

Dear Members

We have come to close 2008 and 1429H shortly which was a year that witnessed many historic moments and we may consider ourselves very lucky to have witnessed these moments.

Devaluation of the dollar during the first three quarters has hampered our work. Thanks to financial support provided by the IDB which provided some compensation. The fourth quarter was marred by world wide financial crises whose duration and economic repercussions is anybody's guess.

In this combined issue 9 and 10 you will find reports on very lively seminars and workshops ADFIMI organised recently.

I would like to wish you all a successful new year and pray for a year with minimal collateral damage from the effects of financial crises.

Best regards,

Nuri Birtek

Secretary General

- » 47th Management Committee meets in Istanbul
- » Bank Rakyat Malaysia visits ADFIMI
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- » An Overview of Development Finance in Sub-Saharan Africa
- » Seminar on "International Financial Reporting Standards"
- » Seminar on "A Comparative Study on Microfinance Practices"
- » Activities of Islamic Development Bank
- » New Member: AKTIF BANK



Br. Mehmet Emin Özcan

ADFIMI Chairman
Member of the Executive Board
Agricultural Bank of Turkey

FINANCIAL CRISIS AND LESSONS TO BE LEARNED

Dear Members,

It is only natural that financing institutions take the toll during the financial crisis which inevitably brings the issue of financing development to the fore. Financing development for economic growth and poverty alleviation have long been studied and debated. A UN Conference on the subject held in 2002 ended in the Monterrey Consensus whose implementation was discussed recently at DOHA.

The previous global crisis in the financial markets has raised a central question of why financial markets were deeper in some countries than in others and what policies were more successful to provide deeper financial markets. This question was answered in a way that the developed countries with highly liberalized financial sectors have had more stable markets than the developing countries with a higher government ownership of the financial institutions. Also the empirical and theoretical studies on this subject have supported the idea which claims that institutional structures of the countries or the country specific characteristics such as legal origins, contracting right institutions, property right institutions and political stability affect the successes of the financial reforms. Depending upon those, the Neo-classical economic doctrine was suggesting that having a strong institutional structure and a government not intervening in the markets other than providing security of the markets was a necessary condition for a country to have a stable and deep financial market.

However, present global financial crisis has started in a country which is known to be one of the most liberalized economies and it spread to the other developed (liberal) economies very quickly. It is being estimated that the effects of the crisis will continue for a long period of time. Contrary to the preceding studies and the common belief among economists and politicians, those very liberal governments have immediately intervened in the markets by implementing policies to regulate them. They even went to the extend of mobilizing funds by the public sector to support private financial institutions. They provided insurance to bank deposits up to a certain amount. Even after providing colossal amounts of funds and guarantees, the markets remain unpredictable so are the future effects of the crisis on the world economy.

Therefore, we are living in times where it is hard to estimate whether the policies implemented or to be implemented to cure the crisis will work or not. Although we do not have much information about the future of the world economy after this crisis, the world economy will probably end up with bringing a new balance with a new regulated (with a high possibility) financial system and nowadays the countries are trying to find out their positions in this changing environment. Eventually, the countries that will be the most successful at analyzing and managing their economies during this crisis times, will be the new leaders of the world economy.

The 47th MANAGEMENT COMMITTEE MEETING held in Istanbul, Turkey 3-4 November 2008



The 47th Management Committee of ADFIMI was held under the presidency of Br. Mehmet Emin Özcan, ADFIMI Chairman. Following members were present: Br. Bahattin Sekkin, Deputy General Manager, Development Bank of Turkey; Sr. Mehrnoush Barzin Zanganeh, Manager, International Cooperation Department, Bank Keshavarzi, Iran; Br. Afgan Jalilov, Director of Development Department, AGBank OJSC, Azerbaijan and Br. Hossam Nasser, Vice Chairman, Industrial Development Bank of Egypt.



The 47th Management Committee has selected "The Effects of the International Financial Crisis on Emerging Markets: History and Future Prospects" as the theme for the 19th CEO Seminar to be held in Ashgabat in May 2009. The Management Committee has accepted Aktif Bank of Turkey as a new member of ADFIMI. The Management Committee also decided to hold a meeting during the Annual Meeting of the World Bank and the IMF to be held in Istanbul in October 2009.



BANK RAKYAT MALAYSIA VISITS ADFIMI on November 12, 2008

Some members of the Board of Directors of Bank Rakyat; Dato' Dr. Syed Hussain Syed Husman, Dato' Zainuddin Hj Abdul Rahman, Dato' Zuber Hj Shariff, Br. Ahmad Badri Mohd Zahir, Dato' Rosely Samsuri (Secretary to the Board and General Manager of Corporate Services) paid a visit to Istanbul on 12 November 2008.

A meeting was organized for the visiting team to enable them to meet representatives of the local ADFIMI members. With ADFIMI chairman Br.M.Emin Özcan presiding over the meeting, representatives of Agricultural Bank of Turkey, Halkbank, Eximbank, Development Bank of Turkey, Industrial Development Bank of Turkey, and Vakifbank took part in the meeting which took place at the Istanbul HQ, building of Ziraatbank. Representatives made brief introduction of their institution and indicated possible areas of cooperation. The meeting was followed by a lunch hosted by ADFIMI Chairman Br. M. Emin Özcan and visit to the Ziraatbank offices at the HQ.





