TABLES: credit cards, loans, mortgages and insurance across the Gulf

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October 2008 Issue 119

WHERE'S THE MONEY GONE?

Regional liquidity and the credit crunch

HOME OR AWAY

A bad investment
is a bad investment

"OIL TO BOUNCE BACK Q4, 2009"

Arjun Murti

Man Investments
to launch global
funds from the GCC

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What a month we had in September, with a spate of bad news coming out of Wall Street. The uncertainty was still continuing at the time this edition of **MONEY***works* went to print. US treasury secretary Henry Paulson's US$700 bailout plan was also still being debated, while the cacophony of economists and financial experts reached a crescendo reflecting their foreboding and fear.

There are very few optimists left in the market who think that we may have seen an end to all of the problems brought on by the excesses of bankers in what now feels like another generation. A lot of uncertainty can be seen in the extreme volatility of the markets, which are reacting and overreacting to any bad news that comes out. Fear has also led bankers to refuse to lend, and liquidity has already begun its flight from bad quality to good quality and from high-risk to low-risk assets.

The US dollar looks to be stabilising for a change, which should be good news to many – especially those countries that peg their currencies to the greenback. It is interesting that the oil price has gone up beyond the US$100 mark after having fallen to the low 90s earlier last month. It should be an indication that traders still expect emerging markets to do fine, even if the US slips into a recession. Besides, there is still the supply side of black gold that is yet to be sorted out. We did an interview with Arjun Murti, who first predicted oil to reach US$105 in 2005, in this edition. Reading that interview will give you some insight into what one of the world's leading oil equity analysts thinks about oil.

At home, it seems we have finally been touched by the global meltdown. The credit market has tightened locally and there has been some re-pricing of risk. There has also been an impact on liquidity flowing into the property market. But these are still early days, and we'll have to wait and see how much of an impact all of this will have on the enthusiasm and enterprise of businesses. One must also note that, unlike in some of the other markets in the west or the emerging markets, the GCC is still flush with funds and companies have solid cash reserves. These circumstances should ensure that the region's core economy remains insulated to a good extent, even if things turn nasty – although some of the new economy may get dented.

Utpal Bhattacharya
Editor

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Patrick Merville

Man to launch global funds from the GCC

Man Investments plans to launch global funds from the Middle East. Patrick Merville tells **Ehab Heyassat** about the company's future plans and about the investment climate in general.

Man Investments has plans to launch global funds from the GCC. These funds will raise global liquidity to be invested in the region, which today attracts significant international attention, according to Patrick Merville, the new CEO of Man Investments Middle East Limited.

Merville said these funds could be in the same model as the company's latest in partnership with the Abu Dhabi government. There is also the likelihood of other environment-targeted initiatives from the region, he added.

The Man Group, in partnership with the International Petroleum Investment Company of Abu Dhabi, launched the MENA Associated Gas and Global Environment Fund last July. The fund aims to raise US$1.5 billion for investments in projects to capture associated gas from crude oil production and use it to generate electricity and other products. However, it will not be domiciled in the UAE, Merville pointed out.

"We have not yet domiciled or registered any of our funds in the UAE or the Dubai International Financial Centre (DIFC). However, we are hopeful that one day we will domicile our funds there. We are in very close contact with the DIFC in this regard," he said.

Speaking about the demand for hedge funds in the region, Merville noted that the Middle East is increasingly opening up to this asset class. More investors will allocate substantial liquidity towards hedge funds in the future, he added.

On the performance of these funds, Merville said that 2008 has not been a great year, adding that hedge fund managers have performed better than traditional fund managers during the year.

"At Man, we count ourselves among those that have outperformed the market. We have seen both traditional and hedge fund managers losing in the first six months of the year, while we saw our assets under management rising in this period," he said.

Man's assets under management rose from US$74 billion at the end of March 2008 to US$80 billion at the end of June 2008. Man's global asset mix is well diversified at 60 per cent retail and 40 per cent institutional, while in the Middle East, the split is 50:50.

Merville admitted that July and August were difficult months for all asset classes, including hedge funds.

"It is also difficult to say how hedge funds will perform during the second half of the year. We live in an uncertain world and you have to take all precautions possible. There is a likelihood of us also offering capital guaranteed products within structured products in the near future," he said.

Merville further pointed out that hedge funds have sat with US$155 billion in cash as risk levels rose in July and August.

"Hedge funds are sitting on the sidelines with 10 per cent of their assets in cash, and they will move in when the market stabilises," he noted.

According to Merville, Commodities Trading Advisors (CTAs) are likely to do well in the current market conditions. Investors have to understand that if they see a trend, then CTAs are a good play.

"CTAs usually benefit from trends building up in the market – up or down. They get hurt when major reversals happen, like in July, or when nothing happens in the market," Merville explained.

One of the other strategies that would do well in the near future is the distressed strategy, Merville said. Securities have reached distressed levels, and investing in smart managers who are able to identify these securities and benefit from their expected rebounds in the future is the right thing to do, he stressed.

"You may have more distressed situations in Europe and the US compared to emerging markets," Merville added.

"CTAs usually benefit from trends building up in the market – up or down. They get hurt when major reversals happen, like in July, or when nothing happens in the market." *Patrick Merville*

Recession coming, cautions expert at MONEYworks' special event

The US has slowed down in 2008 and is now poised to move into a recessionary phase. The slowdown has been caused by tighter policies, contracting liquidity and a peak in corporate profits. Expectations of easing growth and sticky inflation have also contributed to the slowdown, said Khuram Chaudhry, chief European quantitative strategist at Merrill Lynch.

Chaudhry spoke at a special event organised by **MONEY***works* last month to celebrate the monthly magazine's 10 years of financial publishing.

According to Chaudhry, in the months ahead, the direction of interest rates is likely to diverge between the developed and developing world as the spotlight shifts to Asia and the Middle East.

Saud Al Amri and Ken Taylor

Yield curves will remain steep before flattening, as monetary tightening will slow global economic growth and profit expectations, he said.

Chaudhry added that in the near future, equities and bonds are likely to provide similar returns, while non-US equities are expected to rise more slowly than before. And, as liquidity runs for safety, large caps are expected to outperform small caps, while growth will outperform value, low risk will outperform high risk and high quality will outperform low quality.

Chaudhry also predicted the end of the bull run for commodities. "Commodities appear to have peaked as Asian demand rolls over, the US dollar stabilises and high inflation expectations start to subside," he said.

The event, which was attended by dignitaries across the industry, was also addressed by Arjun Murti, managing director of Goldman Sachs investment research. Murti had predicted in 2005 that oil would touch US$105 a barrel.

In his presentation at the event, Murti remained bullish about the long-term prospects of oil, but added that in the short term, the risks have increased.

"The secular bull market for crude oil remains firmly in place, while the near-term outlook is clouded by global recession fears," he said.

MONEY*works*' 10-year anniversary celebration was attended by dignitaries from across the industry. Sheikh Sultan bin Saud Al Qassemi, **MONEY***works* columnist and chairman of Barjeel Securities, and Faisal Belhoul, founder and managing partner of Ithmar Capital, introduced the speakers.

Earlier, Saud Al Amri, chairman of Rasalmal Financial Publishing (**MONEY***works*' publisher), said: "It has been an interesting journey for **MONEY***works*. When the magazine was launched in 1998, it was a different landscape in the GCC financial world. We have seen stock markets launched, property markets prosper and fortunes made and lost."

Speaking on behalf of the board of directors, Ken Taylor said: "**MONEY***works* will continue to enhance its coverage of the region in the years to come. We also intend to publish new titles from the group in the near future."

Sheikh Sultan bin Saud Al Qassemi

Khuram Chaudhry

Faisal Belhoul

NRIs cautious on Indian investments

Gulf non-resident Indians (NRIs) have taken a "wait and watch" approach towards investing in their home country, given the losses in the Indian equity markets. Investment in the first half of 2008 fell sharply, according to wealth managers. A **MONEY***works* report.

Investments by global Indians in India have taken a beating during the current year, especially the Gulf Indian Diaspora. The first half of 2008 saw a sharp fall in overall investments by more than 50 per cent, compared to the tremendous growth seen in the second half of 2007.

According to investment advisers, the first quarter of the this year was a mixed bag in terms of investments. The market commenced its downtrend towards the end of January and investments followed suit from the middle of February. Apparently, the investment rally was more active in the second half of 2007, when there was more than 100 per cent growth compared to the first half of the year.

Although the first quarter of 2008 was more or less neutral compared to the first half of 2007, the second quarter of the current year registered a pronounced downtrend. Moreover, the portfolio of investments has changed significantly. People have become cautious and hence keener on a diversified and balanced portfolio to ensure steady returns and limited risk exposure.

The high oil price has been a disincentive for investors in the Indian market. The revised lower GDP growth rate, high inflation and higher interest rates, the strengthening of the US dollar, the usual political uncertainty before a general election and the slower pace of infrastructural growth compared to the anticipated pace have contributed a the slowdown of NRI investment into the country.

Falling investments

There are 20 million NRIs worldwide, with the Middle East housing the highest number. Saudi Arabia has the highest count with 1.5 million, while the UAE hosts 1.2 million. NRI wealth is estimated at over US$500 billion worldwide, while more than 50 per cent of NRI global remittance to India is initiated from the Arabian Gulf.

