



ADFIMI newsLetter

ASSOCIATION OF NATIONAL DEVELOPMENT FINANCE INSTITUTIONS IN MEMBER COUNTRIES OF THE ISLAMIC DEVELOPMENT BANK

May 2013 / October 2013 Issue 27-28



DUSHANBE



ADFIMI Development Forum
MANAGING RISK:
 Lessons Learned From The Crisis
 Conrad Hilton Hotel, Istanbul, Turkey
 07 November 2013

- Early Detection of Financial Fraud, İstanbul
- 29th General Assembly, Dushanbe, Tajikistan
- 56th MCM, Dushanbe, Tajikistan
- Innovation, Agribusiness and Renewable Energy, Dushanbe, Tajikistan
- Green Finance and Development Bank of Turkey
- WDFI BOG Meeting, USA
- IDB- World Bank- WDFI Conference on Islamic Finance, Washinton DC
- 3rd Global Sustainable Finance Conference, Germany



ADFIMI Basic Bank Joint seminar
Asset Securitisation
 025001935 01512 5-0912497 087
 81275 02175 002984
 Conrad Hilton Hotel
 Dhaka, Bangladesh
 02-04 December 2013

**THE MANAGEMENT
COMMITTEE MEMBERS****Br. Mehmet Emin Özcan**

ADFIMI CHAIRMAN
Vice Chairman of Vakıfbank
Turkey

Br. Datuk Mohd Radzif Mohd Yunus

ADFIMI Vice Chairman
Managing Director of SME Bank
Malaysia

Br. Ghorban Daniali

CEO, Bank of Industry and Mine
Iran

Br. Datuk Mustafha Abd Razak

Managing Director
Bank Kerjasama Rakyat Malaysia
Berhad
Malaysia

Br. Tariq Sijilmassi

President du Directoire
Credit Agricole du Maroc S.A.
Morocco

Br. Muhammad Mohsin Ali

Acting President & CEO
First Credit and Investment Bank Ltd.
Pakistan

Dr. Abdel Hameed Jameel

General Manager
Workers National Bank
Sudan

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Acting CEO
Development Bank of Turkey
Turkey

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Dear Members.

Assalamu Alaikum,

In this issue we report on various ADFIMI seminars and other activities that took place during the 39th Annual Meeting of the IDB Group in Dushanbe, Tajikistan in May.

As requested by The Management Committee members, ADFIMI will promote specific instruments/financing modes of its members in an attempt to share good practices and increase networking among members. In this issue we start with the Development Bank of Turkey.

Members are encouraged to send the secretariat their good and novel practices for publication. Text should not exceed 1000 words and any photos or graphic material should not be less than 300 dpi.

Best regards.

Nuri Birtek

Secretary General

About ADFIMI

ADFIMI, Association of National Development Finance Institutions in Member Countries of Islamic Development Bank. Established in 1986, ADFIMI is an international non-profit association serving over 50 members in 18 countries with headquarters in İstanbul. The main objective of ADFIMI is to establish networking and solidarity among its members and capacity building of its member institutions. In this context, ADFIMI organizes seminars / workshops / conferences for its members in various cities in its region (like İstanbul, Karachi, Kuala Lumpur, Amman, Cairo, Ouagadougou, Beirut, Sarajevo, Prishtina, Lome, Damascus, Khartoum, Girne, Islamabad, Kuwait City, Kampala, Dubai, Tunis). In its 25 years of existence, ADFIMI has trained over 2500 executives and directors from development finance institutions.

ADFIMI aspires to be “a forum for development”.



Is recovery in sight?

The world economy is still described as fragile with uneven recovery. Global growth for 2013 is forecast at 3.3 %. There is a global job crisis throughout the world including all advanced economies. IMF describes it as ‘three speed economy’.

The first group of countries is developing Asia and Sub Saharan Africa. These are the fastest growing regions comprising of Emerging Market Economies and Low Income Countries which entered the crisis in a position of strength. They generate around 75 percent of global growth. However countries in this group have a slower momentum like China. Investments in BRICS are also less bright. The group needs to get to grips with domestic vulnerabilities, structural obstacles to sustained growth and keep an eye on spillovers from the advanced economies. Implementation of unconventional monetary policies (UMP) had achieved a great deal in the domestic front. While capital inflows and outflows from these countries constituted a risk, sound macroeconomic policies complemented by macro prudential policies managed to tame financial excess.

