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TAIB PROFITS UP BY 20% IN 2006

Record Level of US\$ 22.4 Million Reported

MANAMA, BAHRAIN - 1 February 2007: TAIB Bank B.S.C.(c) announced its 2006 results today, reporting the highest profit ever: Net Income of US\$ 22.4 million, representing a growth of 20% over last year.

TAIB's Chairman, Mr. Abdulaziz R. Alrashed, expressed his pleasure, commenting, "The results are truly gratifying and reflect what a private banking focus can achieve, particularly in the GCC region. I am proud."

Mr. Iqbal G. Mamdani, Vice Chairman and CEO, who steered the strategic shift to private banking three years ago, added "Our focus on providing wealth management solutions across several asset classes has continued to serve us well. This is particularly evident by this year's increases in Total Operating Income and Fee-based Income."

In 2006, TAIB's Total Operating Income increased 13% to stand at US\$ 49.4 million, while Fee-based Income increased 23% to stand at US\$ 16.3 million. Mr. Mamdani continued, "We've further strengthened the balance sheet, and are much stronger than ever before. Our Capital Adequacy Ratio is a very healthy 57.8%; nearly five times the minimum regulatory requirement. The ratio of liquid assets improved as well, to 64.5%, from 50.5% in 2005. And our leverage continues to be low at 1.6, exhibiting a strong and sound capital structure."

"Profitability ratios are strong, too: Return on Average Assets has increased from 4.5% to 5.1%, while Return on Average Equity has grown to 14% from the earlier 12.7%. All of these resulted in the rise of earnings per share to 22 U.S. cents in 2006. These improvements are also reflected in TAIB's share price, rising from US\$ 1.26 per share at end-2005 to US\$ 1.60 per share at end-2006", said Mr. Mamdani.

Commenting on the asset classes that TAIB actively promotes to its investor clients in the GCC, Mr. Mamdani stated: "Real estate, which our clients most favour, did particularly well. Overall, the Bank's transaction volume, along with co-investors, amounted to US\$ 882 million, comprising US\$ 714 million in exits from fourteen investments, and one new acquisition of US\$ 168 million. For properties wherein investment-exits occurred, our co-investors realised an IRR ranging from 12% to 37%."

TAIB also spearheaded the establishment of Acacia Real Estate Limited, a stand-alone real estate investment company with an authorised capital of US\$ 500 million. TAIB, as Principal Founding Shareholder, will hold 15% of the paid up capital. Co-investors include leading institutional and individual investors from the GCC, as well as some of the Bank's international real estate partners. TAIB's real estate team, which has an impressive track record of success, is initially performing a key support role.

Remarking on this important strategic initiative, Mr. Mamdani said, "Acacia provides a diverse range of conventional and shariah-compliant investments focused on income producing properties and select development projects. From the Bank's standpoint, this enables us to offer our increasingly discerning clientele a larger and broader range of real estate opportunities. Furthermore, due to an exclusive placement arrangement with Acacia, we expect that income streams will rise substantially. To free up our balance sheet, we've sold some of our assets to Acacia at fair market value."

Concerning the performance of another asset class, the various TAIB Funds, Mr. Mamdani said, “In 2006, the overall situation in the capital markets of the GCC countries was not particularly good. Investor sentiment about equities in the region worsened perceptibly in 2006 due to precipitous falls in all of the stock exchanges of the GCC. Nevertheless, TAIB’s GCC Blue Chip Fund performed better than most of its peers, despite the reduction in its NAV.

Other asset management matters of note include two India-specific Funds: TAIB Everest Fund, one of our consistent top performers, recorded a return of 19.5%; and TAIB Everest Fund II, a brand new shariah-compliant fund that, true to our ‘best-in-class’ approach, has fund managers with a strong track record of performance – India’s renown SBI Funds Management Private Limited, and UTI Asset Management Company.”

Turning to Private Equity, Mr. Mamdani stated that the Bank, in conjunction with its partners, would continue to actively pursue investments in this asset class. “During 2006, in the US\$ 160 million Leverage India Fund that TAIB had co-promoted in 2005, the Bank and its co-investors exited from 10% of each investment made by the Fund in various companies in diversified sectors of the Indian economy. In the process, investors were able to reduce their exposure and, at the same time, realise a gain of over 20% over a one-year holding period. On the heels of such performance, we are initiating action to launch another India dedicated Private Equity Fund for US\$ 300 million, modeled on the lines of the first Fund,” Mr. Mamdani added.

Speaking about TAIB’s brokerage operations, Mr. Mamdani said, “Here again we realised continued profitability. Despite the slowdown in the equity markets, our Bahrain-based brokerage subsidiary recorded a growth in income, up from US\$ 3.0 million in 2005 to US\$ 3.2 million in 2006. This is mainly attributable to responding quickly to the declining equity markets of the GCC with ‘Global Reach’, our service platform covering over 30 capital markets across the globe. Investors in the GCC responded positively to having both broad and easy access to market opportunities and the accompanying benefits of diversification.”

Mr. Mamdani concluded by citing that the Total Assets of TAIB Bank stood at US\$ 434 million as at the end of 2006. “We are strong, and will continue our commitment to all of our stakeholders to move ahead from strength to strength.”

TAIB Bank B.S.C. (c) is the Bahrain-based private bank that focuses on enhancing wealth for institutional and private clients in the GCC region, sourcing investment opportunities in India, Turkey, Kazakhstan, the U.S., U.K. and Continental Europe. It is listed on the Bahrain Stock Exchange.