Oman Development Bank (ODB) celebrates its 30th Anniversary

Under the auspices of HE Darwish bin Ismail Al Balushi, Secretary General, Ministry of Finance, ODB celebrated its 30th year since the inception of the bank's operations, on January 6th, 1978. The high profile event was attended by their Excellencies, board of directors, ex-board of directors, management of ODB and several ODB customers, amidst much fanfare. Sameer al Basheer, general manager, ODB, averred, "ODB has planned to reduce the non-performing loans to less than 15 per cent of gross loans portfolio by 2010. In addition, it has planned to expand and upgrade the branch network besides implementing a state-of-the-art core banking system based on international best practices."

Halkbank of Turkey Provides \$200 million to Small and Medium Sized Companies in cooperation with The World Bank



In accordance with the protocol signed with The World Bank, Halkbank has provided a new credit line, \$200 million which will be distributed as operation and investment credits for the small and medium sized companies. In investment credits the companies will pay in seven year period and the payments will start after the first two years and in operation credits four year payment period will be given to the companies with one year delay for the first payment.

"AtaBank" OJSC has expanded its branch network



"AtaBank" Azerbaijan, has opened the new "Khazar" branch in August, 2008. As well as other branches and service divisions of the bank, "Khazar" branch will offer the full spectrum of bank services both for corporate customers and individuals, including receiving of deposits, issue of credits, plastic cards, urgent money transfers, payment of municipal and settlement-cash services and other bank services.

The given branch is the twentieth service division of the bank, 9 from them are located in the large cities and regions of republic. According to the bank strategy "Khazar" branch is not the last branch, which has opened in the current year, so to the end of this year "AtaBank" plans to open some more branches.

Agrobank Introduces Wargamas Deposits



Agrobank President Sr. Martini Osman announced its newly-launched Wargamas product which is expected to grow to RM50 million by year-end. Since being introduced in April 2008, Wargamas has attracted deposits amounting to RM4.423 million. The bank expected 60 percent of the targeted contribution to come from rural depositors. In addition, Wargamas depositors will also receive, for free, an annual insurance coverage of RM10,0000. Wargamas is a conventional product that targets Malaysians aged 50 and above. Its attraction is that an initial investment starts from only RM1,000. the product also provides flexible returns as well as monthly interest.

Bank Respublika announces operating results for September 2008

Bank Respublika

Bank Respublika's (Azarbaijan) assets have increased by 60% since the beginning of the year, totaling AZN 405,100,000 as of October 1st, 2008. The Bank's credit portfolio expanded by 75,3% in January-September of the current year, reaching AZN 279,300,000. Customer deposits grew by 32.2% and now exceed AZN 147,400,000. Termed deposits with Bank Respublika increased by 33.7% during January-September 2008 and totalled AZN 70,100,000 as of October 1st. The Bank's total capital shows an increase of 484.7% during the January-September period, reaching AZN 43,700,000 and, as of October 1st, 2008. Its authorized capital totalled AZN 22,600,000. According to the operating results, in January-September 2008, Bank Respublika's income totalled AZN 43.600,000 and its expenses amounted to AZN 31,300,000. The Bank's income balance equalled AZN 12,300,000 within the period covered by the report. (1 Azeri Manat, AZN=1.25 USD)

APPOINTMENTS



Br. A.K.M. Sajedur Rahman has been appointed as the new Managing Director of Bangladesh Small Industries and Commerce Bank Limited (BASIC Bank Limited).



Br. Zaka Ashraf has been appointed as the new President of Zarai Taraqati Bank Limited, Pakistan.



