Dear Members

Assalamu Alaikum

“newsLetter” in this issue laments the demise of Dr. Orhan Sağcı, my predecessor. His contribution to ADFIMI will always be remembered.

We report on three seminars that were held in the first Quarter of 2009.

In addition to our regular coverage of IDB activities, we have for the first time reports on IFDC’s work. We also have a generous coverage of news from members.

Look forward to meeting you in Ashgabat for the 25th General Assembly.

Best regards,

Nuri Birtek
Secretary General

ADFIMI secretariat is saddened by the sudden demise of Brother Orhan Sağcı on 9 February 2009 in Istanbul. Brother Sağcı began working for ADFIMI as Deputy Secretary General on 1 June 1994 and was elected as Secretary General on 26 November 1996. During his 12 years of services to ADFIMI (he left on 26 May 2006) he organised many training courses and research studies. He worked towards increasing the number of members. During this period he also served as the SG of World Federation of Development Finance Institutions for four years. May Allah bless him, grant patience and endurance to his family members, and to his close friends. His valuable services will always be remembered by the ADFIMI Secretariat and ADFIMI Members.

For condolence messages: http://adfimi.org/index_haber_detal.php?hid=211

News from members

Seminar on Anti Money Laundering, Tunis

Computer Spreadsheet Analysis for Banking Operations, N.Cyprus

Asset Liability Management in Banks, Cairo

News from IDB and ITFC
Changing World and Its Crisis

The development of financial markets starting from the basic arrangement of lending/borrowing relations has reached a level where massive information relating to these transactions wonders around in various numbers of channels and makes the happenings in the financial markets harder to understand. Although liberalization helps financial markets grow deeper and deeper financial markets may be crucial for development. However, a crash may be imminent in the system due to the circulation of this massive and fast information.

In the modern economics, in order to be able to understand the direction of the markets at micro and macro level, it is important to identify the individuals who have preferences and interact with others. The definition of individual has started from the classic rationality (maximizing his utilities, able to collect/understand all the information in the market and making the right decisions for himself) and this individual had necessarily to be free because his maximization was also to improve the social welfare in the “Classical Economics”. However, that basic and desired individual could never exist because of asymmetric information distribution among individuals and the low capacity of grasping and digesting the information of some individuals. 1

This unrealistic definition of the individual has been rejected after the 1930 crisis when free individuals messed up the economic environment and then a new paradigm came into being where governments were to intervene in the markets in order to provide the continuity and stability in the markets. This prepared a ground for the social states whose public spending trend was always on the rise. This in turn culminated in a market where governments had been gaining larger shares in the economy. This trend finally resulted in an inefficient use of resources by the public sector and it became to be assumed and shown by empirical studies that the resources transferred to the public sector were being wasted or not distributed efficiently. This argument had given rise to the “New Classical Economics” and the new era of the idea of free individuals has begun. Public sector had more things to do in the markets with higher complexity to provide the main public goods and secure the market. For other things, state should never produce anything, which could be produced by the private sector. The definition of individuals also changed to “the individual who has rational expectations” in the new era of classicism in economics. Rational expectation approach was a revolution because it was accepted that individuals might have boundaries to reach/evaluate/digest the information around them. Under this assumption, individuals tried to find the optimal in their behaviors.

Even it is assumed that the decisions made by the individuals are optimal, which would be limited with their capacities, overall result may not be optimal for the society. Freedom for individuals, sometimes may disturb the economic balances, at times, this disturbance may even cause an economic crisis. In a world where all the economies are interdependent, we may end up in an acute global crisis as we experience nowadays.2

It appears that the present global financial crisis may change our understanding of the behaviour of individuals in an economy and this fundamental change may cause a revision in the attitudes of the markets3 and someone in the economy (probably governments as social planner) would, out of necessity, have to clean the information pollution by regulating the markets or using whatever legitimate tools available. It would appear that without introducing policies aiming at structural changes in the economies, stimulus packages and similar other day saving policies would not provide a permanent solution.


The Central Bank of Turkey and the Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC) to organise a meeting in Istanbul.

