



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The Directors are pleased to submit their report together with the audited consolidated financial statements for the year ended 31 December 2005.

### Consolidated financial statements

The consolidated financial statements have been prepared incorporating the financial statements of TAIB Bank B.S.C. (c) (the "Bank") and its subsidiaries (the "Group").

### Principal activities

TAIB Bank B.S.C.(c) was incorporated in Bahrain as an Exempt Company and held an investment banking license issued by the Bahrain Monetary Agency.

The Bank has its registered office at TAIB Tower, Diplomatic Area, Manama, Kingdom of Bahrain. The Bank's shares are listed on the Bahrain Stock Exchange.

The principal activities of the Group as a Private Bank are wealth management and wealth transfer products and services, asset management, private equity investments, real estate investments, provision of financial and securities advisory services and brokerage services.

### Financial position

The results for the year ended 31 December 2005 and the financial position of the Group as at that date are set out in the accompanying financial statements.

### Dividend

The Directors propose to recommend to the Annual General Meeting to pay a cash dividend of 5% and a share dividend of 5% for the year ended 31 December 2005 (2004: Nil).

### Directors

The following Directors served during the year ended 31 December 2005:

Mr. Abdulaziz R AlRashed (Chairman)  
Mr. Iqbal G Mamdani (Vice Chairman and Chief Executive Officer)  
Sheikh Abdulrahman Al Jeraisy  
Sheikh Ahmed M Baroom  
Mr. Pradip P Shah  
Mr. Farouk Yousuf Khalil Almoayyed  
Dr. Abdool Magid A K Vakil  
Mr. Ibrahim Al Sultan

At 31 December 2005, Directors and their related parties held 52.4%(2004: 52.28 %) of the share capital of the Bank. Some of these Directors also held an interest in, and are Directors of JAMBA SA, which owns 18.71% (2004: 19.72%) of the share capital of the Bank.

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005** (continued)**Ratings**

In August 2005, Capital Intelligence Limited, a bank analysis and rating service based in Cyprus, assessed the long and short-term ratings for the Bank at BB+ and B, respectively.

**Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office and a resolution proposing their reappointment will be placed before the Annual General Meeting.

By order of the Board of Directors



**Abdulaziz R. Alrashed**  
*Chairman*



**Iqbal G. Mamdani**  
*Vice Chairman and Chief Executive Officer*

19 January 2006