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TAIB Bank (BSC) Ratings Affirmed; Positive Outlook Assigned

Capital Intelligence (CI), the international credit ratings agency, today announced that the foreign currency long-term and financial strength ratings for Bahrain-based TAIB Bank (BSC) had been affirmed at BBB-. The foreign currency short-term rating is also maintained at A3. The foreign currency ratings carry a positive outlook in view of the imminent change in ownership. Dubai Financial, part of the government Dubai Investment Group, recently announced it had agreed to acquire a controlling 60% stake in TAIB, subject to regulatory approval. The positive outlook underscores the strength and resources of Dubai Financial.

Having successfully completed the transition to a fully-fledged private bank a few years ago, TAIB Bank produced exceptionally strong results in the year under review reflecting the niche market it has carved out for itself. Concurrently, the overall risk profile has improved noticeably. Although TAIB remains a small bank as measured by both total assets and capital, the franchise and expertise continue to grow with focus on the US, UK and Indian markets, and the operations in Turkey and Kazakhstan. Overall asset quality is sound and concentration risk has significantly reduced in recent years. Moreover, the asset base remains highly liquid reflecting the large pool of bank placements. These accounted for one-half of the balance sheet in the year under review. While unquoted investments continue to constitute an important asset class for the bank, their share in total assets has declined. TAIB's very well capitalised balance sheet and robust returns remain its major strengths. Importantly, the bank's income generating capability has strengthened visibly since the adoption of the new business model.

Contact:

Morris Helal
Zafer M. Diab

morris.helal@ciratings.com
zafer.diab@ciratings.com

Tel: 357 2534 2300