



TAIB Posts \$2.1 Million Net Profit For 2003

Bahrain-based TAIB Bank E.C. today reported a net profit of US\$2.1 million for 2003 compared with a \$10.5 million loss in 2002.

The Bank's CEO and Vice Chairman, Iqbal G. Mamdani, said that the Bank "had clearly demonstrated a healthy rebound and achieved significant income and balance sheet improvements".

Mamdani stated that TAIB had held off declaring its 2003 profit until it completed its new capital subscription. TAIB Bank, he said, re-focused its business strategy to become a private bank, sold select investments, and significantly restructured its balance sheet. These strategies helped TAIB achieve \$24 million of gross revenue before expenses, more than double 2002's \$9.9 million amount.

"We sold investment assets that had accomplished strong appreciation, cutting back the Bank's assets and reducing its leverage and liabilities," explained Mamdani. TAIB specifically made successful exits from two private equity investments and three profitable real estate investments last year to achieve \$11.1 million from the sale of investment assets. It also boosted income from trading securities, realizing \$1.9 million of positive income on the securities held on its book compared with an \$11.1 million loss on securities in the prior year due to 2002's depressed market conditions.

While revenues in 2003 showed sharp growth, TAIB's expenses increased by only 11% last year. That increase was largely due to the Bank's move to its new premises in Bahrain, related non-cash depreciation, and relocation costs. TAIB also repaid long-term debt to further strengthen its balance sheet.

As a result of these moves, TAIB was able to reduce total assets on its balance sheet by 33% from \$506.9 million in 2002 to \$339.8 million in 2003. TAIB's leverage ratio improved from 3.2% at the end of 2002 to 1.7% at the end of 2003. The Bank additionally took a \$6 million provision "for prudence sake".

At the same time, TAIB achieved an even stronger capital adequacy ratio. At the end of 2002, TAIB's capital adequacy stood at 33.2%. At the end of 2003, capital adequacy was 44.5%. That ratio is considered to be particularly strong among banks in the region, according to industry sources.

"Last year was a period of renewed growth and re-positioning for TAIB", Mamdani said. "We made sure income gains and purposefully restructured our balance sheet to make TAIB a substantially stronger institution. We continue to make progress in becoming one of the region's first private banks with a strong balance sheet, strong liquidity, and strong financial ratios."

APRIL 14, 2004