Vipul Kapur, global sales director of NRI business at Citibank, discloses that investments from NRIs to India have

dropped 30 to 35 per cent during the last eight to 10 months. He also says that investors have become more risk averse.

"The trend is towards less risk taking. People are more comfortable with debt instruments, large cap mutual funds, fixed-income structured notes and capital guaranteed securities," Kapur notes.

Gaurav Kumar, chief marketing officer of Prudential Asset Management, agrees. Kumar says that while retail investment flow has come down lately, the trend is towards a focused, systematic investment approach from savvy investors. People are comfortable with fixed-income products and with investing smaller amounts gradually over a period of time, he adds.

Krishnan Ramachandran, managing director of Barjeel Geojit Securities, which services 35,000 NRI clients in the UAE and claims assets under management nearing US$500 million, says that most NRIs now prefer the "diversified" space – mostly large cap and blue chip stocks – in their portfolio. It is also a case of asset diversification into attractive themes like infrastructure and energy opportunities. Additionally, NRIs are making lower allocations towards mid cap and small cap funds followed by sector specific funds, adds Ramachandran.

Ramachandran sounds more positive than others about the NRI market. He says there have been no major redemptions from NRI investors, despite what recently happened to the Indian market.

"Some of our investors have been systematically investing at every market correction to take advantage of the discounted and attractive net asset values of mutual fund schemes. We are witnessing periodic inflows during market upturns," he says.

Strong fundamentals

Traditionally, chosen areas of investment from NRIs have been clearly defined. More than half of their investments were towards property buying, while the second and third most favoured areas were mutual funds and equity markets respectively.

According to Dhiraj Rai, sales director for the Gulf and eastern Mediterranean at Franklin Templeton Investment Management, NRIs in the Gulf region have a long history of sophisticated investments and diversified asset classes. The affluent NRI investor in the region is not shy of private equity products, alternative investments or real estate investments, he says.

Fund houses and wealth managers in the UAE feel that the current investment slowdown in India from NRI investors is an overreaction to the ongoing crisis in the global market. Pankaj Ganjoo, head of global private clients in the GCC and Africa at ICICI Bank, explains: "The Indian market is fundamentally strong and the growth story is intact. India's presence and influence in global decision-making is on the rise. These are the pillars on which the country's long-term outlook is based. However, we believe it will take a while before the markets recover, as the oil price and the resultant inflation are still high."

Ganjoo adds that investors should look at the Indian market from a longer-term investment strategy.

Nilesh Shah, deputy managing director of ICICI Prudential Asset Management, the second-largest investment house in India after Reliance Mutual, agrees that the high oil price is letting India down.

"There are positives that have been discounted by investors because of the high oil price," he says. "Our monsoons have been good, markets are sitting on short positions and a lot of investors are sitting on cash waiting to invest in India. While the corporate India is really doing well, valuation of stocks are at a reasonable level."

Shah believes that once the oil price drops, investors will be assured of short term big returns. And even if the oil price remains high, investors can hope to make competitive returns in the medium to long term.

For wealth managers, however, it is the time to use all of their skills to excite NRI investors in the Gulf about the India growth story once again. Significantly, the disposable surplus of Indian professionals in the GCC has gone up in recent years. As such, wealth managers are increasingly looking to market their products to these professionals.

Rai admits that Franklin Templeton is seeing a significant rise in professional expatriates as NRI investors into their funds. No wonder an increasing number of distributors are setting up dedicated desks and divisions solely targeting and servicing NRIs, while existing divisions are being expanded in the belief that the India growth story is a long-term play and that investment flows will be boosted once the positive triggers after the Indo-US nuclear deal make their effects felt.

Dubai Group closes US$1.5 billion commodity Murabaha

Dubai Group said last month that it successfully closed the largest-ever multicurrency syndicated commodity Murabaha transaction in the UAE.

The US$1.5 billion facility was arranged for Dubai Financial Group, the financial holding company of Dubai Group, to explore new growth opportunities, support current investments and refinance existing debt.

The Murabaha transaction achieved a solid oversubscription at its close. A total of 24 banks from across the Middle East, Europe and Asia participated in the multicurrency syndication.

Dubai Financial Group mandated Al Hilal Bank, al khaliji, First Gulf Bank, The Royal Bank of Scotland, Standard Bank and Noor Islamic Bank to arrange and syndicate the three-year commodity Murabaha facility.

Dr. Ahmed Al Janahi, deputy group CEO of Noor Investment Group, and Tom Volpe, group CEO of Dubai Group

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According to Dubai Islamic Bank (DIB), a strategic investment in the Industrial Development Bank (IDB) is imminent through a joint venture with Jordan Dubai Capital (JDC) and Dubai International Capital (DIC).

IDB is a Jordanian bank listed on the Amman Stock Exchange. The investment will allow IDB to be converted into a Shari'ah-compliant institution. DIB, JDC and DIC plan to acquire 52 per cent of IDB in order to re-launch the Jordanian bank as an Islamic financing institution offering a full range of Islamic products for the Jordanian market.

If the proposed agreement is completed, it is intended that IDB will be re-branded as "Jordan Dubai Islamic Bank".

Dubai-based Gulf General Investment Co. has acquired Lloyds Engineering Company, a company specialised in steel fabrication and providing oil-field services. Its activities include design, fabrication and erection of steel structure. As part of the expansion, Lloyds is currently building an additional facility in Sharjah.

In a statement last month, Istithmar World said that Adel Al Shirawi and Feras Kalthoum had been suspended from their respective positions of vice chairman and chief financial officer in light of the ongoing investigations of their previous activities at another company (Tamweel).

Shuaa Capital fined for market manipulation

The Dubai Financial Services Authority has enforced sanctions against Shuaa Capital related to an alleged market manipulation earlier this year.

The sanctions follow an extensive investigation by the DFSA into suspicious trading in the shares of DP World on the Dubai International Financial Exchange at the end of March 2008.

According to the DFSA, Shuaa Capital intentionally set about to raise the closing price of DP World shares on March 31 so that it could mark up the book value of its proprietary portfolio in those shares for accounting purposes.

It did so by standing in the market during the closing minutes of trading with bid prices well above those at which DP World shares had been trading in the ordinary course of business.

In addition, the DFSA said that Shuaa Capital obstructed its investigation. The imposed sanctions include financial penalties totalling US$950,000 and other remedial actions.

Abraaj Capital acquires stake in Numarine

Dubai-based private equity firm Abraaj Capital has acquired a 50 per cent stake in Turkish luxury yacht manufacturer Numarine. The investment is Abraaj's second in Turkey and third in the marine business.

Global demand for recreational boats grew 11.4 per cent per year between 2000 and 2006. According to Abraaj, demand is expected to rise further, with Turkey's market share expanding as it matches or exceeds comparable international makers in technology and style at more competitive prices.

Last year, Turkey became the world's seventh-largest producer of luxury yachts.

Demand for yachts in the Middle East has also soared in the last few years, with the region now accounting for eight per cent of global owners compared to almost zero a decade ago, according to the Global Order Book 2008 survey.

World Bank: Emcredit has boosted UAE's business environment

Emcredit, the UAE's first private credit information company, has been recognised by the World Bank as a significant factor in the UAE's reforms to boost the business environment in the country.

According to the World Bank's Doing Business Report 2009, Emcredit's collection of information on the repayment pattern of individual borrowers and firms "has allowed better supervision of the debt level of banks and borrowers".

The report states that Emcredit has been instrumental in improving the UAE's position by 48 points in the area of credit information, moving up from the 116th position in 2007 to the 68th position in 2008. The UAE has also moved up eight ranks to the 46th position for overall ease of doing business.

Swicorp has extended its private equity portfolio of investments to aviation by purchasing a strategic stake in aviation leasing company Jordan Aviation for an undisclosed sum.

The purchase was made through Intaj Capital, Swicorp's US$250 million private equity vehicle, which focuses on sectors driven by growth in consumer demand within the Middle East and North Africa region.

"The Middle East aviation market continues to be the fastest growing and most attractive market globally. In an environment where supply is tight and demand is experiencing steady growth, Jordan Aviation can position itself as a key link in the value chain," commented Nabil Triki, managing director and head of private equity at Swicorp.

The International Institute for Family Enterprises (IIFE) at Witten/Herdecke University in Germany said that it will hold the first Arab-German Family Business Summit in Cairo this month.

Focusing on the theme "Global Family Enterprises", the founders, owners and next generations of some of the most influential family businesses in Germany, Austria, Switzerland and the Arab region will discuss current issues in leadership, succession, corporate governance and globalisation.

The objective of the IIFE is the establishment of a personal network of family businesses, with the focus of activities being placed on Germany and its dialogue with the Arab region. The institute, which is the first of its kind worldwide, will direct its attention towards the academic research of Arab family businesses and provide appropriate access to the results.

RBS to re-brand ABN AMRO businesses

The Royal Bank of Scotland Group (RBS) said that it will re-brand the ABN AMRO businesses it has acquired in the GCC region.

Branding on premises, marketing and other communications will be changed to RBS. Customers' account numbers, bank accounts, banking activities and other relationship details will remain the same.

