Private and Confidential

GO EAST

Leaping Over the Obstacles & Bridging into Asian Market by Risk Adjusted Entrance & High Yield Investment Strategy

Sharing Private Equity Experience

MEAI

MEAI Summit 2009 Presentation

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Section 1

Introduction

TAIB at a Glance

- **Established in 1979, Bahrain's first licensed investment bank.**
- **In 1994, listed on Bahrain Sock Exchange.**
- **Gulf's first local private bank since 2004.**
- **Regulated by Central Bank of Bahrain; registered with FSA (UK) and SEC (USA) as investment advisor.**
- **Headquartered in Bahrain having market presence in UAE, Qatar, India, Turkey, Kazakhstan, UK and USA.**
- **Major activities include Brokerage Services, Asset Management, Private Equity and Corporate Finance with focus on providing wealth management solutions to HNWI and Institutions.**

Since November 2007, the Bank is majority-owned by Dubai Financial Group – the financial holding company of Dubai Group, a member of Dubai Holding.

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Private Equity Activities

- **Since 2004, our strategy has been to invest through portfolio private equity investors with following key considerations:**
  - Invest in growth sectors in emerging markets
  - Invest in partnership with specialized private equity fund managers
  - Invest in structure allowing across-the-board participation
- **At present, we manage two (2) private equity funds having total capital corpus of US$ 182 Million.**
  - Leverage India Fund (LIF)
  - TAIB-JAIC Asian Balanced Fund (TJF)

LIF

– Launched in 2004

– IL&FS is the main partner

– IIML is the fund manager

– Fully invested in diversified sectors in India

– Exits so far yielded 66% IRR

TJF

– Launched in 2007

– JAIC is the partner

– JTCM (JV Co.) is the fund manager

– Currently, investing in Greater China, India, and select ASEAN Countries

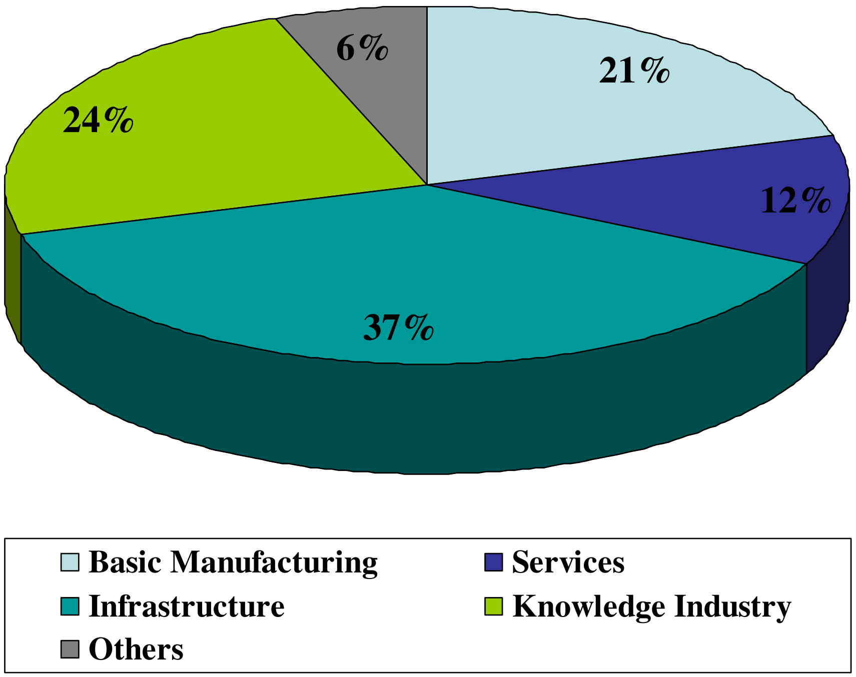
Section 2

Experience

Portfolio Features

- **About US$ 161 Mn invested in a total of 34 companies**
  - 7 full exits made so far.
  - US$ 13.5 Mn being the biggest commitment.
  - US$ 63 Mn distributed to investors so far.
- **Geographic coverage**
  - India, Greater China & select ASEAN countries
  - About 76% of portfolio in India
- **Existing portfolio highlights**
  - 40% listed
  - 7% had next round of investment at higher valuation
  - 41% "growth capital" investments

Portfolio Distribution: Sector-wise



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Unique Challenges

❖ Deal Sourcing

- Sharp focus and preferences are difficult to maintain.
- Good proprietary opportunity (with right pricing) are hard to come by.