The second group is the group on the mend; countries suffered during the crisis but have taken necessary policy measures to recovery. These are the USA, Switzerland, Sweden, Canada, New Zealand and Australia. Due to sequestration, debt ceiling and longer term debt profile, US is not performing as well as it could.

The third group is in the lowest gear and essentially consists of EU and Japan. EU is operating at zero

speed. Unemployment is rising with a high average of 12%. Uncertainty over the Euro Area also draining momentum from countries like Germany, which otherwise is performing relatively well. Europe needs to take action similar to US. ECB and its partners are planning to introduce quality asset review, followed by stress tests so that fragmentation of the financial market can be mended. This may require recapitalization, restructuring and even closing down some of the banks. The project on European Banking Union is most welcome as it will bring not only single supervisory mechanism but also a single resolution authority. These would have to be complemented by fiscal policies is Euro Area is to get its growth engine running again.

Japan has improved recently due to new monetary policy and may soon move in to the second group. It should take necessary measures to solidify its gains.

There are overarching issues that lurk on the horizon. The IMF calls for financial sector reform on a global scale that would encompass derivative markets, shadow banking system and better coordinated regulation across regions.

Big ticket items are the climate change and fiscal policies of the very large players. What is needed is a coordinated and concerted effort to be organized amongst all players.

M. Emin Özcan
Chairman

ADFIMI SPECIAL SEMINARS EARLY DETECTION OF FINANCIAL FRAUD & FRAUD PREVENTION TECHNIQUES

ELITE WORLD ISTANBUL HOTEL, ISTANBUL, TURKEY,
25-26 APRIL 2013 & 8-9 JUNE 2013



ADFIMI Special seminars on “Forensic Accounting: Early Detection of Financial Fraud & Fraud Prevention Techniques” was held at Elite World Istanbul Hotel Taksim, Istanbul, 25-26 April 2013 (in Turkish) and 08-09 June 2013 (in English).

The seminar was presented in three venues by Br. Bülent Günceler who is a seasoned banker and well known resource person by the finance community.

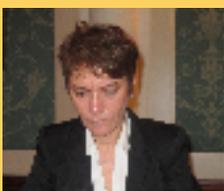
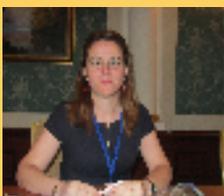
Accounting concepts, international standards and basics of debit & credit as well as understanding contents of financial

statements which may be subject to fraud attempts.

Detailed analysis of possible employee defalcation which are committed by means of fraudulent financial statement schemes, asset misappropriation, bribery and corruption were made.

Ways to investigate financial fraud, prevention measures to avoid them and establishing whistle blowing mechanisms were described.

The seminar was closed after certificate ceremony and closing remarks by Nuri Birtek.



THE 29TH ADFIMI GENERAL ASSEMBLY

HALL “C” KOKHI SOMON PALACE CONFERENCE CENTRE

DUSHANBE, TAJIKISTAN

19 MAY 2013, 09.30 – 12.30



The General Assembly:

- Accepted 15 amendments in the constitution,
- Suspended memberships of two members,
- Acknowledged the membership of four new members,
- Selected three ordinary and three alternate members for newly established Audit Board,
- Selected an external auditor for 2013 accounts,
- Elected three new members of the Management Committee,
- Approved the auditors report for 2012, financial results of 2012, first Quarter results of 2013, Revised Budget 2013, Budget 2014 and state of subscription fee payments.



THE 56TH ADFIMI MANAGEMENT COMMITTEE MEETING DUSHANBE, TAJIKISTAN 18 MAY 2013, 14.30-16.30



Extraordinary Meeting of MC

The Committee worked on constitutional amendments, especially on establishing an Internal Audit Board. Management Committee (MC) then nominated 3 ordinary and 3 alternate members to the audit board. The MC accepted Qatar Development Bank to membership and advised the General Assembly on the identification of external auditor as well as on the approval of financial results.

An extraordinary Management Committee Meeting, held immediately after the 29th GA, elected Mr. M. Emin Özcan to chairmanship representing Vakifbank.



IDB – ADFIMI – AGROINVESTBANK JOINT CEO SEMINAR “INNOVATION, AGRIBUSINESS AND RENEWABLE ENERGY THROUGH SME FINANCE”

KOKHI SOMON PALACE, DUSHANBE, TAJIKISTAN
20 MAY 2013, AT 18.00 – 21.05 HRS.