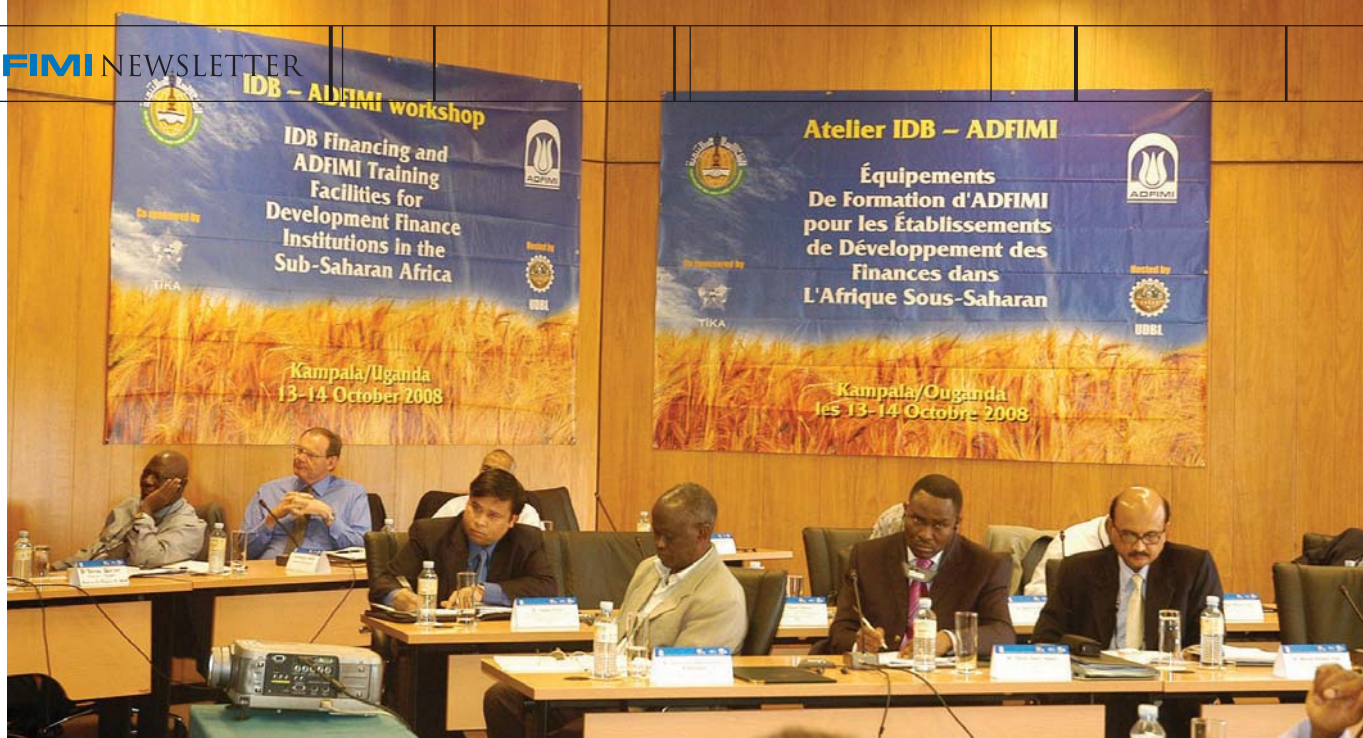
Br. Mukter Hossain has been appointed as the new Managing Director of Bangladesh Krishi Bank.

ADFIMI wishes its member institutions continued success under the new leadership.



Our member "Pakistan Industrial Credit & Investment Corporation Ltd. (PICIC)" has been successfully merged with and taken the name of "NIB Bank Limited, Pakistan".

We wish our member success under its new name and structure.



Workshop

“IDB FINANCING AND ADFIMI TRAINING FACILITIES FOR DEVELOPMENT FINANCE INSTITUTIONS (DFIs) IN THE SUB-SAHARAN AFRICA”

13-14 October 2008, Hotel Serena, Kampala, Uganda

This workshop was realized with collaboration of Islamic Development Bank (IDB), co-sponsorship of Turkish International Cooperation and Development Agency (TIKA), and hosting of Uganda Development Bank Ltd (UDBL). There were 33 participants from 16 countries.

Mr. Patrick Ocailap from Ministry of Finance of Uganda, Dr. Anthony K. Appiah, CEO of UDBL; Mr. Raja Mohammad Anayat, Country Officer, Technical Cooperation Office of IDB; Dr. Rahman Nurdun, Technical Assistance Specialist from TIKA and Secretary General of ADFIMI, Br. Nuri Birtek made remarks and welcomed the participants and wished a beneficial workshop.

Mr. Thomas G. Scott, Principal Economist, Development Bank of Southern Africa (DBSA) gave a speech named “An Overall Evaluation of Development Finance in the Sub-Saharan Africa”. His Presentation can be found on the next page. In the second part of the event the representatives from the six countries in the Sub-Saharan African region including Uganda, Tanzania, Gambia, Senegal, Nigeria, Togo have made short presentations on the issues related to their institutions as well as their training and finance needs. Following presentations were made by the representatives of IDB, TIKA and ADFIMI;

- An Overall Evaluation of Development Finance in the Sub-Saharan Africa by Mr. Thomas G. Scott, Principal Economist, DBSA,
- Islamic Financial Services Industry and Microfinance (IFSD) by Mr. Nabie Musa Turay, IDB,
- IDB’s Poverty Alleviation Program (PRSU) by Dr. Azhari Gasim Ahmed, IDB,
- Functions and Various Modes of IDB’s Technical Cooperation Facility (TCO) by Br. Raja Anayat, IDB,
- Financing SMEs by Br. Ehsan Diljore, ICD/IDB,
- International Islamic Trade Finance Corporation (ITFC) by Br. Nabie Musa Turay, IDB,
- Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) by Br. Owais Diyan, IDB,
- Investment Promotion on Technical Assistance from the IDB by Sr.Rasha El-Habashy, IDB,
- Technical assistance offered by TIKA by Dr. Rahman Nurdun, Senior Expert, TIKA
- Introduction to ADFIMI: Establishment, Objective, Activities, Members by Br. Nuri Birtek, Secretary General, ADFIMI.