❖ Deal Closing

- Reliable market information are generally not easy to obtain.
- Lack of standard practices limit the assessment of investment potential.

❖ Deal Management

- Insufficient disclosures by private companies are major concern.
- Mindset against dilution of management control among most private business owners is a stumbling block for value creation.

❖ Deal Exit

- Exit barriers because of volatility in the economic system and polity.

Country specific socio-political structure influences the business environment profoundly.

Case Study: Greater China

- **Absence of competitive pressure**
  - Deal was available only to Japanese investor.
  - Entry due to our partner.
- **Due diligence was time consuming**
  - Consolidated accounts and business information not readily available in desired format.
- **Milestone based pricing motivated the management to perform to achieve targets.**

Transaction Summary:

- Geography: China
- Sector: Information Technology
- Stake: 8% (with co-investor)
- Deal type: Growth Capital
- Listing status: No
- Board seat: Yes
- Entry year: 2008
- Target exit: 2011

Current Status:

- 2008 top line target achieved.
- Plan to maintain the same operation level in 2009 because of price competitiveness and loyal customers.

Exit Outlook:

- Listing planned in 2010 end

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Case Study: India

- **Critical mass achieved through sustained support**
  - Three rounds of funding so far
  - Fourth round of financing under identification
- **Company benefited from inputs from the Fund Manager**
  - Streamlining offshore costs
  - Improving debtor cycle
  - Collaboration with India's leading software company to jointly bid for pharma projects.
- **Market conditions has forced a committed investor to not proceed with the funding.**

Transaction Summary:

- Geography: India
- Sector: Life Science
- Stake: 18%
- Deal type: Growth capital (Early stage)
- Listing status: No
- Board seat: Yes
- Entry year: 2006
- Target exit: 2009

Current Status:

- Break-even achieved for India operation in 3Q FY 2009.
- Targeting acquisition in US.

Exit Outlook:

- Third party sale

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Case Study: ASEAN

- **Deal referred by a leading brokerage house underwriting the issue.**
  - Book building approach to pricing
- **Sudden political & social turbulence changed the trend (sentiments)**
  - Stock market nose dived which got further compounded by global economic crises.
  - Original exit plan (after IPO) abandoned.
- **In view of the company's strong fundamentals, a 3 year view taken**
  - Leveraging relationship to enhance business prospect of the portfolio company.

Transaction Summary:

- Geography: Thailand
- Sector: Food (Manufacturing/Distribution)
- Stake: Approx. 2%
- Deal type: Pre-IPO
- Listing status: Yes
- Board seat: No
- Entry year: 2008
- Target exit: 2010

Current Status:

- Business performance on track so far; dividend payout expected.

Exit Outlook:

- Market conditions worsened; affecting exit plan severely.
- Re-assessed for long term view

Section 3

Approach

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4-Stage Process

Identification of Market (s) or Region

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Identification & Selection of Partner

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Development of Product & Strategy

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Implementation & Management

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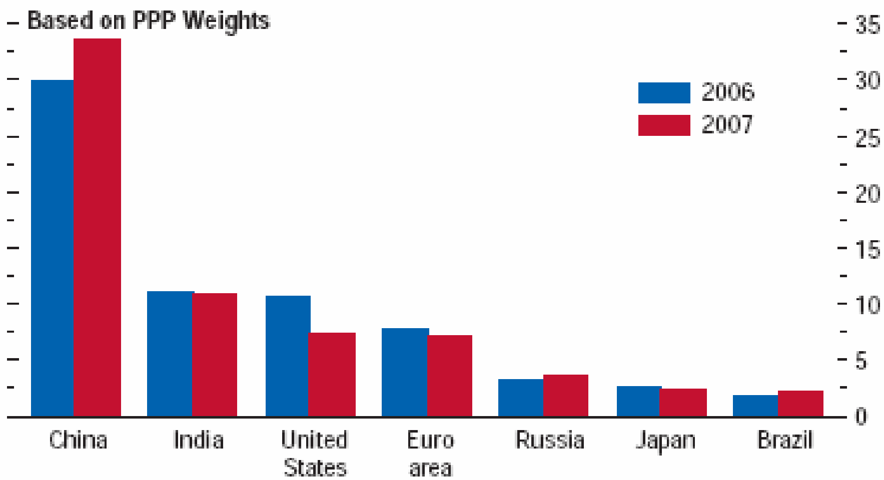
Why Asia?