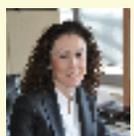
There were six speakers at the seminar as shown in the following seminar schedule:



Innovation in Malaysia
Prof. Sheikh Ghazali Abod, Director Centre for Entrepreneur Development, SME Bank Malaysia



Renewable Energy Finance in the Magrib Region
Prof. Dhafer Saidane, Skema Business School, Paris, France



Providing non-Financial Services to SMEs
Ms. Simla Ünal, Senior Manager, SME Banking Business & Synergy Development, Türk Ekonomi Bankası (TEB), Istanbul, Turkey



Supporting Agribusiness through SME Financing
Dato' Wan Fadzmi Wan Othman, CEO, Agrobank Kuala Lumpur, Malaysia



Fostering Innovative Entrepreneurship: Regulatory and Institutional Environment
Conducive to Urban and Rural Economic Development
Mr. Iqbal Khan, President, SURE Institute, Lahore, Pakistan



Agribusiness through SME Finance
Mr, Head of Corporate Banking Directorate, OJSC "Agroinvestbank", Dushanbe, Tajikistan

A presentation by Dr. Osame Rayis, Director General, Africa City of Technology, Khartoum, Sudan, on 'Jatropha; a Smart Alternative for Future Economies of Sub-Saharan' could not materialize as Dr Rayis was not issued visa on time.

ADFIMI AUDIT BOARD MEMBERS



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GREEN FINANCE and DBT: ENERGY EFFICIENCY PROJECT FOR THE LEADING IRON AND STEEL COMPANY IN TURKEY*

As a Development and Financial Institution, our strong relations with foreign financial institutions play a major role in our efforts to support the energy sector. The cost-efficient long-term resources that we have achieved as a result of our positive relations with international financial institutions and the government's support play a major role in our efforts to strongly support the energy sector by providing loans.

The energy sector, which accounted for just 2% of our credit portfolio by the end of 2005, commanded more than 50% of the portfolio at the end of 2012. During this period, our Bank attached importance to supporting renewable energy investments in parallel with Turkey's priorities. As a result, we can proudly report that the Development Bank of Turkey was involved in the building of a total of 24 new power plants concluded in Turkey within the framework of renewable energy and energy efficiency projects that we supplied loans to. Our Bank has evaluated a total of 135 projects related to energy investments and allocated TRY 2,835 million to 88 projects, with a total installed capacity of about 1,330 MW.

Heavy industries like iron steel, cement etc. are energy-intensive sectors as compared to other sectors. Energy efficiency investments for heavy industry are so crucial especially for the countries which depend on external energy sources. Recently, as a Development and Financial Institution our Bank focus on these type of sectors in parallel with the Turkey's energy priorities. In this scope, energy efficiency financing to one of the country's leading cement companies and the ongoing project evaluation of an important non metal producing plant will have a positive contribution to the energy consumption of the country.

As a case for an influential energy efficiency investment, Kardemir Iron Steel Industry and Commerce Corporation, one of the leading iron and steel companies in Turkey, has been financed by our Bank with the purpose of electric production from waste flue gas .

Kardemir is located in Karabük, 230 km. from Ankara and 320 km. from Istanbul, is an integrated iron steel plant that is producing hot rolled long products and semi-products.

Kardemir has applied to our Bank for the financing of a project which will utilize the process gases of the production in a power plant (50 MW) to generate electricity needed in its production

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About Development Bank of Turkey (DBT)

Development Bank of Turkey was initially established as the State Industry and Labourer Investment Bank (DESIYAB) in 1975. Scope of the Bank was broadened to include wider developmental issues, and the Bank's name was changed to Development Bank of Turkey (CBT) in 1988. In 1989, it acquired the Tourism Bank.

Subject to registered capital system, the capital ceiling of DBT is TRY 500 Million where as its issued capital is TRY 160 Million DBT employees 675 persons. Major financial figures (given as million TL) and ratios of DBT are illustrated below;

DBT provides financial supports to the investments in industrial, tourism, education, health, renewable energy and energy efficiency projects by making sure that they are environmentally-friendly ventures to further contribute to environmental policies, which are an integral element of sustainable development. DBT has the possibility and capacity long term borrowings from international financial institutions including IBRD, CEB, EIB, AFD, IDB and JBIC. With the help of the IFI partners, DBT will continue its contribution to the financing of Turkey's sustainable development and growth.