Issues related to DFIs in Sub-Saharan Africa have been discussed and following representatives made presentations about their institutions and countries;

- Dr. Anthony K. Appiah, CEO, Uganda Development Bank Ltd,
- Mr. Sylvester Rweyemamu Katemana, General Manager, Kagera Farmers Cooperative Bank Ltd., Tanzania,
- Mr. Jacques Kouamé Bi, HR Specialist, HR Department, Development Bank of Africa (BOAD), Togo,
- Mr. Abdou Njie, Managing Director, Sahel Invest Management Intl, Gambia,
- Mr. Alioune Ndiaye, Secretaire General, Societe Generale de Banques au Senegal,
- Mr. Nkwor Sunday, Head, HR Department, Nigerian Export-Import Bank (NEXIM).



Patrick Ocaillap
Director, Budget Department,
Ministry of Finance, Planning and
Economic Development, Uganda



Dr. Anthony K. Appiah
CEO, Uganda
Development Bank Ltd.



Nuri Birtek
Secretary General, ADFIMI



Dr. Rahman Nurdun
Senior Expert, TIKA, Turkey



Raja M. Anayat,
Country Officer, Technical
Cooperation Office, Islamic
Development Bank, Saudi Arabia



Owais Diyan
Head, Medium Term Insurance Division,
Islamic Corp. for the Ins. of Inv. and Export
Credit (ICIEC), Islamic Development Bank,
Saudi Arabia



Nabie Mousa Turay
International Islamic Trade Finance
Corporation (ITFC),
Islamic Development Bank, Saudi
Arabia



Rasha El-Habashy
Inv. Prom. Tech. Asst. Prog. (ITAP),
Islamic Development Bank, Saudi
Arabia



Ehsan Diljore
Investment Manager
Islamic Corp. for the
Development of the Private
Sector (ICD), Islamic
Development Bank, Saudi Arabia



Jessica Kyeyune
Manager, Corporate Administration,
Uganda Development Bank Ltd.



Dr. Azhari Gasim Ahmed
IDB Poverty Alleviation Program
(PRSU), Islamic Development
Bank, Saudi Arabia



Omar Ghazal
Islamic Corp. for the Ins. of Inv.
and Export Credit (ICIEC), Islamic
Development Bank, Saudi Arabia

The workshop ended with a tour to the source of River Nile and Bujagali falls at Jinja followed by a dinner at a restaurant overlooking the River Nile.



Bakary Kolley
Islamic Corp. for the Ins.
of Inv. and Export Credit
(ICIEC), Islamic
Development Bank,
Saudi Arabia



An Overview of Development Finance in Sub-Saharan Africa; Issues, Reflections and Challenges

(A summary prepared by ADFIMI)

By Thomas Scott, Principal Economist,
Development Bank of Southern Africa (DBSA)



Mr. Thomas Scott in his address to IDB-ADFIMI joint workshop on “Development Finance in Sub-Saharan Africa; Issues, Reflection and Challenges” said that accelerating economic development dynamics of the African continent was the key to ensuring the next hundred years to become Africa’s Century. Development was as much about “process” as it was about the “quantum of resources”. The discussion of development finance would involve especially the “developmental state” concept where development finance institutions (DFIs) were embedded enabling institutions. Potential tension resources in a state were poverty, inequality, and disparities in development on national and regional levels. Interests of developmental state would be in addressing, improvement in the quality of life, elimination of poverty and reduction of inequality.

The success of a **developmental state** depended on strong institutions and utilization of resources beneficially for development and that would mean:

- 1) Strengthening the capabilities of public institutions
- 2) Facilitation of other societal role players which entails achieving focus of financial and non-financial resources for the improvement of the quality of life for Africa.

In order to be effective embedded agents of development, including DFIs, needed a broad “development process perspective.”

There were three principles that made a development facilitation work:

- 1) DFIs should be mandated to adapt to changing conditions.
- 2) DFIs should identify sub-optimal functioning of key development process and play a catalytic role in overcoming bottlenecks.
- 3) Governments should have good policy and good implementation strategy implementation plans.

In Africa with high population and rich natural resources, underdevelopment, poverty and inequality were pervasive. 83 % of the population lived in SSA of which 41 % lived on less than USD 1 per day while 44 %, corresponding to 330 million, did not have access to water supplies. Three main themes in the required investments for development could be cited:

- i) Infrastructure (power, water, environment, ICT); investment in Anchor projects (industry clusters, spatial development initiatives); Human Capital development; SME and microenterprise development.
- ii) Investment for people – Housing, healthcare, ICT, to households.
- iii) Investment for regional economic integration which include harnessing of available water and energy sources of the continent, transport and communication infrastructure challenge for DFIs waste to move their activities to another level.

In this process, DFIs were required to channel both overseas funds and technical expertise into developmentally important direction which included official development assistance, multilateral and private sector debt, participation of TNCs could be the dynamics in which DFIs could play a role.

In order to manage the development in Africa, the allocation of the resources should be realized in an efficient way and other issues related with the public, government institutions and regional development need to be overcome with respect to the goals of development.

Thomas Scott went on to say that DFIs had an important role to play in crowding-in the private sector into Development. DFIs could leverage private finance into development projects. In order to increase the quantum of private investments following were needed;

- 1) Ensuring favorable environment for business,
- 2) Finding project sponsors and equity finance,
- 3) Arranging debt finance; foreign and local,
- 4) Assisting in project initiation by providing technical expertise on pre-feasibility and feasibility.