❖ **Moving forward, Asia represented the best opportunity amongst emerging markets.**
  - Resilient growth trajectory based on fundamentals
  - Expansion & deepening of regional integration
  - Fast improving market infrastructure and regulatory environment

❖ **Strategy has been to "Look Deeper" into the emerging markets space.**
  - Even though markets outperformed mainstream counterparts, balanced approach followed in view of higher risks associated with the region.



Source: IMF, The World Economic Outlook

Asia - the Global Growth Engine.

3Es for Partner Selection

- ❖ **Existence**
  - Ground presence
  - Access capabilities
- ❖ **Experience**
  - Product related
  - Personnel profile
- ❖ **Evidence**
  - Track record
  - Co- investment (at least equal to TAIB's commitment)

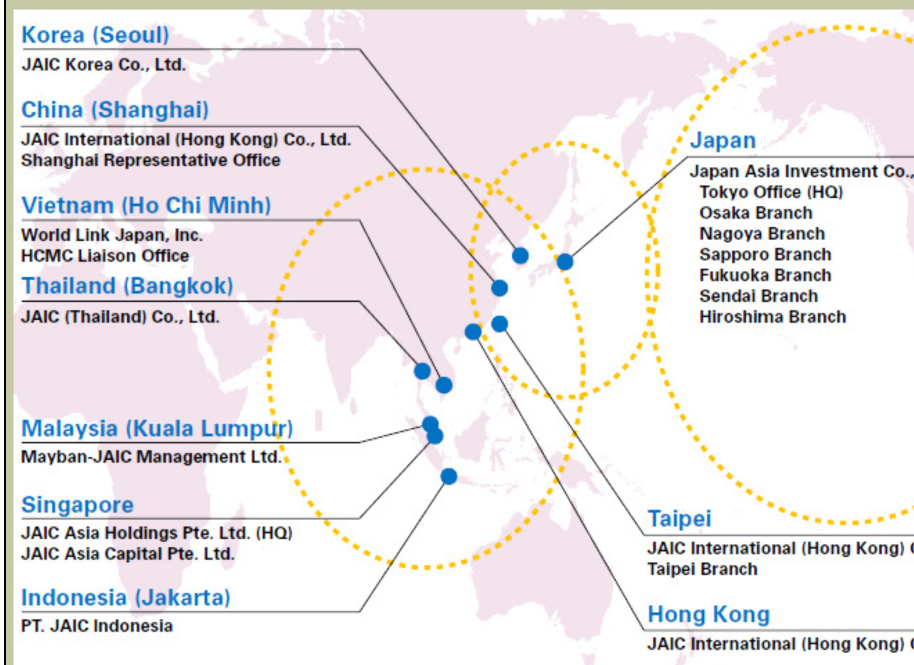
In summary, partner shall bring benefits of local market presence.

Japan Asia Investment Company (JAIC)

