

**Dear Members,**

Assalam-o-Alaikum Warahmatullah Wabarakatuh,

In this issue we report on the 48<sup>th</sup> Management Committee (MC) and 25<sup>th</sup> General Assembly (GA) both held in Ashgabat at the end of May 2009. We also report on the well attended joint seminar with IDB in Ashgabat concurrently with the 34<sup>th</sup> Annual Meeting of IDB Group. You will also find other notes from 34<sup>th</sup> Annual Meeting of IDB Group.

ADFIMI organized a seminar in Kosovo, one of the newest states in the world, for the first time. We shall report on the proceedings in our next issue. We also report on the Workshop on "The Fifth 3-Year Training Programmes" held in Antalya, Turkey. The outcome was finally approved by the 25<sup>th</sup> GA identifying the stock of potential training programmes for 2010-2012. These programmes were also overviewed by the 2<sup>nd</sup> AAC meeting held in Istanbul.

Best regards,

**Nuri Birtek**  
Secretary General



- » News from Members
- » The 34<sup>th</sup> Annual Meeting of IDB Group, Ashgabat, Turkmenistan
- » The 48<sup>th</sup> MCM and the 25<sup>th</sup> GA Meetings
- » The IDB-ADFIMI Joint Seminar on "The Global Financial Crisis and Economic Cooperation with the CIS"
- » The Workshop on "Fifth 3-Year Training Programmes" in Antalya, Turkey
- » The Second ADFIMI Advisory Council Meeting, Istanbul





**Br. Mehmet Emin Özcan**

ADFIMI Chairman  
Member of the Executive Board  
Agricultural Bank of Turkey

## Signs of a Turnaround in the Global Financial Crisis

The global financial crisis started to show its effects in the middle of 2007 and into 2008. A collapse of the US sub-prime mortgage market and the reversal of the housing boom in other industrialized economies have had a ripple effect around the world. Furthermore, other weaknesses in the global financial system have surfaced. Some financial products and

instruments have become complex and twisted, that as things start to unravel, trust in the whole system started to fail.

Around the world stock markets have fallen, large financial institutions have collapsed or been bought out, and governments in even the wealthiest nations have had to come up with rescue packages to bail out their financial systems.

The total amounts that governments have spent on bailouts have skyrocketed. From a world credit loss of \$2.8 trillion in October 2009, US taxpayers alone will spend some \$9.7 trillion in bailout packages and plans, according to Bloomberg. \$14.5 trillion, or 33%, of the value of the world's companies has been wiped out by this crisis. The UK and other European countries have also spent some \$2 trillion on rescues and bailout packages. More is expected<sup>1</sup>.

A huge discussion is still continuing on whether recovery packages has started a positive impact on the world economy and the downturn is de-accelerating or the global crisis is still continuing and getting more severe. John Lipsky, First Deputy Managing Director of International Monetary Fund (IMF), is one of the people who is supporting the first view. Even though Lipsky is cautious to say that green shoots of

recovery is visible at the current time, however, he has reasons to be optimistic<sup>2</sup>. Developed economies are expected to recover and have positive growth rates for the first time after the crisis started (even an acceleration in the growth rates is expected in the second term of the year) after regulating the financial markets and stimulus packages. On the other side, Islamic Development Bank (IDB) is for the second view, even though they try to be optimistic, the decrease in the growth rates of IDB Member Countries causes pessimism<sup>3</sup>.

Besides the efforts of the countries separately, IMF and other Major Development Banks (MDB) also has been contributing the efforts of recovery by expanding their financial services to the countries in need of liquidity. Especially developing and less-developed countries have been hit very severely due to the halt in capital flows and although they take the necessary actions against the crisis, inadequacy of funds and other undesirable international effects of the crisis might cause large losses in these economies; and any financial help from the MDBs would help them get rid of negative effects of the crisis.