On the occasion of the 25th anniversary of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference’s (COMEC) establishment, The Central Bank of Turkey with the support of COMEC and the SESRTCIC will organize a meeting on October 3, 2009 in Istanbul. The event will gather central bank governors of the member countries as an initial step for enhancing cooperation and collaboration. This initiative is expected to provide an excellent opportunity to exchange views and experiences on recent global economic and financial developments.
(http://www.sesrtcic.org)
JCR-Eurasia rates Aktifbank with A- in the long term

JCR-Eurasia, an affiliate of Japan Credir Rating Agency Ltd, has rated Aktifbank ADFIMI’s most recent member with A- which means that the bank is in the category of investable and changed the position of the bank to “Stable”. Aktifbank has been the third bank which is named “investable” by JCR-Eurasia after Bank Asia and Garanti Bank in Turkey. This rating was the first rating of Aktifbank.

Halkbank provides 7.6 Million TL Loans to the Real Sector

Halkbank is continuing its programme towards developing chambers of commerce all around Turkey by signing contracts with the Chambers of Commerce of Edirne, Alanya and Diyarbakir. In the context of these contracts Halkbank transferred 1.5 million TL, 1 million TL and 4.5 million TL to Diyarbakir, Alanya and Edirne respectively. The members of chambers of commerce will be able to get credit up to 10,000 TL. (1 USD = 1.6 TL)

Halkbank has managed to grow with the right strategy despite crisis

Halkbank’s CEO, Mr. Hüseyin Aydin announced its operational results for 2008. Accordingly, Halkbank had a 27% increase in its actives, a 30.6% increase in its bank deposits and a 42.6% increase in its credit volume hence reaching targets for 2009.

Zarai Taraqiati Bank Ltd. (ZTBL) helps Agricultural Development in Pakistan

The President ZTBL Zaka Ashraf while giving the operational review of the Bank said that Bank held 45% share of total agril. financing and the bank focused on rural development and expanded outreach at competitive market rates. We aspired that technology & finance went along and on the initiative of the President of Pakistan the Bank has pushed forward its measures in technology building to generate the income of our rural poor. Special initiatives were being taken for financing the rural women, small & medium enterprises, priority areas of investment like horticulture, floriculture, Bee keeping and dairy & livestock sector.

IS Leasing Ltd. has achieved a 63% increase in its profits which reached 76,309,000 TL during 2008 when the discounted tax rates on leasing have been cancelled and the global financial crisis has started. IS Leasing was able to keep its position secure in the market and the volume of portfolio, active and own resources has been realized as 963 million TL, 1,235 million TL and 285 million TL respectively. IS Leasing Ltd. has recently signed a contract with ECO Trade and Development Bank to provide USD 15 million to the SMEs in Turkey with the maturity of 4 years.

Societé Nationale d’Investissement (SNI) of Cameroon strengthens its relation with the IDB

General Manager SNI, Mrs. Yaou Aïssatou and the Director of Real Estate Transactions, Aoudou Oumarou reaffirmed their determination to renew the SNI-IDB partnership for the purpose of financing of the cotton sub-sector. The IDB group attaches great importance to the cotton development initiatives of all member countries.

The Societé Nationale d’Investissement (SNI) participates in the 1st International Economic Forum in Africa

The National Investment Corporation participated from 8 to 11 July 2008 in the International Economic Forum on Africa organised at the Conference Centre by the Ministry of Mines, Industries and Technological Development (MINIMIDT) of Cameroon. This meeting, which was attended by nearly 400 participants from many countries, had a theme on «Investment and Industrial Partnership in Africa». The SNI, which also had a stand during the event, presented a paper on 9 July on the topic «the role of the SNI in attracting new investments to Cameroon»

SME Bank REDUCES ITS PRIME RATE

Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank) reduced its prime rate to 5.95 percent effective on 3 February 2009. The reduction was in line with the downward revision in Bank Negara’s overnight policy rate, which was announced on 21 January 2009. Prior to the reduction, the prime rate for SME Bank is 6.5 percent. According to SME Bank’s Managing Director, Datu’ Azmi Abdullah “The cut in our prime rate is part of our ongoing commitment in supporting the SME entrepreneurs to sustain their businesses during this period of economic crisis. We also hope the reduction could help to sustain the economic growth.” SME Bank is a development financial institution focusing on financial assistance and advisory services to the small and medium industries in Malaysia.

