

2 SEPTEMBER, 2004

TAIB's Repositioning in progress

TAIB Bank E.C., today announced in Bahrain that its repositioning as a Private Bank was proceeding satisfactorily after the rights issue-cum-private placement of shares resulted in approximately US\$ 49 million of new capital being injected in April 2004.

According to the Chief Executive Officer and Vice Chairman of the Board of Directors, Iqbal G. Mamdani, the Bank has performed in line with the business plan during the first 6 months of 2004, and has been taking proactive steps to strengthen its balance sheet as was envisaged in the overall repositioning exercise.

“The Bank has been able to conclude several new real estate transactions, in partnership with well known real-estate investment companies. During 2004, the Bank concluded 3 such transactions, two of which are in the United States of America, with an aggregate value of approximately US\$ 68 million and one in France aggregating approximately Euros 67 million. 4 further real estate transactions are in the pipeline at present and will be concluded before the end of this year. The Bank was also able to successfully exit from two investment transactions in shopping centres, valued in the aggregate at approx. US\$ 30 million, in the United States, and three more exits from real estate investments will occur before December 2004. These are expected to yield satisfactory returns to our investors and to the Bank”, the CEO stated.

TAIB Securities WLL, TAIB Bank's wholly owned subsidiary in Bahrain has also made considerable progress in 2004 both in attracting new clientele as well as in increasing the volume of the securities traded both within GCC markets and in international markets, particularly in the US and India.

“In addition, TAIB is also in the process of readjusting its income streams so as to stabilise its income from wealth management business; this process is likely to take a few more months”, Mamdani added.

“TAIB will continue to strengthen its balance sheet from the net income that will be generated from the expected major transactions in 2004, and the capital adequacy ratio which stood at approximately 48% as per management accounts at the end of June 2004, will also continue to remain at a very healthy level. Given the expected levels of net income from transactions that are currently in the pipeline, we are proposing to comply even more rigorously with the most recent guidelines for International Accounting Standards, and as a result, the Bank will continue to show financial strength in terms of a healthy level of paid-up capital, a low level of leverage and transparency worthy of a wealth-management institution, which will inspire confidence in our shareholders and our investors”, Mamdani explained.

The Bank's largest shareholders include prominent Saudi, Bahraini and Omani business leaders as well as TAIB management. After the capital increase which occurred in the first half of 2004, Saudi Arabia's Rashed Alrashed & Sons Group [“RAR”] owns approximately 33% of the Bank's shares and TAIB management groups own approximately 17%.