RBS plans to offer a range of banking services in the region, with its retail offering based in the UAE and global banking and wealth propositions offered in several locations across the GCC.

"In the coming months, you'll see some significant product announcements from our retail banking teams. We've spent time developing new and first-to-market credit card initiatives and intend to keep our leadership position in this segment," said Colin Macdonald, country executive for the UAE.

For more on this, go to www.moneyworks.ae and search 'RBS'

Tatweer to undergo major restructuring

Tatweer, a subsidiary of Dubai Holding, said last month that it plans to undergo a major restructuring of its operations to match its expanding portfolio across various industry verticals.

Under the new structure, Tatweer will bring its entities across six sectors under two divisions – Tatweer Dubai and Tatweer Investments.

According to Saeed Al Muntafiq, Tatweer's executive chairman, the restructuring will elevate the entities to global status.

Tatweer Dubai will focus on scheduled project delivery within the UAE and on advancing strategic long-term partnerships with organisations such as Partners-Harvard Medical International, Tiger Woods and Universal Studios.

Tatweer Investments will drive Tatweer's foray into international markets, leveraging its synergy with global strategic partners. It will extend Tatweer's existing intellectual property portfolio and generate investments and partnerships overseas.

Saeed Al Muntafiq

Emaar Properties to proceed with share buyback programme

Mohamed Ali Alabbar

Emaar Properties said last month that it will proceed with the implementation of a share buyback programme. The move follows the approval of the company's share repurchase programme by its board of directors and the Securities and Commodities Authority of the UAE last December.

Emaar anticipates implementing the share repurchase programme "in a manner consistent with market conditions and the interests of shareholders". The company plans to fund the repurchases made under the programme from its available cash balance.

According to Mohamed Ali Alabbar, chairman of Emaar Properties, the company's decision to buy back its shares reflects its belief that those shares are currently undervalued in the marketplace.

"Recent declines in regional markets are largely not in line with the fundamentals of the majority of companies listed here, including Emaar. Rather, the recent performance of the markets here reflects global trends such as the credit crisis and global economic slowdown that affect investors' sentiments," he stated.

Alabbar added that Emaar is confident of its ability to generate increased shareholder value.

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US$300 billion investment to boost Gulf oil production underway

A massive US$300 billion investment in boosting oil production is underway and could see the Arabian Gulf deliver a staggering 10 million barrels of crude a day in added capacity by 2015, according to project research firm Proleads.

The firm points out that a recent analysis of total global oil production and development suggests that world crude production capacity from all sources has the potential to rise from 87 million barrels per day to as much as 108 million by 2015.

"Our analysis shows that if all current projects across the region meet their projected targets in barrels of oil a day, it would mean that by 2015 the hydrocarbon rich countries of the GCC will be supplying more than half that future added oil capacity," says Emil Rademeyer, director of Proleads.

Within the GCC countries, approved upstream oil projects designed to either maintain or increase production capacity have soared in value from below US$1.5 billion in 2006 to a 2008 peak of US$30 billion. Across the GCC, Proleads says it is also tracking a record of nearly 300 active upstream oil projects with a combined value of almost US$300 billion.

"Saudi Arabia is leading the way and would contribute more than half the 10 million barrels a day in added capacity if all projects deliver on target by 2015," Rademeyer adds.

The sukuk market is picking up again after a slow start in 2008, according to a research report from Standard & Poor's.

The report states that total issuance stood at about US$14 billion in the eight months to August 31, 2008 – down from about US$23 billion during the same period in 2007. It attributes this lower level of issuance to the deteriorated conditions in the global markets – resulting in lower investor interest in buying the paper – and the related widening of credit spreads.

EFG-Hermes fund raises US$1 billion

Investment bank EFG-Hermes says that its Middle East and North Africa (MENA) Opportunities Fund has raised US$1 billion in assets under management. Since its inception in September 2007, the fund has delivered a blended return of 31 per cent (as of July 31).

The fund was one of the first hedge funds to be launched in the region with a long-short mandate and the ability to invest a portion of its asset base in unlisted securities.

"The strong appetite for this fund from regional and international institutional investors is a testament to the growing importance of the MENA region as an investable universe on a global basis," says Hashem Montasser, fund manager of the MENA Opportunities Fund. "As Middle East markets become more mature, investors will invariably seek alternative investment products that can offer high risk-adjusted returns through different market cycles."

New law to regulate property registration comes into effect

Law No. 13 of 2008 regulating initial property registration in Dubai was passed last month.

The law aims to create more consumer comfort and protection within the Dubai real estate market by introducing a mandatory system of pre-registration for "off-plan" sales contracts for real estate units at the Land Department.

Under the new law, any off-plan sales that are not registered will be invalid. Where the Land Department finds that any developer is not complying with the provisions of the new law (or any other applicable law), it will prepare a case report and refer the case to the relevant authorities for investigation.

The registration system for off-plan contracts is already up and running. According to Chloe English and Alexis Waller of international law firm Clyde and Co, it appears that this pre-registration system will work alongside the existing project registration system established at the Real Estate Regulatory Authority as a consequence of the introduction of the Escrow Law.

For more on this, go to www.moneyworks.ae and search key phrase 'Clyde and Co'

A report from EFG-Hermes on Dubai's real estate sector says that the emirate's peak year of supply will be 2009 with more than 70,000 units expected to come on stream, more than half of which will consist of as-of-yet undelivered supply that has spilled over from 2007 to 2008.

Given this large release of supply, the firm maintains its expectation that prices will peak in the first half of 2009 before starting to decline in the second half of the year, with a cumulative decline of 15-20 per cent by 2011. At the same time, continued supply delays could push forward the year of supply peak to 2010, thus extending the cycle further.

The report adds that external dynamics such as negative sentiment, a potential transfer of liquidity from real estate to equity markets and a reduction in foreign demand could accelerate the pace and timing of a price correction.

SNASCO, the master developer of the Sharjah Investment Centre, said that the third and final phase of the project is underway.

Launched in November 2006, the Sharjah Investment Centre is the largest multi-purpose project in Sharjah. It will feature industrial, commercial and residential clusters and will provide a wide range of logistic and investment services that are slated to strengthen Sharjah's economic position.

QACC wins Pearl-Qatar project contract

QACC, a subsidiary of Arabian Construction Company, has secured an estimated US$142 million contract to build residential buildings in the Viva Bahriya district of the Pearl-Qatar in Doha.

The project involves the construction of a 20-storey residential tower with a two-level podium, a five-storey apartment building and townhouses. The total built-up area is 91,000 square metres and the construction duration is expected to take 26 months.

Select launches 'West Avenue' in Dubai

Dubai-based Select Group and UK-based Select Property have jointly launched a 32-storey luxury Manhattan-style complex in the Dubai Marina.

The over AED678 million residential development, called West Avenue, is the seventh tower to be launched by the companies, which have sold out six off-plan developments in Dubai Marina.

The new complex comprises studios, one- and two-bedroom apartments, two-bedroom suites and penthouses.

Nobles launches mixed-use project in Libya

Nobles Properties has signed an agreement with OYA Tourism Investment and Development, a subsidiary of Libya's Economic and Social Development Fund (ESDF), for Nobles to launch its first real estate project in Libya.

The project, called the Tripolis Towers, has an estimated value of US$500 million and will be located on a waterfront plot in Tripoli. The mixed-use project will comprise two 40-storey towers, one to be used as a five-star hotel and the other to provide office space.

"We see great potential in the Libyan market and its outstanding level of economic competitiveness. We pledge to develop and deliver a pair of iconic towers that will be a landmark development in Tripoli," said Omar Ayesh, founding chairman of Nobles.

EIB launches investment fund to capitalise on Indian economy

Emirates Islamic Bank (EIB) has launched the Global Logistix RIA Fund, a new investment fund that aims to capitalise on the booming economy in India, specifically Mumbai.

The maximum offer of the Mudarabah fund is AED624 million, with the bank co-investing its own proprietary monies in the fund up to AED110 million.

The Mudarabah proceeds will be used to acquire an 85 per cent equity interest in Global Logistix RIA Company (Cayman Islands), which will acquire a plot of land to develop an integrated logistics park in Mumbai.

The profit on the underlying investment will be generated through the sale of undeveloped land plots, as well as developed warehouses within the project over the course of the investment term.

The restricted Mudarabah investment fund opened with a minimum investment amount of AED500,000. The expected return on investment is 60 per cent during the investment period of the fund, which is anticipated to be 36 months.

"The Indian economy is now booming and has become the world's tenth largest economy. The impact of this boom has started to show on the real estate sector as well, with Indian individuals, retail and corporate consumers craving better quality real estate projects," said Ibrahim Fayez Al Shamsi, CEO of EIB.

Members of the EIB team

For more on this story, go to www.moneyworks.ae and search 'Global Logistix RIA'

Advertisement

al khaliji has launched a QAR fixed-deposit account with interest rates of up to six per cent and tenors ranging from one to 24 months. The minimum deposit is QAR50,000. Customers can withdraw the proceeds in full upon maturity.

Deloitte forms new joint venture

Deloitte has formed a joint corporate finance venture between its UK and Middle East firms. As a first step, the company will relocate six partners from the UK and other member firms to the region.