– Long ground presence in several countries

– Japan's largest independent VC/PE firm

– Impressive track record & strong commitment



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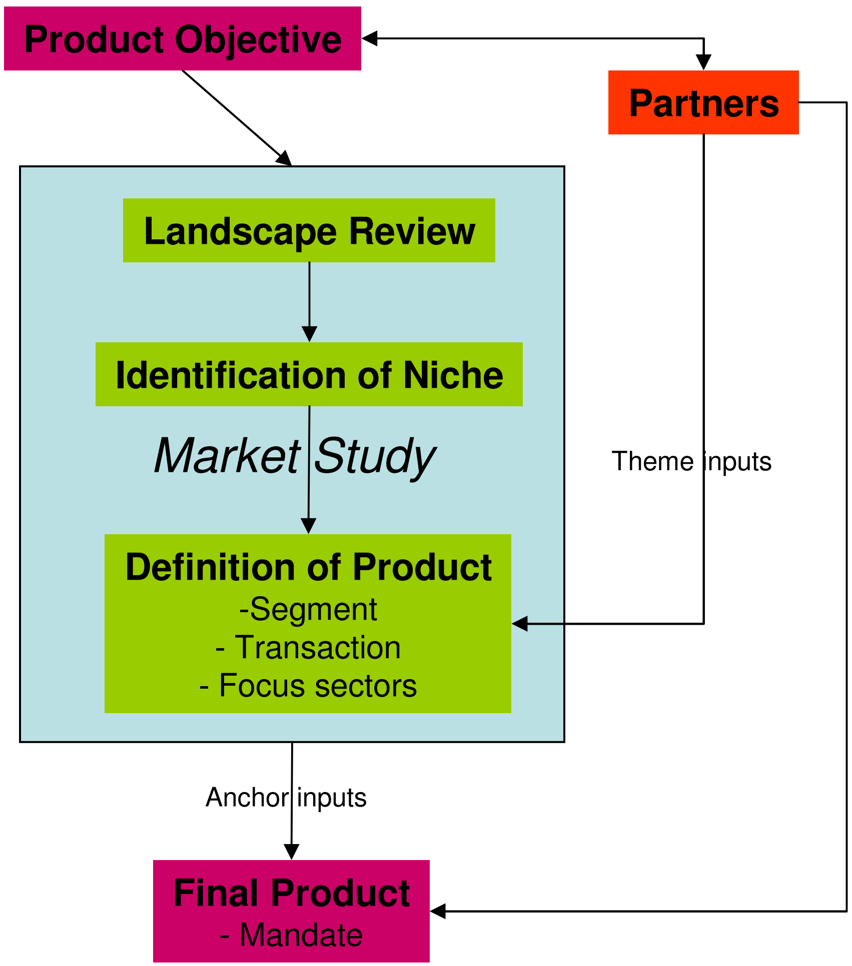
Product Development Flow



LIF

– PE industry in India was still in nascent stage of development.

– PE industry moving from "Early Stage Venture Financing" stage to increased segmentation in terms of specific niches and investment stage.

– Deal size pushed up with increasing activities in terms of corporate carve outs, buy-outs, later stage growth capital, pre-IPO and PIPE transactions.

– Active deal segment in India was US$ 0-15 Mn.

– Opportunities evident in growth sectors like knowledge based businesses, consumer businesses and infrastructure.

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Execution

- **At the Fund level, TAIB's strategy has been to manage market challenges through strong partnership with pedigreed local manager (s).**
- **Pre-partnership**
  - Comprehensive (including third party) DD on structure & legal aspects
- **Post-partnership**
  - Participation at Board / Investment Committee
  - Periodic reporting / risk reviews

Portfolio Risk Management

- "Dynamic Monitoring" approach includes Monitoring & Control and planning Adaptability options
- Monitoring & Control comprises of
  - Seeking Board representation
  - Ensuring availability of periodic reporting
  - Reviewing risks at regular intervals
- Adaptability relates to execution of corrective steps suggested in risk review (& analysis). This process begins from the time of due diligence before the deal closure.
- Transparency in execution processes maintained for participants.

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Section 4

Outlook 2009

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Trends

- **Deal type**
  - Large buyouts and M&As will be rare in absence of leverage/financial engineering.
  - Minority acquisition, expansion capital and mid-market buyouts are current flavors.
- **Deal size**
  - Average size of PE deal has declined by 44% over the last 1-year (source: ZEPHYR).
  - Conditions conducive for deal size between US$ 10-100 Mn because of large pool of SME enterprises.
- **Investment activity**
  - Investment pace, though slowed down considerably, has remained significant with 2008 deal volume of more than US$ 33 bn in Greater China, India and ASEAN (source: AVCJ).
- **Fund Management**
  - Asian managers, having gone through 1997 experience, still maintaining positive outlook and willing to play enhanced role in navigating portfolio companies through the current crisis.
- **Funds needing to raise capital will have tough times as LPs are not forthcoming at this point-of-time.**