On the other hand crisis causes a reduction in tax revenues and an increase in public expenditures, which result in the rise of public debt. IMF predicts that the public debt of the ten leading rich countries will rise from 78% of GDP in 2007 to 114% by 2014. Fiscal Implications of the Global Financial and Economic Crisis, IMF Staff Position Note, 2009, , 15.07.2009. Therefore signs a slight recovery in the global economy may be misleading and the sustainability of the policies implemented by local governments remain dubious. A better cooperation among governments and international financial institutions is still a strong requirement for a sustainable recovery policy.

1- Anup Shah, Global Financial Crisis, <http://www.globalissues.org/article/768/global-financial-crisis>, 17.06.2009.

2- John Lipsky, IMF Survey Magazine, <http://www.imf.org/external/pubs/ft/survey/so/2009/int060409a.htm>, 17.06.2009.

3- IDB, News, [http://www.isdb.org/irj/portal/anonymous/idb\\_news\\_en](http://www.isdb.org/irj/portal/anonymous/idb_news_en), 17.06.2009.

## Rabitabank

### Rabitabank signs USD 5 million 10-year credit agreement with U.S.-based finance company

Rabitabank OJSC and U.S.-based finance company World Business Capital (WBC) signed a USD 5 million 10-year credit agreement in support of Rabitabank's loans to SMEs in Azerbaijan. The loan from WBC is supported by the Overseas Private Investment Corporation (OPIC), an agency of the U.S. government. Rabitabank has significant experience in the area of SME financing. Currently, 40% of its credit portfolio is dedicated to SMEs. Rabitabank has a successful history of attracting funding from international financial institutions including International Finance Corporation (IFC), European Bank for Reconstruction and Development (EBRD) and Islamic Corporation for Development (ICD) to finance SME projects.

## Bank Respublika

size faydali

### Customer deposits with Bank Respublika exceed AZN 138,800,000

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%) to AZN 67,200,000 over the past two months.



### Development Bank of Turkey (TKB) and Islamic Development Bank (IDB) Sign a Cooperation Contract

TKB and IDB signed a USD 40 Million credit agreement to be used to finance the SMEs in Turkey. Abdullah Çelik, CEO of TKB said that less costly credits will attract the SMEs in Turkey and this credit line will help the SMEs suffering from the global financial crisis.

TKB also has received USD 180 Million from the World Bank, which will be used in promoting the projects of sustainable energy and increasing productivity in energy use and Euro 100 Million credits from the European Development Bank in the framework of supporting SMEs.



### TSKB secures 165 million EUR 'SME Loan' from European Investment Bank

TSKB, Turkey's first private equity investment and development bank, signed a 165 million EUR loan agreement with the European Investment Bank, under the guarantee of the Turkish Undersecretariat of Treasury on June 8th 2009. TSKB plans to use the 165 million EUR loan from the European Investment Bank to finance fixed capital investments and working capital needs of SMEs in Turkey. The "SME Development Loan" agreement for the loan of 400 million EUR received by TSKB along with other intermediary banks under the guarantee of the Turkish Undersecretariat of Treasury from the European Investment Bank was signed in Istanbul on June 8th 2009.

### TSKB Secures USD 420 Million Loan from the World Bank

In order to finance investments to produce renewable energy and increase energy efficiency TSKB, Turkey's first private equity investment and development bank, has secured a 420 million dollar loan from the World Bank. The Renewable Energy and Energy Efficiency Loan agreement between the Turkish Industrial Development Bank (TSKB) and the World Bank was signed on the 9th of June 2009 in Ankara. The 420 million dollar loan secured under the guarantee of the Turkish Undersecretariat of Treasury will be used in the financing of investments made by companies in the private sector to produce and efficiently use renewable energy sources.