A second way of enhancing private investment flows was alignment of private investment with broad development agenda:

- i) DFIs could play a role of coordinating private sector's role in development strategy and implementation.
- ii) DFI could have a supportive enterprise operations as well as measures for successful PPP operations.
- iii) DFIs could assist in synchronisation or complement private sector investment.

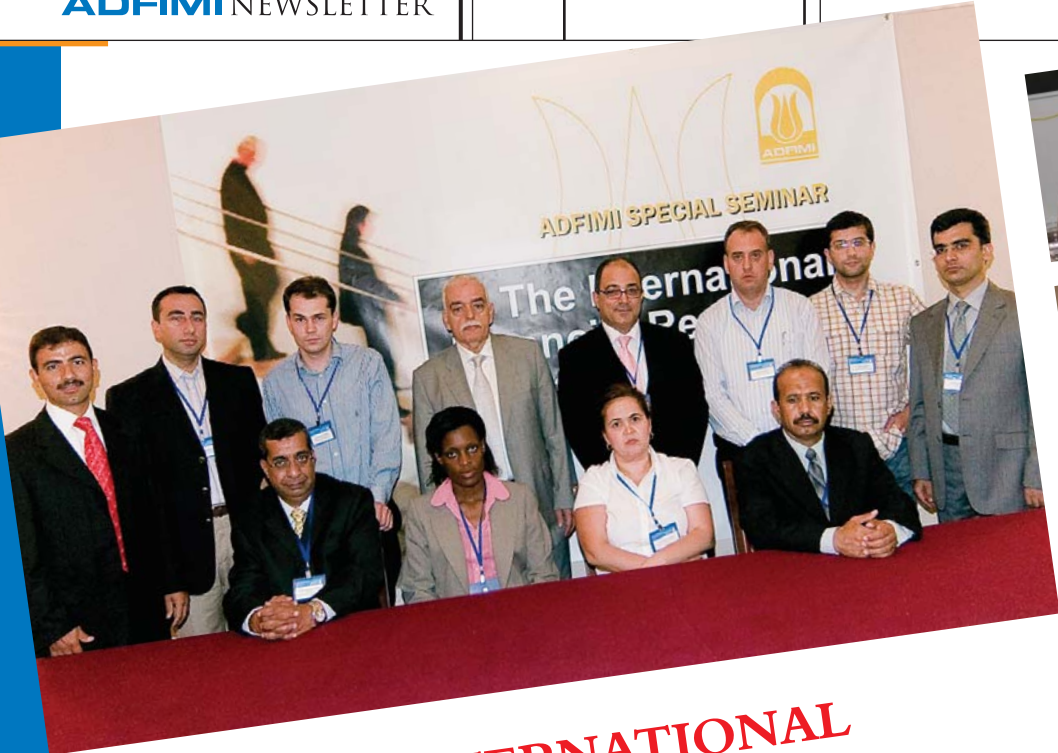
In conclusion he said that DFIs should:

- 1) Become an agent in development in addition to financial intermediation.
- 2) Design and support development initiatives crowding-in and co-ordinating multiple role players from the public and private sectors.
- 3) Support development initiatives both of transnational or national nature.
- 4) Support building human capital, institutional strength and infrastructure.

Specific activities through which DFIs could accelerate development process were:

- Long term foreign currency debt financing (including structured finance)
- Medium and long term local currency debt finance
- Promote increased depth and sophistication of local capital markets
- Finance local equity stakes and catalytic equity partnerships.





Seminar on "INTERNATIONAL FINANCIAL REPORTING STANDARDS"

Istanbul 18-20 August 2008

ADFIMI special seminar was held with 9 participants from 5 countries in Istanbul. Br. Oğuz Kemal Bulut from MGI, Independent Audit and Consultancy Co. has presented the subjects in reporting financial tables with respect to IFRS (International Financial Reporting Standards). In his seminar he lectured IFRS standards, the meaning and the importance of standardization and also introduced the financial tables and their items with some relevant applications and examples. The seminar ended with a dinner and a bosphorus tour.



Seminar on “CREDIT RISK MANAGEMENT”

4-6 August 2008,
Baku, Azerbaijan

There were 19 participants from 5 countries. This seminar was held jointly with three member banks in Azerbaijan namely Azerigazbank, Atabank and Rabitabank.

The Seminar began with the registration session and followed by inauguration session. Secretary General of ADFIMI, Br. Nuri Birtek made remarks and welcomed the participants and wished a beneficial seminar.