First Credit Investment Bank Limited (FCIB) Rating Upgraded

JCR-VIS Credit Rating Company Limited (JCR-VIS) has upgraded the medium to long-term entity rating of FCIB from ‘BBB+’ (Triple B Plus) to ‘A-’ (Single A Minus). Short-term rating has been maintained at ‘A-2’ (A-Two). Outlook on the medium to long term rating is ‘Stable’. It may be appreciated that in the present economic and financial scenario, when most of the financial institutions have suffered rating downgrades, FCIB has exceptionally achieved rating upgrade. By way of an initial public offering, the company achieved listing on the Karachi Stock Exchange (KSE) in August 2008. Now the major share holders include National Bank of Pakistan (NBP) and Water and Power Development Authority (WAPDA) and the other commercial banks and financial institutions.
A First from Turkey’s Environment-Friendly Bank:
The Industrial Development Bank of Turkey (TSKB) is introducing a first to Turkey with its 10% return guaranteed Type B Clean Energy Fund, which presents a new and profitable opportunity for the investors. Initial public offering of the Clean Energy Fund was made through book building method during 12-16 January 2009, benefiting both the investor and the environment. In a period when the world of investment has increased its interest in renewable energy, energy efficiency and waste management, Turkey’s first and largest private investment and development bank Türkiye Sinai Kalkınma Bankası A.Ş. (TSKB) has commenced its public offering of the 10% return guaranteed Clean Energy Fund. TSKB Assistant General Manager Şeniz Yarcan stated that with the Clean Energy Fund TSKB brought a different perspective to ‘Sustainable Banking,’ and in this scope brought to life a new corporate social responsibility project. Through this project TSKB will use a certain amount of the management fee coming from the Clean Energy Fund to offset its investors’ carbon footprints.

TSKB attended the first International Energy Efficiency Forum. At the forum TSKB set up a stand in order to inform the participants of their products and services and Refik Akın, Department Head of Economic Analysis, delivered a speech on ‘Financing of Energy Efficiency Projects.’

**TSKB’s Financial Results for 2008**
TSKB disclosed its financial statements for the end of the year. TSKB’s profit before tax reads as TRY 148 million, and its net profit as TRY 118.9 million. Except one-time income gained from the sale of fixed assets in 2007, TSKB’s net profit increased by 17% compared to the same period of last year.

TSKB’s assets surged by 27% compared to the same period of the last year, rising to TRY 6.2 billion. TSKB’s equity reached TRY 750 million. The Bank’s capital adequacy ratio stood at 21%, well above the industry average.

**Achievements by Bank Respublika of Azerbaijan**
Bank Respublika named Azerbaijan’s most active trade financing bank in 2008

The European Bank for Reconstruction and Development has named Bank Respublika the most active trade financing bank in Azerbaijan in 2008. The awarding ceremony took place as part of the international trade financing conference in London on January 29, 2009. The International Trade Facilitation Programme now has 115 client banks from 19 countries worldwide.

**Financial Results**
Bank Respublika has kept its pace of development and achieved a significant growth in all performance indicators according to the operating results from 2008. Bank Respublika’s assets increased by 53.2% in 2008 and reached AZN 387,900,000 as of the end of the year. The credit portfolio grew by 63.4% up to AZN 260,400,000. Customer deposits with Bank Respublika totaled AZN 138,800,000 as of February 1, 2009. Time deposits with Bank Respublika amount to AZN 96,700,000 forming 69.7% of the total deposit portfolio. Growth of the deposit portfolio was caused by increase in individual time deposits with Bank Respublika. Individual time deposits with Bank Respublika grew by AZN 6,000,000 (9.7%) up to AZN 67,200,000 over the past two months. (1 AZN=1.2 USD)

**The Banker Magazine chooses Unibank as The Best Bank in Azerbaijan**
"Unibank is the best bank in Azerbaijan in 2008" – this is the conclusion arrived by the experts of the influential British financial magazine, The Banker. Unibank is also the only private bank in Azerbaijan to have been given this high award. The annual prestigious award given by The Banker goes to the leading banks per region, country and categories. When candidates are selected, the experts of The Banker are guided by such criteria as financial indications, implementation and progress of contemporary technologies, modernisation and the drive to maintain on-going development. About 500 banks from 150 countries compete for this award every year. Unibank was awarded the 2005 Best Bank in Azerbaijan nomination.
16 participants from 8 different countries have attended the ADFIMI Subject Matter Seminar on “Anti-Money Laundering” which was held in the El Mouradi Gammarth Hotel between 23 and 25 February 2009 in Tunis, Tunisia.

