on the project as follows:

**H.E. Hamad Rashid Al Neaimi representing H.H. Diab Bin Zayed Al Nahayan said,** 'First Energy Bank (FEB) is an idea whose time has come. The energy markets have taken great strides into the 21<sup>st</sup> Century and now a team of specialists are incubating a specialist bank focused on the provision of similarly innovative investment platforms. An investment in FEB represents an exciting chance to realize value from intelligent foresight.'

'I am extremely interested by GFH's plans to establish First Energy Bank and sure that the specialists who will take charge of its strategy and the specific character of its energy financial services will deliver a serious investment vehicle. I look forward to further strengthening our ties with Gulf Finance House and wish them every success'

**Khadem Abdulla Khadem Butti Al Qubaisi, Managing Director, of Tasameem L.L.C said,** "Gulf Finance House offers an eye-catching marriage of experience and pioneering spirit. First Energy Bank could not benefit from better parentage and few investors looking to take advantage of the energy arena can ignore this proposition.'

'The growth projections for the energy sector in the GCC, North Africa and Asia have attracted and will continue to attract an army of related services but few will boast the experience behind First Energy Bank. For an investment opportunity underwritten by pioneering talent and vast industry know-how it's hard to see beyond FEB.'

Emirates Islamic Bank was launched in 2004 to provide high quality Islamic banking services across the UAE. We offer a range of Shari'a compliant products and services conforming to the highest standards of Islamic finance and all our activities are overseen by a Shari'a board comprising several prestigious scholars of Islamic law.

**Mr. Abdulla Showaiter, General Manager, Emirates Islamic Bank said,** "First Energy Bank will represent a unique new development in energy sector financial services. Emirates Islamic Bank's involvement in its creation would chime with its existing energy projects taking place across the Arab and Islamic world.'

'Investing in a cutting edge financial institution offering a degree of product versatility in the world's most lucrative industry sectors makes perfect sense to us. We look forward to partnering Gulf Finance House in this new venture'

Founded in 1961, Kuwait Investment Company was the first Kuwaiti shareholding entity specializing in short and long term investment activities. Over the years, KIC established a solid reputation as one of the leading investment companies in Kuwait with strong access to regional and international markets. Consequently, it has developed strong relationships with renowned financial institutions throughout the globe.

**Alaa Al Roumi, Senior Manager, Kuwait Investment Co. said,** 'We have traditionally been attracted to investments that serve the needs of fast changing and dynamic industries. First Energy Bank (FEB) proposes to do just this, backed by a team of energy sector specialists with decades of experience. These ingredients augur well for our investors and we anticipate a more formal involvement in the delivery of FEB.'

'The energy sector is among the most lucrative in several of the world's fastest growing economies and the

opportunities it offers has not escaped our attention. We are determined to offer our clients the best returns possible and we are confident an investment in First Energy Bank would go a long way to achieving this goal.'

**Khalid Najibi, Vice Chairman & Managing Director of Capital Management House** said, 'We look forward to close involvement with First Energy Bank. There can be no disputing the significance of the emerging energy clusters. Numerous economies across the region and far beyond in Asia and North Africa are playing and will continue to play host to exciting growth within the 21<sup>st</sup> century construct of 'Energy Cities'. Logic decrees the need for investment facilities that reflect this sophisticated new order and First Energy Bank answers that call articulately.'

Bahrain Islamic Bank (BIsB) was established in 1979 as the first Islamic commercial bank in the Kingdom of Bahrain. The authorized capital is BD 100 million and paid up capital is BD 60.214 million. Since its inception, BIsB has recorded steady growth. The Bank has been maintaining its leading position in the Islamic banking sector through adopting innovative Islamic investment and financing products, supported by superior retail and corporate banking services.

**Mr. Mohammed Ebrahim, Acting Chief Executive Officer, Bahrain Islamic Bank** said, 'We recognize the value of pioneering ideas built on long experience and an unimpeachable track record. The team behind First Energy Bank is possessed of strong industry credentials: a vital component governing our decision to invest.'

'In approaching half a century of specialist investment, Bahrain Islamic Bank has developed a strong instinct for identifying promising ventures. First Energy Bank ranks favorably amongst them and presents us with a promising investment opportunity.'

**Mr. Philippe Jouard, Chief Investment Officer, of QINVEST** said, "Qinvest is in business to support innovative ideas in the arena of Sharia'a compliant investment and First Energy Bank is emblematic of the opportunities we tend to look for. Given the wealth of energy industry thinkers coming together on this project and the track record of Gulf Finance House, Qinvest is looking forward to partner on First Energy Bank.

Established in November 2004 as Gulf Finance House Commercial Bank with a paid-up capital of BD 30 million, Khaleeji Commercial Bank is a niche Islamic private bank, headquartered in the Kingdom of Bahrain and operating under an onshore commercial banking license granted by the Bahrain Monetary Agency.

**Mr. Ebrahim Hussein, General Manager of Khaleeji Commercial Bank** said, "The regional energy sector is booming. Alongside this, delivery of flexible financial services to the burgeoning energy clusters and the companies they house offers huge potential. It is to this aim First Energy Bank is devoted, and an investment in its creation is an extremely attractive prospect for Khaleeji Commercial Bank.'

'Our philosophy of providing unique Sharia'a investment opportunities to our clients' demands that we must seriously consider investing in First Energy Bank. It is amongst the most logical and intelligent developments in the arena of energy centered financial services.'

Energy City Qatar will be the Middle East's first energy business centre, catering to the commercial, technical and human resource needs of the oil and gas industry operating in the Gulf region.

*In his turn, Mr Hesham Al Emadi, Energy City Qatar, Chief Executive Officer said: " The announcement of First Energy Bank comes at the right time where energy markets are looking for such financial bodies that cater to their future needs. The unprecedented success of Energy City Qatar model led to the launching of Energy cities of India, China and recently Libya. These mega projects need financial bodies such as First Energy bank to go hand in hand with their development and evolution".*

'Innovative Sharia'a compliant financial services targeted on the energy sector offer our investors the opportunity to capitalize on lucrative regional opportunities. In our view, First Energy Bank is chief amongst them and we intend on exploring its full potential.'

PFC Energy International, a leading energy consulting firm, will be strategic advisors, of providing in-depth analysis for strategy development, investment evaluation and commercial decision making.

**Mr. Vahan Zanoian, PFC Energy International Chairman & Chief Executive Officer,** commented today,

'As specialists in the international energy business, we know how unique the investment needs of the industry can be. Therefore, we're delighted by this opportunity to leverage our in-depth experience, in partnership with Gulf Finance House, and ensure First Energy Bank becomes an indispensable partner to the modern energy sector.'

Headquartered in Doha, State of Qatar (one of the fastest growing economies in the world), QInvest was licensed in April 2007 with a capital of US\$1 billion (Paid-up Capital: US\$500million), and is the largest financial establishment to start operations in the Qatar Financial Centre (QFC). and trust