

# TAIB strengthens profitability in 2004

---

TAIB Bank B.S.C. (c) today announced its results for 2004 -- a net profit of US\$ 4.08 million, as against US\$ 2.11 million in 2003, representing an increase of over 94%.

Mr. Abdulaziz Alrashed, Chairman of the Bank, voiced pleasure with the Bank's 2004 results. "The achievements of 2004 go beyond the doubling of the profits from about US\$ 2 mm in 2003 to US\$ 4 million in 2004. It was a year in which we proudly celebrated the Bank's 25<sup>th</sup> anniversary and successfully completed a Rights Issue cum Private Placement, raising US\$ 49 million. It was also a year in which we formally inaugurated our very own TAIB Tower, thus demonstrating our enduring commitment to Bahrain", said Mr Alrashed.

Mr Iqbal G. Mamdani, Vice Chairman & CEO of the Bank highlighted the various aspects of the Bank's performance, and said, "We had assured our shareholders and partners that, in 2004, we would strive to strengthen several areas of our business and transform ourselves into a Private Bank. We are happy to state that we have been successful in most of what we set forth to achieve".

The most important step that TAIB took in this direction, in late 2003, was to identify, segregate and transfer assets which would not be germane to its profile as a Private Bank. This was immediately followed by a Rights Issue-cum-Private Placement exercise in the first half of 2004, which raised additional capital of US\$ 49 million. With both of these steps, which were absolutely essential in making the balance sheet of the Bank strong, as at the end of 2004, the total assets of TAIB Bank stood at US\$388 million, as compared to US\$ 338 million as at the end of 2003. The bank's liquid assets, including cash and placements with banks, increased from US\$47 million in 2003 to US\$118 million in 2004, a positive change of well over 148%. "The shareholders equity, including reserves, crossed the US\$ 150 million mark for the first time, and increased to US\$ 154 million as at the end of 2004, representing an increase of 23% during the year. As a result of strengthening the balance sheet, the Bank has been able to substantially improve its Capital Adequacy Ratio, which now stands at 50.2%, which is more than four times the minimum requirement stipulated by the Bahrain Monetary Agency, our regulatory authority", Mr Mamdani stated, adding that "the low leverage ratio of 1.5 as at

the end of 2004, is an added comfort, and makes it possible for us to raise long term debt, should the need arise for this in the future.”

In terms of its overall operations, TAIB Bank’s total operating income in 2004 amounted to US\$ 22.3 million, as compared to US\$ 20.7 million in 2003. Income from fees and commissions increased by 98% during 2004, and stood at US\$ 15.8 million, while funds under management, relating to both discretionary and non-discretionary accounts, increased by 26% during 2004.

The performance of TAIB’s 11 Funds was also gratifying and its very first fund, the Everest Fund, recorded a strong performance in 2004, with an increase in its net asset value of 29% in US\$ terms during the year. During the year, the Bank innovatively launched two new Shariah-compliant index funds, one for equities in the United Kingdom and another for GCC equities; these funds were the first of their kind.

In the area of real estate investments, the Bank was able to complete -- as well as exit from -- several transactions. During 2004, the Bank exited from 7 real estate investments in the United Kingdom and 2 in the United States for a total value of US\$ 415 million. The Bank was also able to offer 9 new real estate investments to its investor clients -- 4 in the United States, 1 in the United Kingdom, 2 in France and 2 in the GCC. These fresh investments and exits were significantly larger in number than what the Bank was able to achieve in 2003. As a result, the assets of real estate companies, into which the bank and its co-investors have invested, stood at US\$ 918 million as at the end of the year.

In the area of Specialised Investments, the Bank finalised a new mezzanine fund, called the Leverage India Fund, for diversified, direct equity investments into India. The fund is expected to attract about US\$ 100 million and is intended principally for institutional and high net worth investors. In keeping with the Bank’s wealth management strategy, the Bank’s partners, co-sponsors and investment manager in this new fund are strong and well reputed Indian Financial Institutions. This fund will tap into the formidable growth opportunity that the Indian equity market is expected to offer over the next few years, and the diversification across various sectors of the Indian economy and the various companies within each sector, is expected to reduce the risks considerably. The Bank is also engaged in setting up a similar fund for Turkey.

In terms of its rating by external rating agencies, Capital Intelligence, the Cyprus-based rating agency, maintained its ratings of the Bank at “BB+” for Long Term and at “B” for the Short Term, and revised the groups overall Outlook for TAIB upwards to “Positive” from “Stable”.

Mr. Mamdani concluded, “TAIB is now more strongly positioned than ever before to take on the role of a unique regional Private Bank that commands the

trust of its clients, the respect of its competitors, and the satisfaction of shareholders with good prospects for sustained growth.” The CEO, in closing, voiced confidence that TAIB will succeed in its efforts to become an even more profitable Private Bank in the years immediately ahead. “We have the people, the products, the deal flow, and a sound balance sheet, to sustain and enlarge the group’s profitability as a premier Private Bank. Our pride in our institution, in this Silver Jubilee year, remains undiminished.”

*TAIB Bank B.S.C., an international Private Bank based in Bahrain and listed on the Bahrain Stock Exchange, focuses on business activities in the regional markets of the Gulf, the Indian Subcontinent, Turkey, Central Asia, the United States of America and the United Kingdom.*

*For additional information, please contact Durra Salman at:  
[durra@taib.com](mailto:durra@taib.com) or (973) 17-549-465*