Brother Abdul Hakim Kanani, the Group Chief Internal Auditor at Dubai Islamic Bank Group (DIB Group), Dubai, one of the top financial institutions in the UAE and the first Islamic Bank in the World, has given lectures on Money laundering which included the definition, stages and negative effects of Money Laundering. He mentioned that Money Laundering has been an important issue that affects financial intermediation and financial institutions negatively by engaging them with the illegal financial transactions and he has informed the participants about the latest trends in the field of Money Laundering.

Special programmes included a dinner in the La Goulette area; as well as to a diner at historic Darel Bel Hadj restaurant and a visit to Sidi Bou Said, Tunis city center and Medina (old city).

Financial Results of the Development Bank of Turkey (TKB)

TL profit beside the 2.2% increase in its actives. TKB has provided 124.9 million TL credits to its customers with a 24% increase and bank’s own resources also has shown an increase of 7% corresponding to 467.4 million TL.

TKB aims at increasing the volume of loans to 640 million TL and at transferring 30% of all credits to energy and environment related businesses. TKB also is planning to give credits in order to complete the projects in the regions of south east and east which will provide jobs for 6000 people and the planned credits will be around USD 100 million which will be given to 525 companies in the region.

The Turkish International Cooperation and Development Agency (TIKA) and The Development Bank of Turkey (TKB) signs a Cooperation Protocol

Musa Kulaklioglu, President of TIKA, and Abdullah Celik, Head of Management Board and General Director of TKB, have signed a cooperation protocol in Ankara. This protocol aims at increasing the coordination between two institution and bolster economic development activities by the institutions. Kulaklioglu mentioned that this cooperation should be a precedence to others.
ADFIMI-Development Bank of North Cyprus
Joint Seminar on
“Computer Spreadsheet Analysis for Banking Operations”
held in Girne
Turkish Republic of North Cyprus
30 March-01 April 2009

25 participants from 8 different countries have attended the subject matter seminar which began with the registration session at 08.30 and followed by inauguration session at 09.00. Deputy General Manager of Development Bank of TRNC, Sr. Fatma Kiniş and Secretary General of ADFIMI, Br. Nur Birtek made welcoming remarks and wished a beneficial seminar.

Brother Nazmul Haque, Director & Head, Investment, Infrastructure Development Company Limited (IDCOL), Bangladesh, has lectured on “Computer Spreadsheet Analysis for Banking Operations” and expounded on applications that related to financial modeling and also introduced MS Excel.

The participants also enjoyed the visits organized to Bella Pais Abbey, an old city, and harbour in Girne; Vaif Han and Selimiye Mosque in Lefkoşe; and spectacular St. Hiliarion Castle (Girne), St. Barnabas Church, Old City; Lala Mustafa Paşa Mosque and Castle in Gazi Magosa.
ADFIMI-IDWBE Joint Seminar on “Asset Liability Management in Banks”

held at The Safir Hotel
Cairo, Egypt
11-13 February 2009

ADFIMI Seminar “Asset Liability Management in Banks” was held at the Safir Hotel, Cairo, Egypt from 11 to 13 February 2009 and was co-sponsored by Industrial Development & Workers Bank of Egypt (IDWBE). Five local participants from ADFIMI member institutions, twenty one local non-ADFIMI member institutions and nine from overseas ADFIMI Member institutions have attended the seminar.

Brother Mohsen Mohamed Rashad, General Manager, Financial Institutions & Corresponding Banking Relations, Arab African International Bank, and Brother Mohamed El-Beik, General Manager, Treasury & Financial Institution, Egyptian Arab Land Bank have lectured on Balance Sheet Structure, Asset – Liability Management and other related subjects. Beside giving technical information on financial markets, lecturers also have made presentations on new approaches in Asset – Liability Management field such as Multiple Period Investment Decision, Spot & Forward Interest Rate, Interest Rate Futures, Interest Rate Risk and Duration, Strategic Management and the 5P Approach of Banks Valuation.