The joint venture company, Deloitte Corporate Finance Limited, is registered and authorised by the Dubai Financial Services Authority and will initially focus on offering M&A advisory and support services, valuation, business modelling, IPO advisory, forensic and dispute services and Islamic finance advice in the GCC market.

"We have ambitious plans to grow the new business, both in size and in the range of services offered. We predict the M&A market in the Middle East will grow at a staggering rate in the next few years; we intend to be at the vanguard of this development," says Chris Ward, global head of corporate finance advisory at Deloitte.

According to Deloitte, the private equity industry in the Middle East is expected to exceed US$670 billion in the next 10 years. Strong fundamentals, rapid growth and greater availability of funding means that deals are set to grow from millions to billions, adds the firm.

Elaf Bank launches Sukuk Fund to be managed by Algebra

Bahrain-based Elaf Bank has launched the Sukuk Fund, an open-ended fund that will provide exposure to Shari'ah-compliant securities issued in the Middle East, North Africa and emerging Asia region.

The Sukuk Fund is targeting an initial size of US$100 million and returns above eight per cent. Algebra Capital will manage the fund.

According to Mohieddine Kronfol, managing director of Algebra Capital and portfolio manager of the fund, the global Sukuk market now exceeds US$100 billion and the Middle East and North Africa (MENA) region's contribution to it is expected to continue.

"MENA Sukuk now represent 33 per cent of the global Sukuk market and a little more than 33 per cent of MENA corporate fixed-income issues," he said. "Strong economic fundamentals, large infrastructure projects and increasing capital market activity support and advance prospects for the Sukuk market in our region."

Mohieddine Kronfol (left) with Dr. Jamil Jaroudi, CEO of Elaf Bank

For more on this story, go to www.moneyworks.ae and search 'Elaf Bank'

Noor Islamic Bank has signed an MoU with the Electronic Documents Centre, a subsidiary of Emirates Post Holding Group, to offer customised payroll solutions to UAE-based companies.

According to NIB, the cost-effective features of the service will "enable managements to reduce time-consuming procedures while mitigating the risk associated with handling cash transactions".

Emirates NBD has launched its new investor relations website, www.emiratesnbd.com/investors. The site provides the group's shareholders, analysts and other interested parties in the investment community with relevant information on Emirates NBD.

National Bank of Abu Dhabi has opened a new branch in Dubai Internet City. The bank's network now includes 80 branches and 214 ATMs in the UAE.

Pictured are: Ahmed Obaid, branch manager of Dubai Internet City,and Abdulla Ghobash, NBAD's regional manager in the northern emirates.

Amlak Qatar to commence operations

Amlak Finance and BARWA Real Estate Company said that Amlak Finance (Qatar) has received a licence from the Qatar Central Bank to commence operations.

According to Nasser Bin Hassan Al-Shaikh, chairman of Amlak Finance, the new company will begin operations in either the third or fourth quarter of this year.

The founding board of directors of Amlak Finance (Qatar) will comprise five members, three representatives from Barwa and two from Amlak, as stipulated by the 40 per cent Amlak/60 per cent BARWA joint venture agreement with an authorised capital of QAR500 million.

Amlak Finance (Qatar) plans to introduce new products and services to Qatar's real estate sector and customise existing products to suit the local market's needs and requirements.


Ghanim Bin Saad Al Saad, chairman of BARWA

Dubai Bank to introduce mobile banking

Dubai Bank is in the final stages of the pilot programme for the launch of its new mobile banking service. The service will provide customers with access to their accounts to perform numerous banking transactions using their internet-compatible mobile phones.

According to Faizal Eledath, Dubai Bank's chief information officer, customers will have access to all account and card-related transactions such as transfers, bill payments and account opening. Customers will also have access to informational services including details on branch and ATM locations and branch timings.

Faizal Eledath (left) with Mohammed Amiri, Dubai Bank's retail head

ADCB has launched ADCB Meethaq - its new Shari'ah-compliant financial solutions. The bank has developed a comprehensive range of Shari'ah-compliant retail and corporate asset and liability products.

Solidarity Group has established a subsidiary in Egypt. The new company, Solidarity Family Takaful – Egypt SAE, has a subscribed capital of EGP60 million.

Operating from its headquarters in Cairo, Solidarity Egypt's aim is to launch innovative insurance solutions to Egypt's growing population. The company will offer a range of family Takaful products and services.

"Solidarity Group is firmly on track to further its growth this year. We intend to establish a branch in the UAE soon and are also working toward market entry in Pakistan and Indonesia," said Ashraf Bseisu, deputy CEO of Solidarity Group.

According to Bseisu, the new subsidiary will enable the group to raise awareness of Shari'ah-compliant insurance products and promote the benefits of its family Takaful range to the Egyptian market.

Solidarity Family Takaful Egypt is scheduled to commence operations during Q4, 2008.

Merrill Lynch soon to list new certificate

Merrill Lynch plans to list a new certificate (the 10Y-GCC Hedge Basket Inverse Tracker Certificate) on the DIFX TraX, the structured products platform of the Dubai International Financial Exchange.

GCC markets have been experiencing a sharp correction since August and Middle East investors are increasingly looking for a product that is easily accessible and can offer an effective hedge to their equity portfolios, says the firm. The ML GCC Hedge Basket is a selection of stocks that are representative of the GCC region, excluding Saudi Arabia.

The 10Y-GCC Hedge Basket Inverse Tracker Certificate will provide an inverse exposure to the ML GCC Hedge Basket, commonly known as short exposure. In other words, the value of this listed instrument will appreciate when the market falls and, vice versa, depreciate when the market rallies.

This product will provide investors with downside protection through a 'fully-funded, turn-key investment solution'.

Global offers first India-focused fund

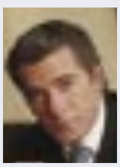
Global Investment House has launched the Mayur Hedge Fund, a long short absolute return growth-oriented fund with a net long bias.

The fund is the first direct India-focused product from Global. It will aim to achieve capital growth and allow investors to benefit from the long-term growth of the Indian market.

The fund will invest in small to medium capitalisation equities, but has the latitude to invest in large capitalisation stocks. As far as risk management is concerned, the fund will have a short position (net long exposure of a minimum of 25 per cent to a maximum of 75 per cent) as a means of protecting against overvaluations.

There will be no exit fee charged on the fund, which will target a return of 15-20 per cent. The fund will be advised by the team in Global Investment House India Private Limited based in Mumbai and headed by Dileep Madgavkar, formerly chief investment officer of ICICI Prudential Asset Management Company.

Appointments - September 2008


Jacques Bernard


Vincent Gilles


Thomas Leaver

Jacques Bernard has been named **National Bonds'** chief investment officer.

Vincent Gilles has joined **Abu Dhabi Investment Company** as the new chief investment officer of ADIC-UBS Infrastructure Investment Limited.

Gautam Bhandari will lead the development of the investment platform for **Morgan Stanley Infrastructure** in India, the Middle East and Sub-Saharan Africa.

Thomas Leaver, formerly COO of the **Dubai Mercantile Exchange**, has assumed the role of CEO.

Paul Koster will become CEO of the **Dubai Financial Services Authority** after David Knott retires from full-time employment this December.

Rasmala has named **Tamer Bazzari** deputy CEO.


Deborah Fuhr


David Sanders


Patrick Merville

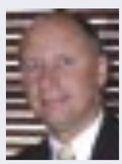
Barclays Global Investors has appointed **Deborah Fuhr** as the new global head of ETF research and implementation strategy.

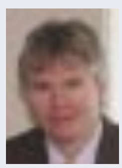
Credit Suisse Group has appointed **Hans-Ulrich Meister** as CEO, Switzerland. He will also be a member of the executive board.

David Sanders has joined **ADIC Asset Management** as chief investment officer.

Following the retirement of Antoine Massad**, Patrick Merville** has become the new CEO of **Man Investments Middle East**.

Pervez Akhtar, Hisham Ahmed Ashour, Ashish Dave and **Matteo Stefane**l have been appointed executive directors at Abraaj Capital.


Greg Collins


Jon Morton


Aymen Samawi

Greg Collins is to become chief compliance officer of the **Dubai Mercantile Exchange**.

Morgan Stanley has appointed **Benjamin Babcock** as managing director and head of restructuring for Europe, the Middle East and Africa.

The Qatar Financial Centre Authority has appointed **Jon Morton** as director for financial development.

National Financial Brokerage Company has appointed **Aymen Samawi** as the company's new CEO.

Abdulla Al Hamli has been appointed CEO of Dubai Islamic Bank.

Global Investment House has appointed **Osama Muein** as general manager for its Bahrain operations.

As you sow, so you reap

The seeds of the ongoing global financial crisis were already sown in the 1990s as credit became increasingly available and affordable. **Peter Hensman** expects a host of changes soon and predicts a likely end to the inflationary run that has dogged investors for months now.

The turmoil in financial markets has intensified as 2008 has progressed. As fears of a risk to the survival of the US financial system in its current form have increased, equity prices have continued to decline.