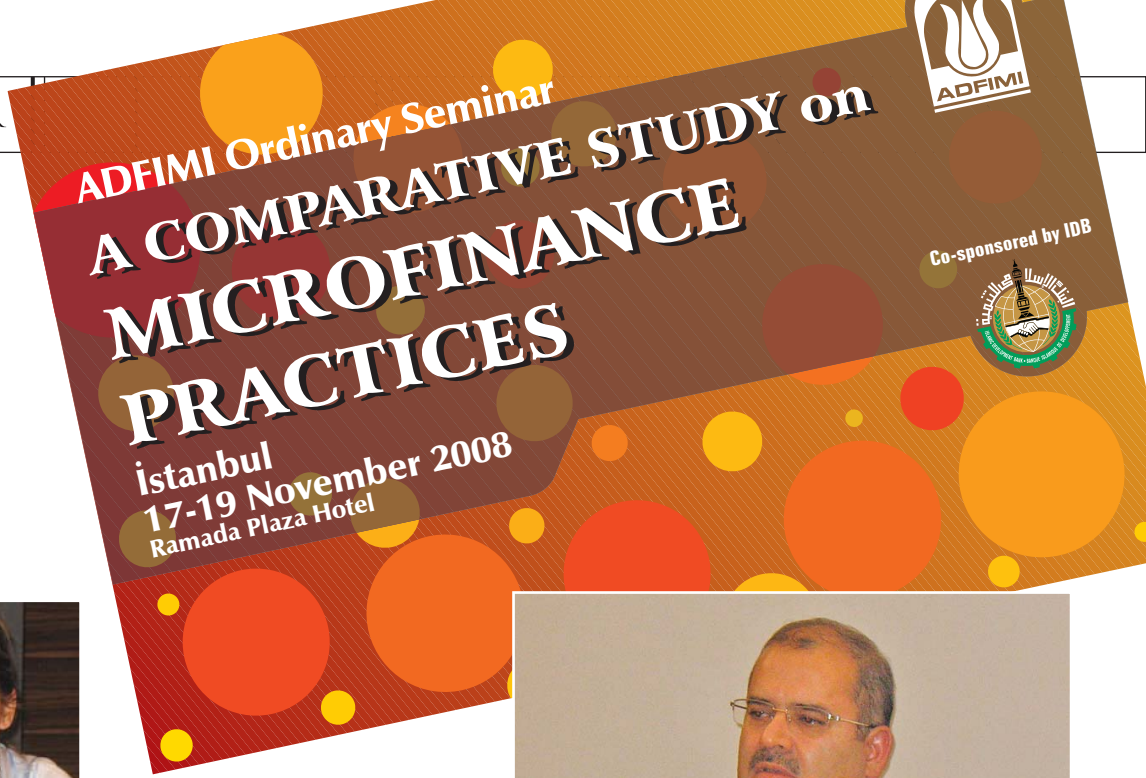
The seminar dealt with general principles, targets and policies of CRM, Copliance with Basel I and II, concept of capital adequacy, the standardised approach in the credit risk, internal ratings based approach in credit risk, securitization framework, market and



operational risks, financial control functions in CRM, possible effects of the CRM approaches on corporates, small and medium sized companies, individuals, banks and other financial institutions have been discussed.

The seminar has ended with the discussions between the participants on the CRM approaches and a social programme.





The seminar was introduced by Dr. Hatice Jenkins, Associate Prof., Department of Banking and Finance, Eastern Mediterranean University, Gazimagusa, Cyprus who said that it had always been hard for the poor to access financial services including credits, savings, insurance, and money transfers through the formal financial sector. Microfinance, as a new tool, is the provision of these services to low-income people. By creating access, the system helps them raise their income, build up assets and protect them against risks.

In microfinance, small, short-term loans are given on the basis of character-based lending. Frequent business visits, weekly repayment schedules, rapid loan approvals are the main features. The interest rates are relatively high to cover the operating costs. There is a group guarantee in which the other group members are unable to access a loan if all members are not current in their payments. There is a risk of public embarrassment in case of default. The repayment rates are above 95 percent.

Microfinance services are provided by a range of institutions in different countries. Below are some of the successful experiences of microfinance:

The Grameen Bank (Bangladesh) makes small loans to the impoverished without requiring collateral. The Bank's founder Muhammad Yunus and the organization were awarded the Nobel Peace Prize in 2006. The Bank is allowed to take deposits. Loans are disbursed to borrowers in a five-member-group without a form of joint liability. The group doesn't give any guarantee to its member, repayment responsibility rests on the individual borrower. It is overseen that everyone behaves in a responsible way. The peer pressure with strict discipline is basic guarantee. There is also no legal instrument between Bank and its borrowers, the system works based on trust. To supplement the lending, the borrowers must save very small amounts. These savings help serve as an insurance against contingencies.



ADFIMI Chairman, M. Emin Özcan addressing the meeting.



Hatice Jenkins, Assistant Prof., Department of Banking and Finance, Eastern Mediterranean University, Gazimagusa, Northern Cyprus



Nuri Birtek, ADFIMI Secretary General

Alexandria Business Association

(Egypt) has been conducting provision of micro/small credits, business support and consultancy services to SMEs in the 6 Governorates of Egypt since 1988. It is not allowed to take deposits. Its main donor is USAID Egypt. It focuses on client morality, group solidarity and the existence of clients businesses. There are some eligibility requirements that is taken according to the loan size, like personal ID card, a fixed business address, ability to read & write, tax card, social security certificate bank, checking account, financial statement for the business and tax statement. There is a risk of legal action in case of default.