Financial figures	2011	2012
Total Assets	2.794	2.870
Liquid Assets	816	489
Total Loans (Net)	1.859	2.254
Non-Performing Loans (Net)	48,3	48
Net Profit	23,8	43,6
Total Equity	528,9	576,9
Ratios		
Capital Adequacy Ratio	58,27	25,12
NPL Ratio	4,97	4,22
Return on Assets	0,85	1,52
Return on Equity	4,49	7,56

DBT is active in project financing, regional development, investment banking, economic research, technical assistance, enhancing entrepreneurship, SME financing and APEX banking.



and therefore use less power from the national grid. As a result of the appraisal of the projects, a total of, 41 million USD was provided to Kardemir for the energy efficiency investment.

By the project, 438 Gwh electricity will be generated annually and GHG emission reduction of the project can be assumed as 297,840 tons CO2/year which corresponds to carbon emissions of approximately 300.000 cars annually. On the other hand, there will be a reduction in electric costs by 70% with Gas Fired Power Plant with 50 MW power capacity.

Making it a principle to reduce negative environmental

impacts and resource utilization through our services and activities as well as to increase our positive environmental activities, our Bank has increased awareness to environment.

Compatible with its mandate to maintain sustainable development and to create a developed Turkey with a healthy environment, Development Bank of Turkey highly values and supports the renewable energy, energy efficiency and environmental projects in order to assist the bigger picture of being good stewards of the Earth we inherited, and to make Earth a better place to live for our children.

WFDFI BOARD OF GOVERNORS MEETING



Ordinary meeting of the Board of Governors (BOG) was held on 11 October 2013 16.30 – 18.30 hrs at the University Club Washington, Washington DC, concurrently with the WB/IMF Annual Meetings. All members were present:

Mr. Joseph Amihere, Secretary General, AADFI;
 Mr. Octavio Peralta, Secretary General, ADFIAP;
 Mr. Nuri Birtek, Secretary General, ADFIMI and Secretary General, WFDFI;
 Mr. Rommel Acevedo, Secretary General, ALIDE and;
 Mr. Ricardo Palma Valderrama, ALIDE/WFDFI Adviser

The meeting was held at the University Club Washington, arranged by ADFIMI.

After Secretary General Nuri Birtek's report BOG went on to consider matters on the agenda which included Federation's involvement in the Sustainable Finance Conference jointly with EOSD and Grant application to CIPE. The meeting concluded by a dinner organized by WFDFI / ADFIMI Chairman Mr. M. Emin Özcan

IDB-WB-WFDFI CONFERENCE ON ISLAMIC FINANCE

(An event jointly organised by the Islamic Development Bank, World Bank and World Federation of Development Financing Institutions)

World Bank Main Building

Washington DC, USA, 11 October 2013, 11.00-15.00 hours



The Islamic finance industry has been at the center of focus of global financial markets. The core tenets of Islamic finance calls for asset backing and strong links between the financial sector and the real sector. This reflected on a more stable performance and stronger support to economic development in many countries that adopted Islamic financial instruments particularly at stress times of financial crises.

This conference was held in partnership between the World Bank, Islamic Development Bank and the World Federation of Development Financing Institutions as part of the World Bank's/IMF annual meetings program of seminars for 2013. It provided an excellent opportunity for rich and deep discussions between global MDB's, development financial institutions, regulators and policy makers on the prospects and challenges of the industry's

development.

The conference was inaugurated by Dr. Ahmad Ali – President of Islamic Development Bank and Dr. Mahmoud Mohieldin – Special Envoy to World Bank President and Dr. Tunc Uyanik – Director of Global Financial Systems Practice and East Asia and Pacific Finance and Private Sector Development and the Chair of the World Bank's Islamic Finance Working Group, as they have provided participants with a strategic outlook for the industry's development on the global level. The three sessions of the conference hosted a group of global experts who discussed the role of Islamic banks to foster sustainable development, to deepen financial inclusion, to ensure financial stability in addition to the challenges of regulatory convergence and standardization to promote healthy growth for the industry.



Dr Ahmad Mohamed Ali



Dr Mahmoud Mohieldin



Dr Tunc Uyanik



Opening Remarks by Mehmet Hakan Atilla:
Deputy CEO of Halkbank on behalf of WFD/ADFIMI Chairman



Inaugural Address by Dr Ahmad Mohamed Ali,
President, Islamic Development Bank (IsDB)



Keynote Address by Dr Mahmoud Mohieldin,
President's Special Envoy, World Bank



Welcoming Remarks by Dr Tunc Uyanik,
Director, East Asia and Pacific Region and
Financial Systems Global Practice, Finance &
Private Sector

Session 1: "How does Islamic banking and finance contribute to sustainable development and inclusive growth?"