In the year to September 16, the MSCI World Index has fallen more than 20 per cent in dollar terms. The increase in risk aversion is reflected in the bond market. US 30-year Treasury yields have dropped as low as four per cent, below the lows of 2003 when the world was concerned about the risk of deflation. In addition, three-month T-bill rates have dropped below one per cent, indicative of investors' desire to hoard cash.[1] The contrast with the earlier months of this summer, when it seemed that the threat of inflation was the greatest risk to investors, is extreme.

With vast, long-established institutions such as Bear Stearns, Fannie Mae, Lehman Brothers and AIG no longer able to continue as standalone entities, unlike the narrow-based start-up technology ventures that failed in the post-NASDAQ collapse, it is reasonable to question where this financial dislocation is likely to lead and whether equity markets and economies will continue to suffer.

Seeds of trouble sown

To get an idea of the course of future events, it is perhaps worth considering how the current turmoil has come about. In many ways, the deleveraging of the US economy/financial system has been inevitable; it was the timing of the unwind that was inherently unpredictable.

Arguably, the origins of current events can be traced back to the 1990s and the financial collapse in emerging markets. Activity plunged in the developing world as the economies worked through the forced deleveraging caused by the currency crises and over-reliance on foreign capital caused huge dislocations when that source of funds evaporated.

As much of the growth that had occurred was investment in new production facilities, the loss of domestic demand and the weakening

of currencies encouraged producers to seek new sales opportunities overseas. Hence, despite the continuation of strong growth in the relatively unaffected developed world, the result was reduced price pressures.

Consumers in particular gained from the falling prices of retail products. This increase in households' spending power was further increased as central banks, largely focused on CPI-measured policy targets, lowered interest rates.

The availability and affordability of credit to households in economies such as the US and the UK was further increased following the collapse of NASDAQ and the associated decline in the willingness of banks and investors to extend credit to corporate borrowers (the result of a lack of confidence in the reliability of company reports as accounting scandals hit the headlines). The result of the lack of funds available to corporates was that only the highest quality borrowers saw any decline in their borrowing costs.

By mid-2002, US high-yield bonds were still yielding near 14 per cent, despite the Fed funds rate having been cut from 6.5 per cent in December 2000 to 1.75 per cent.[2] The prolonged period for which interest rates were held at multi-generation lows and the financial innovations that channelled ever more funding towards households were arguably the inevitable consequences of the efforts to restart growth in a risk-averse world.

When faced with the uncertainties of the time, Eddie George, governor of the Bank of England between 1993 and 2003, reflected in March 2007: "We knew that we were having to stimulate consumer spending. We knew we had pushed it up to levels which couldn't possibly be sustained into the medium and long term."[3]

However, in a world of unresponsive financial markets and fears about the risk of deflation, there was perhaps little choice.

In many ways, the process that is occurring at present is the unwinding of the excesses of this earlier period. A world that had been robbed of the strength of the Asian Tigers and emerging economies more generally became overly-reliant on western consumers whose lifestyles increasingly relied on rising asset prices, a low cost of capital and the willingness/ability of others to finance their consumption habits. With the low-risk premium investors who were willing to accept consigned to the past, as trust in the structures has evaporated, the drivers of the long period of strong, steady and non-inflationary growth are equally likely to be consigned to history.

As with the emerging market crises of the late 1990s that arrived when the willingness of international capital to fund current account deficits disappeared, the ability of consumers in economies such as the US and the UK to finance their lifestyles that extended beyond their means ended with the peak in the housing markets and the realisation that many of the structured products that supported this trend were of less certain value than was widely assumed.

This risk was evident even to one of the architects of the consumer spending boom. Alan Greenspan, former head of the US Federal Reserve, opined in August 2005: "The vast increase in the market value of asset claims is in part the indirect result of investors accepting lower compensation for risk. Such an increase in market value is too often viewed by market participants as structural and permanent. To some extent, those higher values may be reflecting the increased flexibility and resilience of our economy."

Greenspan continued: "But what they perceive as newly-abundant liquidity can readily disappear. Any onset of increased investor caution elevates risk premiums and, as a consequence, lowers asset values and promotes the liquidation of the debt that supported higher asset prices. This is the reason that history has not dealt kindly with the aftermath of protracted periods of low risk premiums."[4]

Growth rates to slow

This does not mean that these overleveraged, overly-consumer-reliant economies will not grow again, but it does suggest that growth rates will remain very much lower (and more volatile) than we have been used to.

The business sector is unlikely to offer much offset to weak consumer spending. Business spending tends to be pro-cyclical – that is, it exaggerates the volatility of the cycle. Weak consumer spending is likely to be associated with weak business spending, especially given the experience of the corporate sector at the start of the Millennium after companies over-extended themselves in the late 1990s.

Instead, it is likely to be government spending that offsets some of the

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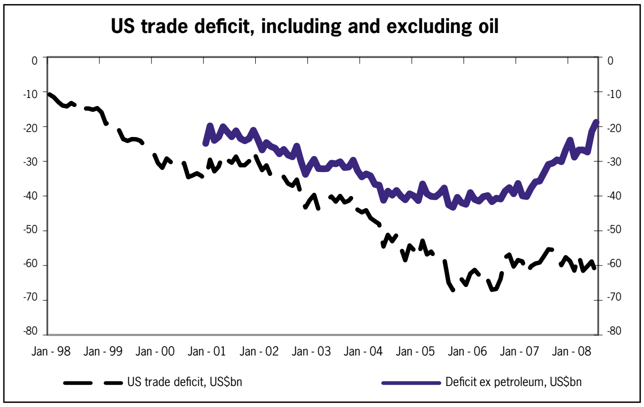
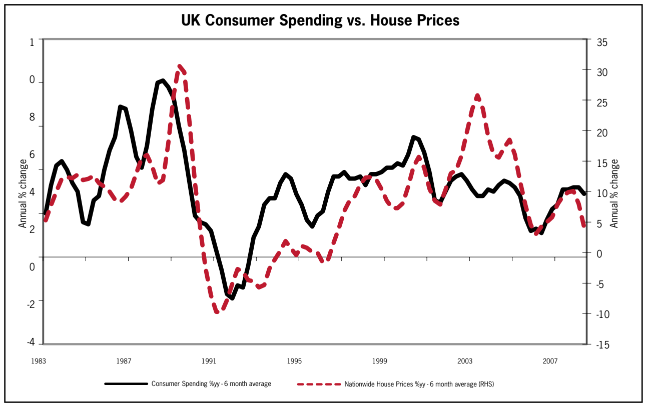




sluggishness of domestic sectors (a further fiscal package is all but inevitable in 2009, regardless of who wins the presidential election) and large government deficits that are the order of the day.

The other offset to sluggish activity in the private domestic economy is likely to come from the external sector. The US has already seen a large underlying improvement in its trade deficit as the slowdown in domestic activity and depreciation of the dollar has caused import volumes to decline. To date, the extent of this improvement has been disguised by the large increase in oil prices. With the oil price now moderating, the deficit can be expected to narrow sharply.

Exports are also likely to continue to contribute to growth, but not without risk. For much of the developing world such as “old” Europe and perhaps Japan, where financial leverage is less endemic than in the US, medium-term prospects are arguably better given the lower threat of deleveraging. Given that much of the world outside the US has actively tightened monetary conditions for much of 2008, the likelihood is that growth will continue to slow in coming quarters.

In addition, recent developments point to some reversal of the strong capital inflows evident in the last few years that could exacerbate the slowdown where, for example, these capital flows have been used to finance inventory or capital projects. While this drag, unlike in the US and the UK, is likely to be transitory rather than structural, it could well prove sufficient to see global growth continue to disappoint market expectations into 2009.

End of inflation

So what are the implications for financial markets? One significant positive is likely to be the end of inflation concerns that have dogged investors so far this year. Slower growth in global demand can be expected to undermine the pricing trends that have fed through to consumers. Equally, as liquidity conditions improve and as the pace of position unwinding by leveraged investors eases, the drag on risk assets is likely to diminish, offering the scope for a further rise in market levels.

In the Datastream World Equity Index (excluding the financial and resources sectors for which earnings are perhaps less-easily forecast), on a PE multiple of 14.2 times compared to a low in the fourth quarter of 1990 of 15.2 times[5], there appears to be scope for a re-rating, even if earnings expectations over the next two years are likely to prove overly-optimistic.

Nonetheless, there is likely to be a significant change in market leadership within equities. Where the trend in recent years has been to see those with the strongest pricing power outperform, with the market unwilling to pay for the ability to deliver consistent long-term growth (not unreasonably given the strength and durability of the economic cycle that has confused secular and cyclical growth trends), the increasing scarcity of those able to demonstrate rising sales driven by higher levels of sales volumes should now favour those able to offer such steady growth.

Government bond yields can be expected to remain relatively low, even though US/UK activity is likely to be reliant on debt-financed government spending. The likelihood that official interest rates fall to and/or remain at low levels for some time and slow global demand banishes inflation concerns should prove supportive. But in the near term, the extra yield available on corporate bonds over Treasuries (near four per cent for Lehman Brothers’ Baa-rated corporate bond index), almost matching the peak differential in 2002 as markets are paralysed by illiquidity, there is a reasonably attractive opportunity from the additional return potential from adopting some corporate risk (even when set against the probable increase in defaults caused by weaker activity).