Robin Ratcliffe, Special Assistant of the President, ACCION International Director Industry Initiatives, Center for Financial Inclusion, USA



Ishraq Hussein Dirar, Director, Microfinance Unit, Central Bank of Sudan, Sudan



Ahmed Mokhtar, Deputy Executive Director, Alexandria Businessmen Association (ABA), Egypt



Md. Aktar Hossain, Deputy General Manager, Grameen Bank, Bangladesh



Eng. Abdelaziz Sleoui Andalousi, Projects Officer/Microfinance Specialist, Country Operations Department-3 (MENA), Islamic Development Bank, Saudi Arabia



Voliatiana Zoely Rabarisoa Ramangalahy, Technical Advisor, Microfinance Commission of Supervisory Banking, Madagascar. Giving a wote of thanks.

In Sudan, there is a credit policy that directs commercial banks to allocate a certain proportion (12%) of their total lending portfolios to Microfinance. The emphasis is given to disadvantaged groups (women), small farmers, rural artisans, and agricultural laborers.



ACCION International is a U.S. -based private, nonprofit organization by providing microloans, other financial services and business training. ACCION partners with 35 microfinance organizations throughout Latin America, the Caribbean, Asia and Africa, as well as serving in U.S.A. BancoSol (Bolivia), Compartamos (Mexico), Banco Azteca (Mexico), Banco Bradesco (Brazil), Banco Pichincha (Ecuador), Equity Bank (Kenya) are the success stories of partnership.

The Islamic Development Bank aims to foster socio-economic development in 56 member countries and muslim communities in non-member countries in accordance with the Islamic Shariah principles. The principles of Shariah are the prohibition of interest in all financial transactions and participation in profit and loss sharing. There is a partnership and solidarity relationship between the institution and the beneficiaries. The compatible solutions in Sharia are Solidarity funds; Waqf Funds to cover needs for training, capacity building of the active poor; Takaful funds to cover future risks of projects failure because of health problems; group guaranties, saving schemes for beneficiaries voluntary failure to their commitments.





ISLAMIC DEVELOPMENT BANK ACTIVITIES

◆ The Islamic Development Bank Group (IsDB) has signed a \$196 million agreement with the Tunisian Company of Electricity and Gas at November 14, 2008. This project is the largest sized contribution to the Tunisian Economy and also it has an importance of exhibiting that IsDB Group remains unaffected by the global crisis and financially strong.

◆ IsDB and Republic of Yemen has signed an agreement to complete two important projects of water and roads. IsDB will provide US\$ 21,2 million which corresponds to 80% of both projects.

◆ IsDB has formed a work team consisting of experts and practitioners to study the effects of the International Financial Crisis on the Islamic Financial Industry and the economies of Member Countries and prepare some papers and reports to inform the members, beginning at October 28, 2008, and approved US\$ 44.67 for new development projects.

◆ An emergent meeting has been held at October 25, 2008 on the financial crisis in Jeddah and Dr. Ahmad Mohamed Ali, president of IsDB said that "It is a must for Islamic finance to seize the opportunity that came with this global financial crisis" and also mentioned that global investment banks should be set up that realise the Islamic economy and offer the world a new vision and different way to manage assets, invest wealth and create products."

◆ The 24th session of the Standing Committee for Economic and Commercial Cooperation (COMCEC) has been held on October 23, 2008 in Istanbul, Turkey under the chairmanship of H.E. Abdullah GÜL, President of the Republic of Turkey and Chairman of the COMCEC. The issues on the economic impact of raising the price of goods in member countries, the global food crisis and ways to tackle the crisis, the improvement of food safety, alleviation of poverty, and ways to support the economic development and technical assistance to the member countries are discussed.

◆ A Memorandum of Understanding (MoU) has been signed between the Turkish International Cooperation and Development Agency (TIKA) and the Islamic Development Bank Group formulating a comprehensive agreement of cooperation between the partners in promoting economic and social development of their common countries at September 14, 2008. TIKA, acting on behalf of the government of the Republic of Turkey, is dedicated to contributing towards sustainable social and economic development in partner countries through technical cooperation activities and development projects.

◆ The Asian Development Bank (ADB) and the Islamic Development Bank (IsDB) signed a landmark co-financing agreement at September 16, 2008, which will allow them to work together on projects in common member countries (Afghanistan, Azerbaijan, Bangladesh, Indonesia, Kazakhstan,

Kyrgyz Republic, Maldives, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan) and also this calls on both institutions to provide up to \$2 billion equivalent each over the next three years to finance projects.

◆ Islamic Development Bank and Cameroon Discuss Improving Health Sector. Minister of Basic Education of Cameroon Haman Adama met with Islamic Development Bank Group President Dr. Ahmad Mohamed Ali to explore IDB Group's involvement in the aid of Cameroon's health care. In the meeting held at IDB Group headquarters in Jeddah on 24 September 2008, Ms. Adama presented two projects that need financial attention in order to improve the overall public health system. In Cameroon, IDB Group will seek to aid the projects introduced – "Synergies Africaines" and "Foundation Chantal Biya". The projects, sponsored by the First Lady of Cameroon Chantal Biya, aim to tackle the lack of proper health supplies, equipment, and medicine required for HIV/AIDS and other fatal illnesses in the region.