### BANK Muamalat Malaysia Bhd (BMMB) and SME Bank signs an agreement

BMMB and SME Bank recently signed an agreement to launch the Kafalah scheme which will provide SME customers the chance to get shariah-based financing. "The Kafalah scheme will give opportunities to customers especially those in the small and medium category in the field of manufacturing and services besides encouraging entrepreneurs to get financing from Bank Muamalat," CEO of BMMB, Datuk Mohd Redza Shah Abdul Wahid. Datuk Azmi Abdullah, SME Bank managing director, said among the advantages of Kafalah system is that the SME customers will be able to enjoy facilities offered by commercial banks at a reasonable cost. The scheme is also expected to raise the profile of Islamic financial services in the country.

### SME Bank channels RM38 million in loans to film-makers

SME Bank has channelled loans over RM38 million through its fiction film-financing scheme to the local film and video industry. So far, 36 companies have received the loans which came from the RM50 million fund allocated to SME Bank by the Finance Ministry. About RM15 million are for the scheme, those interested have to go through an evaluation process undertaken by the bank and National Film Development Corporation of Malaysia (Finas) before getting the loans, which do not require any collateral.



### İş Leasing, releases First Quarter results

Consolidated net profit of İş Leasing for the First Quarter is 12.817k TL. Total asset size reached 1.323.983k TL which grew by %20 and %7 respectively compared to First Quarter and year end of 2008. Total Shareholder's Equity increased by %5 compared to 2008 year end reaching to 298.916k TL.



### Bank Rakyat set to meet RM1.3b profit target

BANK Kerjasama Rakyat Malaysia Bhd (Bank Rakyat) is on track to meeting its full-year pre-tax profit target of RM1.3 billion, driven by strong consumer loan demand. This would be a 5.7 per cent gain on the RM1.23 billion profit before tax and zakat it recorded last year.





## ADFIMI'S 25<sup>TH</sup> GENERAL ASSEMBLY

THE PRESIDENT HOTEL, ASHGABAT  
30 MAY 2009

25th ADFIMI GA convened under the able chairmanship of Br. Mehmet Emin Özcan and 26 members out of 49 ordinary members were represented at the meeting.

The following decisions were taken:

- Membership of Aktif Investment Bank of Turkey and Pak Oman Investment Company Ltd., Pakistan were confirmed.
- ADFIMI MC membership of First Credit and Investment Bank Ltd., Pakistan as well as continuation of memberships of Agricultural Bank of Sudan and Phoenix Finance and Investment Ltd. (PHIL) of Bangladesh for a second term was approved.
- ADFIMI Audit Report for 2008 was approved and auditor for 2009 was selected.
- Financial tables including 2008 accounts, 2009 First Quarter Results and Budget for 2010 were approved.
- Appointment of Br. Nuri Birtek as the Secretary General for a 3-year term was unanimously approved.

In addition, Honorary Membership Certificate was presented to Br. Dr. Selim Cafer Karataş, Executive Director by the Chairman.



## THE JOINT IDB-ADFIMI-NDFI CEO SEMINAR

THE PRESIDENT HOTEL  
ASHGABAT  
31 MAY 2009

Traditionally ADFIMI holds its annual CEO seminar during IDB Annual Group Meetings. This year it was held jointly with the IDB on 31 May 2009 and was merged with IDB's Annual Meeting with NDFIs.

There were 64 participants of the seminar.

Seven speakers made presentations in the two sessions as follows:

### Session I; Global Financial Crisis

1. Global Financial Crisis and Remedies for IDB Member Countries, by Dr. Ferhan Benli, CFO, Kiler Group of Companies, Turkey
2. Managing In Times of Crisis – The Case of Malaysian Banking System, by Br. Wan Suhaimie Wan Mohd Saidie, Economist, Kenanga Research, Malaysia
3. Asset Liability Management During Financial Crisis, by Sr. Sanela Pasic, Director of Finance, Raiffeisen Bank dd BiH, Bosnia and Herzegovina