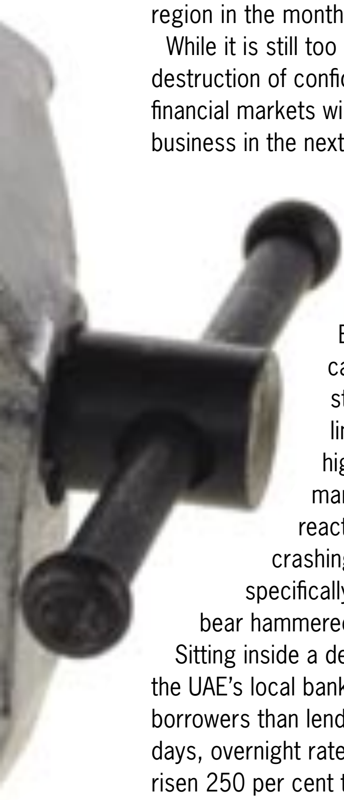
In currency markets, the one-way declining trend for the US dollar appears to have ended. Given the likely decline in the US current account deficit (that will reduce the flow of dollars entering the world economy), recognition from investors that there is indeed a risk of contagion from US financial woes to the rest of the world and the cheapness of the dollar against a number of currencies, there is some scope for the value of the dollar to increase. This rise appears especially likely against the sterling, given the sharp decline in the pound so far this year and the state of the UK economy, which currently has poor growth prospects and arguably even greater imbalances than the US economy.

The writer is a global investment strategist with Newton Investment Management.

(Footnotes): 1 Datastream; 2 Datastream; 3 The Independent, March 21, 2007; 4 Reflections on Central Banking, Jackson Hole, August 26, 2005; 5 Datastream, September 16, 2008. *This article is issued by BNY Mellon Asset Management International Limited to members of the financial press and media. This article is the view of Newton Investment Management Limited and does not necessarily represent the views of the BNY Mellon Asset Management International Limited umbrella organisation. The value of shares and the income from them can fall as well as rise and investors may not get back the full amount originally invested. This document should not be construed as investment advice.* ***Registered Office:*** *BNY Mellon Asset Management International Limited, Bank of New York Mellon Centre, 160 Queen Victoria Street, London EC4V 4LA. Registered in England No. 1118580. Newton Investment Management Ltd & BNY Mellon Asset Management International Limited are wholly owned subsidiaries of The Bank of New York Mellon Financial Corporation. Both are authorised and regulated by the Financial Services Authority. www.bnymellonam.com*

GCC catches the credit flu

The credit crunch of the west has caught up with the GCC. As bankers scramble for liquidity, there are fears that in the short term, borrowing costs could increase, further fuelling inflation in the near-term and adversely affecting consumer spending. **Utpal Bhattacharya** speaks to experts.



The mood of frustration and gloom in some of the Anglo-Saxon economies has finally started to catch up with the regional economies in the GCC. These economies are still in the initial stages of a brewing global financial Tsunami that could have deep ramifications in the region in the months to come.

While it is still too early to gauge how the destruction of confidence in the western financial markets will affect industry and business in the next six months, the broad indications are already out there in terms of the liquidity tightening in the local markets. Bankers have become cautious. They have started reviewing credit lines and lending at higher margins. Equity markets have also reacted by tumbling and crashing, with stocks that specifically have global business bear hammered ruthlessly.

Sitting inside a dealing room in one of the UAE's local banks, one can see more borrowers than lenders. In a matter of days, overnight rates in the UAE have risen 250 per cent to 4.5 per cent, while markets such as Doha have seen instances of lending at seven to eight per cent.

Significantly, the one-month Emirates Interbank Offered Rate (EIBOR) is 10 basis points over the one-month USD LIBOR at 3.18 per cent. Three-month forward rates of the local currency are also up more than 23 basis points over their US counterparts. These developments are certainly dramatic, as even four to five months ago the UAE dirham rates were lower than the USD rates in the forward market by 3.5 per cent. The dirham rates have not only caught up, but also have exceeded the USD rates – an indication that raising dollar-denominated debt has become cheaper and easier than the local currency debt. In other words, indications are that local liquidity has vanished from the market.

When a corporate banker was told that the one-month EIBOR had reached 3.41 per cent, he exclaimed: "Oh my God! It was at three per cent the other day. When did this happen?" Such a reaction is a typical example of the current uncertainty in the market, as more than a few bankers have been caught by surprise in the past few months.

What's happened?

Philip John, Dubai Bank's head of treasury, blames some of the liquidity tightening on the unwinding of speculative forward deals and on a lower probability of a revaluation of the UAE dirham peg to the US dollar. The UAE Central Bank governor has already confirmed a no-revaluation scenario. According to informed sources in the market, that decision has seen the flight of billions of US dollars from the local market.

Banks are not lending to each other much these days. The situation is so tight, in fact, that large depositors are able to play one bank against another and get away with it. There have been instances of calls from banks to depositors offering them over five per cent on local currency deposits of over AED150,000 for one year. Summing up the mood among lenders, John says: "Banks have generally been desisting from lending for periods in the interbank market longer than a week, as none of them want to be caught short."

For banks operating in the local market, then, the cost of money can no longer be determined by the EIBOR rate alone. The overall cost is, rather, the EIBOR rate plus other costs that are dictated by those who purchase assets from banks and provide liquidity to the former in return, or by large depositors who are asking for their pound of flesh.

Farhad Irani, global head of unsecured lending with group consumer banking at Standard Chartered, explains that money is a commodity and that there is a shortage of it in the local market. And this shortage has led banks to choose how much to lend and who to lend to.

Rising borrowing costs could delay projects and lead to an overrun in costs. They could also have implications for the bottom lines of companies in the medium term.

It is significant that even blue chip companies that borrowed at razor-thin margins of 50-100 basis points over the benchmark rates a few months ago are now finding themselves stranded. No one would lend to them at less than 275 basis points over the benchmark rates – and they should consider themselves lucky if they are able to negotiate a deal at those rates, bankers contend.

"The large corporates used to borrow between 50 and 100 basis points. Those days are gone now. I don't see a reversal of this in the short term, but in the medium and long term, I don't know," says Irani.

The mid-market has also been hit, but not as much as the blue chips. Bankers disclose that these companies' total cost of borrowing has gone up between 100 and 200 basis points. As such, a medium-sized enterprise that was borrowing at around six per cent a couple of months ago would now have to pay an interest cost of eight per cent.

"We are seeing a complete re-pricing in the market across the board," says one corporate banker, who did not wish to be named due to bank policies.

Why the liquidity crunch?

While the immediate trigger behind the local liquidity crunch might have been the flight of speculative capital from the UAE along with the international crisis, a number of other factors have played a role. Large initial public offerings took away a lot of excess liquidity from the market, while investors have not made much profit from their investments in recent months, given the bearish sentiments all around.

In addition, local and international banks lent too quickly over the last three to four years, growing their asset books at a pace that worried market commentators. Now, as banks are scrambling for liability to match their asset-to-deposit ratio, it is clear that some have over-lent.

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Irani says: "Historically, this region has seen a sprint for deposits at the end of the year. But this time around, the sprint has started much earlier. I cannot profess if this is for window dressing or not, but I am sure that some of it is for legitimate reasons of funding assets in the pipeline and to maintain a certain asset-to-deposit ratio."

One problem that has been an issue in the past is the low rate of real dirham interest rates, which have been in the negative realm for a long time. These rates have also been a disincentive for people to deposit money with banks. As such, they end up either taking liquidity out of the country for better prospects or investing in the real estate boom. And, for the first time, real estate is not looking too good.

What should we expect?

According to Irani, the real estate sector could be adversely affected by the ongoing crisis.

"Although we are not making an analysis or prognostication, we think that the fact that liquidity has become dearer might have an adverse impact on the real estate sector. This could have a ripple effect on other sectors as well," he points out.

If the credit crunch in the market continues, then there will also be uncertainty about mortgage lenders' ability to raise financing at reasonable costs to fund their assets. In fact, in recent weeks, there have been instances in the market of real estate developers struggling to raise financing through securitisation deals of less than US$100 million – an indication that the mood among lenders has really changed in a short period of time.

Rising borrowing costs could delay projects and lead to an overrun in costs. They could also have implications for the bottom lines of companies in the medium term.

Notes Deon Vernooy, senior executive officer at Emirates Investment Service: "At this point, we have only really seen an impact through limited write-offs or provisions by some of the banks, as well as the widening of credit spreads. Secondary impacts may come through a slowdown in the global economy and lower demand for oil."

Vernooy adds, however, that the average 2008 oil price is still substantially higher than in 2007. And that factor needs to be considered when making an analysis.

In the immediate future, rising costs are more likely to be passed on companies to consumers and end-users, adding to inflation and possibly adversely affecting consumer spending, thus triggering a slowdown in the regional economies in tandem with the rest of the world.

UAE Central Bank offers AED50 billion to ease liquidity constraints

The UAE Central Bank said late last month that it would set up a facility amounting to AED50 billion for banks operating in the UAE. The announcement came following the tight interbank market. However, bankers said that it has not had much of an effect on sentiments, as it has not been clear how the mechanism will be activated for banks to take advantage of the liquidity the Central Bank is promising.