Moderator: Mr. Ahmed Rostom – Financial
Sector Specialist – World Bank



Panellist: Dr Azmi Omar, Director General,
Islamic Research and Training Institute (IRTI),
IsDB



Panellist: Dr Kabir Hassan, Professor of
Finance, University of New Orleans

Session 2: "How can the Islamic financial sector contribute to a more resilient financial sector?—Lessons from the Financial Crises"



Moderator: Dr Azmi Omar, Director General,
IRTI, IsDB



Panellist: Dr Zamir Iqbal, Lead Investment
Officer, Treasury, World Bank



Panellist: Dr. Ken Baldwin Director, Financial
Policies and Planning, IsDB

Session 3: "Towards a stronger regulatory and institutional framework of the Islamic financial sector—Challenges and perspectives"



Moderator: Dr Azmi Omar, Director General,
IRTI, IsDB



Panellist: Abayomi Alawode, Financial Systems
Practice Manager, World Bank



Panellist: Dr Ghiath Shabsigh, Assistant Director of
the Monetary and Capital Market Department at the
International Monetary Fund (IMF) and the head of
the Central Banking Operations division



WFDI - EUROPEAN ORGANIZATION
FOR SUSTAINABLE DEVELOPMENT
3RD GLOBAL
SUSTAINABLE FINANCE
CONFERENCE
KARLSRUHE, GERMANY
JULY 04-05, 2013

The conference held under the auspices of WFDI dealt with various aspects of development issues. There were 13 speakers and 64 participants.



Dr. Frank Mentrup, Lord Mayor of Karlsruhe

Several NDFIs – mainly members of ADFIAP - were given Karlsruhe Development Awards by the City Mayor. ADFIMI attended the event in its capacity as the Chair and Secretariat of WFDI. Secretary General Nuri Birtek made short speech at the opening and closing sessions.



Dr. Savaş Alpay, Dir. Gen. SESRIC



Dr. M.Sami Nabi, Sen.Econ.IDB



Staff Members of Tekun Nasional Malaysia with SG of WFDI



Mr.J.Amihere (AADFI), Mr.O.Peralta (ADFIAP), Mr.N.Birtek (WFDI&ADFIMI), Mr.A.Rab (EOSD)

UPCOMING EVENTS

ADFIMI Development Forum 2013, Conrad Hilton Hotel, Istanbul, 07 November 2013

57th Management Committee Meeting, Istanbul, 08 November 2013

ADFIMI - BASIC Bank Joint Seminar on "Asset Securitization", Ruposhi Bangla Hotel, Dhaka, Bangladesh, 02-04 December 2013

ADFIMI Special Seminar on Tekaful and Retekaful, 23-25 December 2013, İstanbul

ADFIMI Special Seminar on 'Legal Documentation of Contracts in Islamic Finance, January/February 2013.

ADFIMI 58th MCM & 30th GA, Jeddah, June 2014

ADFIMI CONGRATULATES

ADFIMI Chairman, Br. Mehmet Emin Özcan for being appointed as Vice Chairman of Türkiye Vakıflar Bankası

Br. Kamal Uddin Khan for being appointed as CEO of Saudi Pak Industrial & Agricultural Investment Company Limited

Br. Muhammad Mohsin Ali for being appointed as Acting President & CEO of First Credit and Investment Bank Ltd

Br. Eng. Mohammad Al Hyari for being appointed as Director General of Agricultural Credit Corporation, Jordan

Br. Hasan K. Bolat for being appointed as General Manager of İş Leasing

Mr. Özgür Altıntaş for being appointed as General Manager of Nurol Yatırım Bankası A.Ş

Br. Süleyman Kalkan for being appointed as Vice Chairman of Türkiye Halk Bankası

Br. Ersan Aydın for being appointed as General Manager of Turkmen-Turkish Joint Stock Commercial Bank

Br. Shaharyar Ahmad for being appointed as Managing Director of Pakistan Kuwait Investment Co. Ltd

Br. Bakhtiyar Mammadov for being appointed as Manager of International Relations Division Ata Bank JSC

And wishes all a successful tenure.