The seminar followed by visits to pyramids and shopping spots.
NIB Bank making good progress

NIB Bank has achieved outstanding growth since its creation just over 5 years ago. It started as NDLC-IFIC Bank Ltd, commencing operations in October 2003 when the assets and liabilities of the former National Development Leasing Corporation (NDLC) and Pakistan operations of IFIC were amalgamated with and into NIB, with a paid-up capital of Rs 1.2 bn. In April 2004, the Pakistan operations of Credit Agricole Indosuez were acquired and also amalgamated with NIB. The acquisition of PICIC with its subsidiaries and subsequent legal merger with PICIC & PCLL on 31st December 2007 was part of NIB’s strategy to achieve its objective and establish itself as a leading bank in Pakistan. This merger resulted in a vastly expanded network of 240 branches, with total assets of over Rs 180 bn and has significantly supplemented NIB’s considerable organic growth. It now ranks number 7 amongst commercial banks in terms of distribution network, which has increased to 244 branches, with over 50,000 clients.

Islamic Solidarity Fund for Development (ISFD) Approves US$ 19 Million for Rural Development In Sudan and Combating Malaria in Chad

The Board of Directors of ISFD which held recently its 9th meeting at the headquarters of the IDB in Jeddah approved two Projects totaling US$ 19.4 million for rural development in Sudan and combating Malaria in Chad. The US$ 12.6 million Water Harvesting Project for Agro-Pastoral Development in Al –Gadafi State in eastern Sudan, aims at securing enough water during the dry season for both agricultural and pastoral purposes.

The IDB approves US$ (348.15) million for new projects

The 257th Board of Executive Directors of the IDB approved US$ (348.15) million for new projects and technical assistance in member countries and for Muslim communities in non-member countries. The projects involve financing operations in favour of six member countries including Kazakhstan, Yemen, Sudan, Lebanon Indonesia and Egypt, in addition to four Grants from the Waqf Fund for Somalia and three Muslim communities in non member countries in Kenya, India and Tanzania.

The IDB approves US$ 83 Million for Integrated Community Project in Indonesia

The Board of Executive Directors of the IDB, approved, yesterday, about US$ 83 million in favor of the PNPM – Integrated Community Driven Project in Indonesia. The project will directly benefit about (14) million people or (3.5) million households in (4871) urban villages in (14) provinces.

Former Indonesian President Habibie Signs MoU with the IDB

A Memorandum of Understanding was signed between the IDB and the International Islamic Forum for Science & Technology and Human Resources Development (IIFTIHAM) for providing a general framework to facilitate cooperation between IDB and IIFTIHAM in promoting economic and social development through science and technology. The IDB will provide assistance to IIFTIHAM to develop commercial properties through Waqf (Islamic Endowment) concept, and prepare feasibility study of the proposed Waqf Project by extending technical assistance.

The UK and The IDB sign partnership agreement

On 26 January 2009, the UK Department for International Development (DFID) and the IDB signed a groundbreaking Memorandum of Understanding in Riyadh, Saudi Arabia. This agreement recognises DFID and the IDB’s common values and desire to work more closely together in promoting development and eliminating global poverty.

**APPOINTMENTS**

*ADFIMI CONGRATULATE*

Dr. Ahmet Tatik, former Under Secretary of State Planning Organization, Turkey, for being appointed as Vice President, Islamic Development Bank.

Ms. Pınar Cengiz, for being appointed as General Manager of Nuro Investment Bank.

Br. Agha Ahmed Shah, for becoming the Managing Director, Pak Oman Investment Company, Pakistan.

Br. Quazi Shairul Hassan, for becoming the Managing Director, Saudi-Bangladesh Industrial & Agricultural Investment Company Limited, (SABINO) Bangladesh.

Mr. Elmir Hasanov for being promoted to Membership of Executive Board of Bank Respublika Azerbaijan.

Mr. Azef Namazov for his election as a new member of Supervisory Board of Bank Respublika Azerbaijan.

Br. Md. Mizanur Rahman has been appointed as the new Managing Director of Bangladesh Shipla Rasi Sangstha Azerbaijan.