The mid-market has also been hit, but not as much as the blue chips. Bankers disclose that these companies' total cost of borrowing has gone up between 100 and 200 basis points.

Impact on the economy

There is no debate about the fact that ongoing credit tightening will impact the local GCC economies. But in terms of how great this impact will be, analysts and experts have differing opinions. Interestingly, large companies like Damas have yet to feel any large impact from the shortage of liquidity. P.K. Dutta, chief financial officer of Damas, says that although the availability of liquidity has been an issue in the market for some time, large corporates have not had trouble accessing money at reasonable costs.

Damas recently accessed the equity market to raise capital and is currently in a comfortable position managing its financial resources. Dutta adds: "I do not think that large corporates have any difficulties in raising debt. Those entities that have been prudent with their leverage ratio are still able to raise funding at very competitive pricing."

Besides, companies have large cash balances from doing profitable business over the last few years. Damas, for example, saw its profit grow by 225 per cent between the last quarter of 2007 and the first quarter of this year.

"The rising cost of money does thin our margins. But the rising volume of business not only compensates for that; it has also increased our profits. Of course, in past months, the margins as percentage of sales have gone down," Dutta discloses.

He is also bullish on the fundamentals of the UAE and the other regional economies, and says that the

"The large corporates used to borrow between 50 and 100 basis points. Those days are gone now. I don't see a reversal of this in the short term, but in the medium and long term, I don't know." Farhad Irani

fundamentals of the GCC are much stronger than many other regions in the world. There is also huge interest among international investors for Gulf assets, he adds.

Dutta's views are further endorsed by Irani and Vernooy. Irani emphasises that unlike Western Europe and other economies, the Middle East's fundamentals are solid with great potential for upside. Vernooy points to the region's diversification – especially that of Dubai – and argues that the economy of the emirate will hold its own even if the world sees a downtrend.

"Dubai has its own growth momentum and the multiple initiatives that have been launched over the past decade to diversify the economy will stand it in good stead if the global economy enters a protracted downward period," Vernooy maintains.

It is obvious that the globe is in slowdown mode and that the Middle East will probably not escape the trend. As Vernooy points out, though, this region stands a much better chance of holding its own than others, even in difficult circumstances.

It is now almost certain that the Dubai property market will pause and ease somewhat, giving the hectic pace of growth some breathing space and probably allowing fresh liquidity to come in. But markets like Qatar and Abu Dhabi have their own needs and demands that will continue to build up strength in the months to come. The further opening up of Saudi Arabia's property market will also have a major impact on the region.

Above all, the price of oil continues to hover around US$100 a barrel, which means that the region's macroeconomic fundamentals continue to remain sound and that current account surpluses have never been better. It also means an opportunity for these economies to continue to invest in their infrastructure, create jobs and wealth and attract talent and technology to the region. And if they are able to stick to their plans of creating the much-awaited monetary union while modernising the region's regulatory infrastructure and getting their international markets going, the GCC will become an economic force to be reckoned with in the next 10 years.

For the time being, though, it might be prudent to wait for the global financial storm to subside and then assess its impact on the region before making new major investment decisions. MW

Advertisement

The liquidity shock

The local markets are finally feeling the liquidity crunch. **Matein Khalid** analyses what happened and what's in store.

"Liquidity is like a cab on a rainy night. It disappears when you need it the most." So observed the banker J.P. Morgan during a Wall Street panic. But his statement could be applied to the UAE's situation over the last three months. The country's interbank rate has doubled; it is even 0.6 per cent above LIBOR.

In the meantime, credit default spreads on UAE debt issuers have skyrocketed, while the local stock exchanges have lost one-third of their values.

Vanishing liquidity

But what did happen to create such a local liquidity shock? For one, the US dollar has soared against the euro since July. Due to the UAE dirham's FX peg, this state of affairs has meant slower growth in the central bank money supply. Since no real corporate bond markets exist, the correlation between slower money supply and bank credit growth is almost perfect. Lower bank credit growth, of course, hits asset markets at once.

Additionally, US$50 billion in speculative hot money entered the UAE money market, betting on a dirham revaluation. But when it was clear (by August) that it was not happening, the hot money exited en masse. Many UAE banks also became dependent on wholesale funding in the Euro-MTN market to fund asset growth. Too bad bankers learn the hard way that 40 per cent annual asset growth is the sword of Damocles for prudent underwriting. Surely this was a lesson the go-go financiers of Asia could have taught us in 1998; the end-game of a liquidity shock, excessive debt a credit crunch and deflation.

A classic indicator of a liquidity shock in any financial market anywhere in the world is the trend in its sovereign credit risk spreads. This is an infallible indicator of the capital market's perceptions of financial stress and credit risk. The credit default swap protecting Dubai's debt for five years has doubled the cost of protecting Dubai debt from default from 110 basis points in June to 250 basis points now. This development is a very ominous one, as it reflects the far higher spreads Dubai corporates and banks will now have to pay in the international capital markets.

The credit default swap market has punished all GCC borrowers. Abu Dhabi, the owner of huge proven crude oil reserves and an estimated US$800 billion in ADIA funds under management, has also seen its bond risk soar to 75 basis points. It is no coincidence that the Dubai Financial Market (DFM) has lost more than a third of its value in the past three months as the Dubai credit default spread has soared. This sell-off has been led by panic-selling in bank and property stocks.

The angst of the DFM was accentuated by the vicious bear market in global stocks, the failure of Lehman Brothers, the US Treasury nationalisation of Fannie Mae and Freddie Mac, the virtual shutdown in the offshore capital markets and the wholesale redemption in emerging market funds. It did not help that the financial markets panic abroad coincided with a corruption crackdown in Dubai, which snared several high profile CEOs of local banks and financial institutions. Investor sentiment, already poor, went into panic-selling mode as international fund managers, who had increased GCC allocations in 2007, slashed them en masse as crude oil fell and margin calls multiplied on the global stock exchanges.

The diehard GCC bulls who argued that the subprime woes of Wall Street would not have an impact on UAE financial markets, an argument I tried to skewer in successive columns ever since the money markets first froze in August 2007, have been proven dramatically wrong (and for their clients, traumatically wrong).

Money is the ultimate global commodity, and when credit risk is re-priced higher in one niche of the capital market (subprime mortgages), an impact on related global asset classes (emerging markets) is inevitable. Since Dubai does not have a sovereign credit rating (unlike Abu Dhabi) and does not disclose consolidated data on its public debt, the capital markets have now priced Dubai debt below investment grade, at levels below Columbia or Thailand, which is mired in a political and economic crisis of its own.

All oil producer sovereign credit default swaps soared since July as black gold lost US$50 a barrel when the speculative bubble in the New York energy futures markets collapsed and Russia lost its international credibility after its tanks rolled into Georgia. So the spread widening in Dubai and Abu Dhabi could also be correlated to the "sell oil" trade, even though Dubai derives barely three per cent of its GDP from crude.

A more significant concern in the market is the multi-billion dollar pyramid of debt that finances Dubai's property market – debt that can only be priced at much higher levels or not at all. The capital markets will differentiate among GCC borrowers on four fundamental criteria. One, do they have a sovereign

credit rating? Two, do they have foreign exchange reserves that are at least ten times their debt service cost? Three, does their leverage ratio suggest refinancing risk? And four, are they vulnerable to overheated property markets?

It is surely significant that the largest regional companies in the GCC have fallen more steeply because they had a global dimension, rather than purely domestic stocks. That's why Emaar, Kingdom Holdings, SABIC, Dubai Islamic Bank, DP World and EFG-Hermes have proven to be high beta proxies for the regional economic downturn that will now surely re-couple with the global markets.

There are four classes of shares whose behavior makes me extremely nervous about the outlook for regional stock exchanges. The first class is shares with global commodity exposure (SABIC) or exposure to regional property markets (Emaar). The second class is shares that predict a fall in stock market volumes (note that the shares of the DFM have lost 50 per cent of their value in 2008 alone). The third class is the small cap and illiquid shares. These quasi-private equity shares should never have been listed in the first place and constitute a large number of the listings on the UAE stock exchanges. The fourth class is those stocks that rely on leverage and liquidity booms for profits, meaning banks and property developers.

As the fate of Lehman, Bear Stearns, Countrywide and Northern Trust proves, a crisis in the funding market means Armageddon for any financial institution that is leveraged 10 or 20 times its capital and whose assets include illiquid asset classes like loans, derivatives and property. When fear replaces greed in the money market, when the grizzlies run amok in a credit crunch, leverage becomes a kiss of death with only one swift brutal end-game. A liquidity shock becomes a solvency nightmare even when a lender of the last resort exists. What happens when it does not?

It is inconceivable to me that the Federal Reserve will hike the overnight borrowing rate now that crude oil has fallen US$50 from its highs and inflation risk is not a systemic threat to monetary stability. Central banks do not hike interest rates when international investment banks like Lehman and Merrill Lynch teeter on the brink of ruin, when the world's largest insurer (AIG) has seen four-fifths of its market value wiped out in six months. During moments of financial panics, central banks act like the quintessential lenders of the last resort – the ultimate source of liquidity to an embattled banking system.