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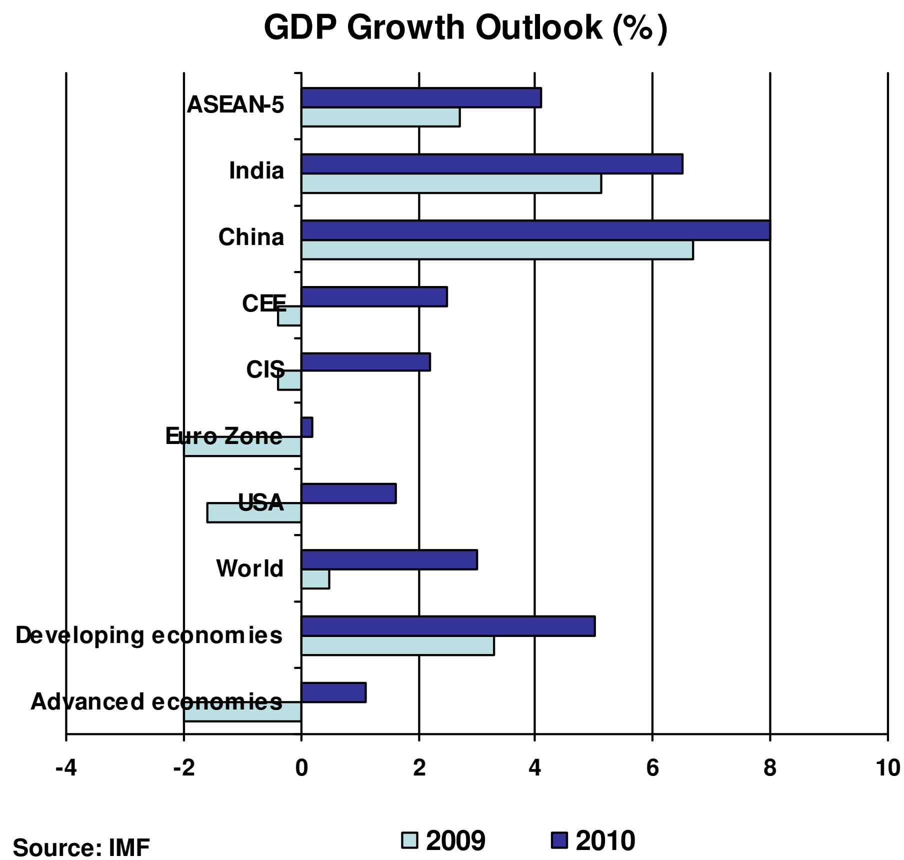
Reality Check

❖ **Macro growth story is still intact**
  - Led by China & India, emerging Asia will remain the World's fastest growing region.
  - Favorable demography with fast growing consuming class
  - Diversified economy with strong manufacturing base

❖ **Unlike rest of the world, financial systems are still resilient.**
  - Regulatory restrictions saved institutions from committing excesses
  - Strong forex reserves as cushion

❖ **Governments' commitment**
  - providing economic stimulus packages to support continued growth.



Source: IMF

Entry Environment

- ❖ **Ease in getting equity deal at low valuation flow due to disappearance of alternative capital sources**
- ❖ **Domestic demand factors providing tremendous growth opportunities.**
- ❖ **Disproportionate impact on listed space has made investment in public companies attractive.**
- ❖ **Mid-market space, the most attractive segment now, has favorable demand-supply factors.**

Investment Pace of the Region

– In 2008, PE fund raising in Asia-Pacific declined by 25% as compared to 2007. However, Greater China and India stand out.
  - At US$ 25.9 Bn, China managed just 8% lower than the previous year.
  - India witnessed 23% increase from the previous year with total raise of US$ 8 Bn

– At 2008 end, PE fund pool of Asia (excluding Japan) was over US$ 200 Bn.

(Source: AVCJ)

For medium to long term gains, emerging Asia provides compelling reasons for private equity investment as part of a well diversified portfolio.

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TAIB's Investment Strategy

Markets	**Greater China & India** -Higher allocation - Consumer businesses, energy & infrastructure	**ASEAN** -Select countries - Undervalued listed Cos.
Deals	**Focus** -Growth Capital - PIPEs	*Emphasis on proprietary deal flow to avoid competitive pressures*
Investment & Management	- Reinvestment option -Co-investment with other Funds -Asset based valuation preferable	*Handholding to improve the portfolio company*
Exit	-Trade sale	*No exit pressure at this point*

Thank You

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