### Session II; Developing Economic Cooperation between CIS and IDB Member States

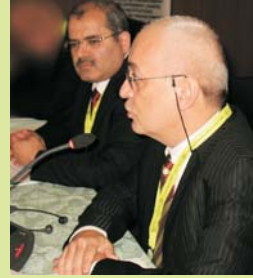
1. Economic Profile and Economic Cooperation Potential of CIS Countries, by Br. Togrul Kocharli, Executive Director, Caspian International Investment Company (CIIC), Azerbaijan
2. Experience of Private Investors in CIS Countries, by Sefa Gomdeniz, Chairman of Turkish Turkmen Business Council, President of Burc Group, Turkey.
3. An Alternative Tool for Economic Cooperation with the CIS Countries, by Br. Murat Soyçengiz, International Economist-Strategist, Ekopolitik Research Centre, Turkey
4. Economic Conditions of Kazakhstan, by Sr. Shakhbaranu Zhakupova, Vice President, JSC "Economic Research Institute", Kazakhstan

In the afternoon, Aktif Bank, a member institution of ADFIMI, organized a tour to Kıpçak Mosque, and Türkmenbaşı Textile Complex followed by a dinner at the premises of Türkmenbaşı Textile Complex for the participants.



Turmenbasi Textile Complex.





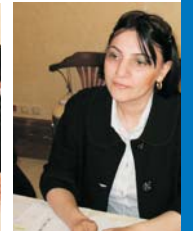
## THE 48<sup>TH</sup> MANAGEMENT COMMITTEE MEETS AT THE PRESIDENT HOTEL ASHGABAT 29 MAY 2009.

48th ADFIMI MC convened under the competent chairmanship of Br. Mehmet Emin Özcan. Seven of the nine members were represented at the meeting.

The 48th MCM decided to cancel the symbolic fee USD 200 for ordinary members (USD 300 for associate members) and not to meet the accommodation costs of the participants from the member institutions in the training programmes.

MC recommended the General Assembly to:

- accept First Credit and Investment Bank Ltd. as a member of MC;
- accept Pak Oman Investment Company Ltd. of Pakistan as an ordinary member ;
- approve of the selection of Kadioğlu Yeminli Müşavirlik, Turkey to audit ADFIMI accounts for 2009,
- accept the financial tables inclusive of Budgets from 2008 to 2010,
- appoint Br. Nuri Birtek as the Secretary General of ADFIMI for a second 3 - year term.