◆ Fitch Ratings has affirmed the Islamic Development Bank's (IDB) ratings at Long-term Issuer Default (IDR) 'AAA' with Stable Outlook and Short-term IDR 'F1+'. The ratings are based on the strong support the bank derives from its shareholders, its very limited recourse to leverage and its established track record in terms of asset quality.

IsDB benefits from the strong support of its 56 member countries. Support takes the form of uncalled subscribed capital -or "callable capital"- that the bank would be authorised to call in case of need. Shareholders' ongoing subscription to the capital increase initiated in May 2006 also clearly illustrates their adherence to the bank's mandate. To date, the IsDB has received acceptance from shareholders accounting for 84% of its capital and once completed the capital increase will translate into an approximate 50% rise in paid-in capital. Support also benefits from the much improved credit quality of some large shareholders.

◆ Islamic Development Bank Group and South Asian Association discuss cooperation. The first stages of cooperative partnership between South Asian Association for Regional Cooperation (SAARC) and the Islamic Development Bank Group were discussed between Sri Lankan Consul General Abdul Lateef Mohamed Lafeer, representing the chairmanship of the Association, and Islamic Development Bank Group President Dr. Ahmad Mohamed Ali who stated that IsDB would be "interested in having a relationship with the organization.". The delegation touched on the vision and projects of SAARC during the meeting which took place at IsDB Group headquarters in Jeddah, explaining the bilateral relationship that can develop between the organizations.

◆ The sixth meeting of the Islamic Development Bank Advisory Panel on Science and Technology has engaged in a two-day discussion held at IsDB Group headquarters in Jeddah on 20-21 October 2008, to focus on strategies and policies related to science and technology for further development of member countries. The panel of prominent scientists has discussed the ways in which science and technology could be utilized to aid in addressing the development in member countries.

ADFIMI WELCOMES A NEW MEMBER:



Aktif Bank, a subsidiary of Çalık Holding and rated A- by Japanese Credit Rating Agency, was established in 1999 as a private investment bank. The Bank is active in corporate banking offering boutique services to its clients with a focus on foreign trade. Aktif Bank has a strong foot hold in project finance, offering re-structuring and M&A advisory services to corporates. Aktif Bank currently has two branches in Istanbul. Three new branches will be opened this year in Bursa, Kayseri and Gaziantep to service corporate clients. With this network, Aktif Bank will cover a region which makes up 50% of Turkey's GDP.

On the retail banking side, Aktif Bank is building the first direct banking model with the widest alternative distribution channel network in Turkey. The Bank is also introducing the city banking concept to support its retail banking activities through local operations in selected cities.

In line with Aktif Bank's vision of "Local, Global", the Bank acquired Banka Kombetare Tregtare (BKT) in 2006. BKT is the third largest bank in Albania with over USD 1.3 billion of assets as of Q3 2008 and it has more than 52 branches in Albania and 10 branches in Kosovo. To complement this vision, Aktif Bank is seeking further expansion opportunities in the neighbouring countries. Aktif Bank is currently offering specialized trade finance products facilitating trade between Turkey, Albania and Kosovo.

Aktif Bank grew its assets by more than hundred percent in 2007. Similarly, the Bank has achieved triple digit growth in 2008 reaching an asset size of USD 165 million with an equity base of USD 105 million.

Aktif Yatırım Bankası A.Ş.
Büyükdere Cad. No: 163
Zincirlikuyu, Şişli, 34394, Istanbul, Turkey
Phone: +90 212 340 80 00
www.aktifbank.com.tr

Upcoming Events

- ADFIMI-IDBE Joint Seminar on "Asset Liability Management in Banks", Safir Hotel, Cairo, Egypt, 11-13 February 2009,
- ADFIMI Seminar on "Anti-Money Laundering", El Mouradi Gammarrh Hotel, Tunis, Tunisia, 23-25 February 2009,
- ADFIMI-KKTCKB Joint Seminar on "Computer Spreadsheet Analysis for Banking Operation", Acapulco Hotel, Girne, TR Northern Cyprus, 30 March-01 April 2009,
- ADFIMI Workshop on 5th Three Year Training Programmes, Turkey, 21-23 April 2009,
- ADFIMI Seminar on "Financial Analysis for Corporate Finance", Sarajevo, Bosnia and Herzegovina, 4-6 May 2009,
- ADFIMI's 48th Management Committee Meeting, Ashgabat, Turkmenistan, 29 May 2009,
- ADFIMI's 25th General Assembly, Ashgabat, Turkmenistan, 30 May 2009,
- ADFIMI's 19th CEO Seminar, Ashgabat, Turkmenistan, 30 May 2009,
- ADFIMI CEO Seminar to be held concurrently with the World Bank-IMF Annual Meeting, Istanbul-Turkey, October 2009.

Obituary

ADFIMI mourns the sudden death of Chairman of Agricultural Bank of Turkey, Prof.Dr. İlhan Uludağ on 14 November 2008. Born in 1948 and an economist by profession, she had 14 books to her credit on various economic subjects. Banking and Insurance was one of her specializations. She chaired the board of Directors of Agricultural Bank of Turkey since 2005.