## ADFIMI Advisory Council Meeting (AAC) held at Titanic Hotel Istanbul, 8-9 May 2009



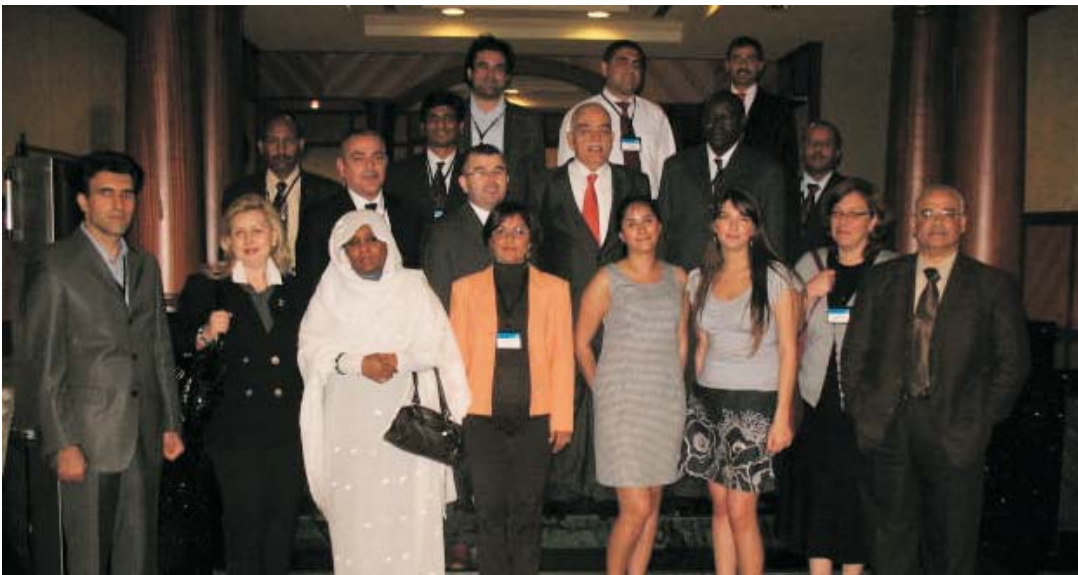
The meeting was held under the chairmanship of Br. Tan Sri Dato' Seri Dr. Hj. Zainul Ariff Hj. Hussain, Chairman Board of Directors, Universiti Malaysia Perlis, Assoc. Prof. Dr. Murat Yülek (AAC Vice Chairman), General Manager, PGlobal Limited, Turkey, Dr. Ghiath Shabsigh, Chief, Middle East and Central Asia Division, Monetary&Capital Markets Department, IMF, and Dr. Ahmad Abisourour, Director, Board of Commissioners, Bank Muamalat, Indonesia have attended the meeting. The Council has evaluated the list of training and research programmes identified by the workshop "The Fifth 3-Year Training Programmes" held in Antalya."

## ADFIMI Workshop on "The Fifth 3-Year Training Programmes" held at Porto Bello Hotel Antalya, Turkey, 21-23 April 2009

15 participants from 9 different countries have attended the ADFIMI Workshop.

During the workshop, which was led by Brother Nuri Birtek, Secretary General of ADFIMI, participants have made discussions on the 3-Year training programmes which might be implemented by ADFIMI in the period 2010 - 2012. Beside training programmes, the research subjects and some other issues relating to the seminar implementation were also discussed and finally a list of training programmes and a list of research programmes have been identified.

During the workshop participants enjoyed the tours to the city center and the Mediterranean.







## 34<sup>th</sup> Annual Meeting of IDB Group

The Annual Meeting of the IDB Group was held in Ashgabat, Turkmenistan, 30 May – 03 June 2009. The President of Turkmenistan was the Chief Patron of the Annual Meeting of the Islamic Development Bank Group in Ashgabat. About 600 participants representing governments, regional and international financial institutions, Islamic banks, national development finance institutions and unions of contractors and consultants from OIC member countries gathered for the meeting. The following meetings took place:

- **16th Annual Meeting of the Islamic Cooperation for the Insurance of Investment and Export Credit (ICIEC)**

During the meeting, the Republic of Albania and the Sultanate of Oman have been accepted as the new members of the ICIEC.

- **9th General Assembly of the Islamic corporation for the Development of the Private Sector (ICD)**

ICD decided to increase its capital from USD 1 Billion to USD 2 Billion.

Br. Abdul Rashid Hussain, Br. Moeen Qureshi, Br. Eng. Mohammed Abdul Latif Jameel, Br. Asaad J. Jabre and Br. Dr. Bamanga Tukur have been appointed to serve for the Advisory Board of ICD.

The representatives of the Republic of Azerbaijan and Gabon have been elected as the chairman and the vice chairman of ICD respectively and The Republic of Cote D'Ivoire has been accepted as the new member.

- **4th General Assembly of the International Islamic Trade Finance Corporation (ITFC)**

ITFC has elected the representative of the Republic of Uganda as the vice chairman of ITFC.

- **2nd Annual Meeting of the Board Governors of the Islamic Solidarity Fund for Development (ISFD)**

- **34th Annual Meeting of the Board Governors of the Islamic Development Bank**

At the end of the meeting the Board issued the following Communique in the context of mitigating the impact of the Global Financial Crisis on IDB Member Countries:

*“The current global financial crisis has a negative affect on the economic and social structures of IDB Member countries. The major risks in these countries still persist with the growth rate gone down from 6% to 1.3%.*

*IDB welcomes the commitment of G20 countries for augmenting the resources to stimulate the global economy and offers a cooperation among the MDBs and governments. IDB also appreciates the efforts of the prime ministers of Turkey, Saudi Arabia and Indonesia in setting out a reform agenda for the global financial system ....continued»»*







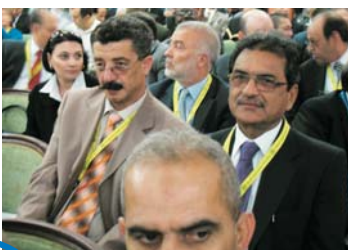
IDB started an internal reform for a better understanding of the needs of the members so that IDB can help them against financial and food crisis and IDB aims at improving the Islamic Financing Methods and Tools for economic stability.

IDB has an important role to support economic recovery and poverty reduction with the contributions from the Islamic Solidarity Fund for Development and the other IDB Group Entities.”

Islamic Development Bank (IDB) doubled its Annual financing rate to 30% annually over the coming 3 years from last year’s rate of 15%. This would provide additional financing of USD1.5 billion over the next 3 years, including 2009.

IDB Board of Executive Directors Approved USD 575 Million in Financing for New Developmental Projects. The new finances cover the projects in Turkmenistan, Iran, Pakistan, Bangladesh, Turkey, Lebanon and Suriname. IDB also approved grants from the Waqf Fund for Muslim communities in Bosnia-Herzegovina, Burundi, Thailand, Tanzania and grants to build 8 schools in southern Somalia; in addition to the adoption of a ten-year program in favor of the Muslim community in Ethiopia.

● **20th Annual Symposium on “Shaping the Post-Crisis World: Implications and Coordinated Responses by Member Countries”, Banquet Hall, President Hotel, Ashgabat**



## APPOINTMENTS



ADFIMI congratulates Br. Ahmad Bin Said on his appointment as the Acting Managing Director of Agrobank, Malaysia.

### Upcoming Events

- Seminar on “Principles of Islamic Finance”, Albania/Kosovo, September 2009
- 49th Management Committee Meeting, Istanbul, 4 October 2009-07-22
- IRTI - ADFIMI BIM Joint Seminar on "SME Finance During Financial Crisis" Tehran, Iran, October 2009
- WFDI-ADFIMI Forum, İstanbul, 5 October 2009
- Joint Seminar with Agrobank on “Training of Trainers”, Kuala Lumpur, November 2009
- Joint Seminar with Agrobank on High Impact Leadership, Kuala Lumpur, 7-9 December 2009, Kuala Lumpur, Malaysia
- ADFIMI Special Seminar: on Financial Evaluation of a Company, 10-11 December 2009, Kuala Lumpur, Malaysia

## IDB AWARDS

IDB has continued its tradition of distribution of various prizes to Muslim scholar/activists:

Professor Zubair Hassan, lecturer at the International Islamic University in Malaysia, was awarded the IDB prize for 1430H (2009) in Islamic economics in recognition of his great contribution.

The winners of IDB Prizes for Science & Technology for the year 1430 H (2009) were:

Universiti Putra Malaysia for most outstanding contribution to social and economic development;

Department of Physics, Middle East Technical University, Turkey, for most outstanding contribution to a given scientific field; and

International Center for Diarrheal Disease Research, Bangladesh, for being a successful scientific institution from a least developed member country.

Winner of the IDB Prize for Women’s Contribution in Development 1429H – 1430H was given to Mrs. Nadia Ahmed Abu Al Futouh, chairperson of Women and Development Society in Damietta City, Egypt for the distinct activities of her Society including treating blindness among poor girls in and around Damietta.

ADFIMI congratulates winners for their exceptional efforts and the IDB for its encouraging role.