The Fed was the capital market's knight in shining armour after the depositor run on Continental Illinois, the bailout of the savings and loans, the sovereign default of Mexico, the collapse of the Connecticut hedge fund LTCM, the Russian debt default, the Silicon Valley tech bubble and the subprime mortgage/CDO. It can easily ease again, possibly to one per cent on the Fed fund rate. A Fed rate cut may or may not stop the free fall in the oil market.

With Merrill Lynch and Lehman Brothers now extinct, Wall Street's financial constellation has undergone a tectonic shift, the most profound since the Great Depression. The new international financial order born from Lehman's chapter 11 filing will have profound consequences for the investment banking and fund management industries, as well as for the capital markets of the Gulf.

One, cheap credit will no longer be the rocket fuel of banking balance sheets. No longer will Gulf companies and banks be able to borrow in the Euromarket razor thin margins to fund asset growth in the region. Two, leverage is a dirty word in world finance. Three, property markets that rely on borrowed money and banking risk tied to borrowing binges and property values is the kiss of death. Four, the Gulf's new international financial centres will face major cutbacks and job losses. After all, Lehman and Merrill employed 86,000 people and at least half their payroll will lose their jobs. Five, speculative bubbles implode in real time at the speed of light.

When capital markets unwind with a vengeance, there is literally no place left to hide. The GCC learnt this lesson the hard way at Souk Al Manakh, during the 1990s oil crash and in the collapse of the 2006 stock market bubble. Yet the lesson is never learnt, as evidenced by the debt pyramid generated by aggressive go-go banks, property developers and investment companies who borrowed billions to buy hotels or office buildings in the west on the eve of the greatest property crash since the Great Depression.

Never say never, as James Bond advised, in the commodities market. We've seen oil at US$10 and we've seen oil at US$140 in the past decade. Yet, some GCC companies borrowed as if oil would continue to stay at US$140 forever, when it could easily fall to US$10 in the coming global recession. Yes, never say never.

The model of an independent securities firm is doomed on Wall Street and in the Gulf. I cannot envisage how independent firms with no access to the central bank lender of the last resort window can survive stock market panics or real estate crashes of the magnitude we are seeing all over the world. A year ago, Henry Paulson said: "The subprime will be contained." Six months ago, Lehman CEO Richard Fuld observed: "The worst is behind us." Mark my words: cobblers never tell the truth about the shoes they are selling to the public, particularly here in the Gulf where investment research is the art of press release recycling.

Banks tightening realty lending

The tight international credit market, an increased cost of borrowing, fear over the sustainability of property price rises in the UAE and the possibility of banks curbing lending to the real estate sector are all likely to reduce fund flows to the country's booming property market. **Ritwika Chaudhuri** investigates.

For the first time, the UAE property sector seems to be facing a cash crunch, whether its players admit it or not. Delays in project completion, too much exposure to the sector from banks and the possibility of a price correction – as predicted by Morgan Stanley and EFG-Hermes last month – all signal that the emirate's property market is in for a breather.

Until recently, with the UAE's economy growing at an impressive rate, oil revenues accumulating and banks rich with liquidity, funding for the real estate sector had never been an issue, even though the UAE was already suffering from a negative real interest rate environment. But the situation seems to be changing. Property developers, bankers and investment experts who were confident that the subprime crisis of the US and the credit crunch of the western world would not impact the GCC are being proven overly optimistic.

It seems the UAE is now feeling the heat. As one after another US financial giant declares bankruptcy, the source of international funding for UAE-based financial institutions is quickly drying up.

Reportedly, the UAE Central Bank is considering new regulations to curb personal loans and bank lending to small businesses.

The regulator is also looking closely at banks' exposure to the real estate sector, considering that a number of them have reached the maximum amount they can lend to this sector.

The UAE Central Bank stipulates that banks can lend only up to 20 per cent of their deposits to all real estate business, including mortgages and construction.

Exposure to property sector

The UAE's banks and financial institutions are highly exposed to the real estate sector in one way or another. These banks have been extending finance to government and public companies involved in infrastructure development, developers, construction companies and individuals for home loans, as well as indirectly to other companies connected with the property sector.

According to UAE Central Bank data, while the total assets of all banks had reached AED1,337.8 billion at the end of March 2008 (from AED1,223.1 billion and AED859.6 billion at the end of December 2007 and December 2006 respectively), the banks had recorded a total of AED723.9 billion in credit facilities at the end of March 2008 (compared to AED647.5 billion and AED474.2 billion respectively at the end of December 2006 and 2007).

Central Bank figures also show that out of AED723.9 billion in bank credits at the end of March 2008, the construction sector remained the largest beneficiary of such credits, receiving AED74.9 billion.

And real estate loans soared to nearly AED58.8 billion at the end of 2007 from around AED31 billion at the end of 2006 and peaked at AED64.9 billion at the end of March this year registering 10.3 per cent growth. On an year-on-year basis, mortgage lending in the UAE had jumped 55 per cent as of March this year (AED64.9 billion) compared to AED41.86 billion a year earlier (March 2007), Central Bank statistics reveal.

While the overall exposure of the banking sector to the construction and real estate sector has already reached an alarming level, the position of some of the individual domestic banks in this regard is quite interesting. According to an Al Mal Capital report, income from the real estate activities of five major banks in the UAE represented up to 18.5 per cent of its total income in 2007. The potential of banks increasing their income from real estate investments is also increasing with the launch of new subsidiaries and partnerships, says the report.

The five banks' exposure to the real estate and construction sector ranged from 7.3 per cent for Abu Dhabi Commercial Bank (ADCB) to 31.4 per cent for National Bank of Abu Dhabi (NBAD). The other three banks – Emirates NBD, First Gulf Bank and Union National Bank – had an exposure of 13.7 per cent, 23.9 per cent and 27.1 per cent respectively.

Since banks here borrow a lot from the overseas market, both availability and the cost of funding will be an issue with the banks and hence for their borrowers too, at least in the next six to 12 months." Matthew Shaw

Direct exposure aside, there is also an indirect exposure that comes from using personal loans to purchase off-plan properties for a small down payment and "riding the wave of the price appreciation powered by leveraged returns", the report notes. This is not only true for local banks, but also for the country's banking sector as a whole.

Word of caution

In a recent study, the Abu Dhabi Chamber of Commerce and Industry urged banks to exercise caution while providing mortgage loans to save the sector from a possible US-style subprime crisis.

As far as credit to this sector is concerned, a downturn in the real estate sector, an extended phase of price correction or delays in project implementation could pose default problems for borrowers, leaving banks with significant amounts of bad debt and challenging their asset quality.

Experts have been urging banks to limit their risk associated with mortgages and other real estate lending for some time now. Some of them feel that even if interest rates do not go up, borrowing costs and lending margins are going to rise, primarily because of the international credit crunch. In the

With the high level of confidence people have in us and with our credibility in the market, we have support from local and international banks. We are raising funds at a very competitive rate, even with the subprime crisis. Ronald Barrott

local market, the risk premium on certain sectors – including real estate – has also gone up.

Lenders are demanding better margins from borrowers that are likely to get them high returns for their investments. Lending rates are fixed by a number of things, including asset-liability ratios, return on capital, cost income, default ratios and competition in the market. Against these parametres, property is not the best sector to lend to at present.

What do developers say?

Matthew Shaw, chief investment officer of real estate funds at Evolvence Capital, says: "Since banks here borrow a lot from the overseas market, both availability and the cost of funding will be an issue with the banks and hence for their borrowers too, at least in the next six to 12 months."

Shaw adds that the liquidity crunch and the higher cost of borrowing will affect both local and international developers. While local developers will have a limited availability of funds from the domestic market, external borrowing will also be affected due to the tight credit market.

The situation will be even more difficult for international developers that have always had trouble getting construction finance from local sources and have been primarily dependent on proceeds from off-plan sales and the international credit market.

Big developers that **MONEY***works* spoke to, however, do not agree. They argue that it is the credibility of the company and the quality of projects that matter most when accessing finance.

"Obviously, cash has become a little scarce, but financing is available for big companies," maintains Ronald Barrott, CEO of ALDAR Properties. "With the high level of confidence people have in us and with our credibility in the market, we have support from local and international banks. We are raising funds at a very competitive rate, even with the subprime crisis."

For ALDAR, financing for projects comes from the sale of land, properties, rental income, development finance through sukuk and the balance from loan facilities following a comfortable cash-flow model based on the company's requirements.

Barrott further points out that the Abu Dhabi real estate sector is being driven by the demand side. He says that the emirate enjoys robust growth, as it is increasingly diversifying away from the oil and gas sector. And with nearly a five-year gap for the housing supply to catch up with the demand in the emirate, the property sector is all set to get a healthy boost, he adds.

Even in Dubai, which has been a supply-driven market, developers deny a shortage of funds. Robin Lohmann, managing director of ACI Real Estate, a leading developer that has been splurging on marketing its towers, says: "We have our own capital, bank facility and proceeds from property sales. We have only used 25 per cent of the AED1 billion facilities available to us. This apart, we are raising capital from the European market to the tune of US$100 million."

Hussein Fakih, CEO of the Mina Al Fajer Group, emphasies that the real estate sector in the Middle East is growing at a healthy pace, with the North American and European crunch having limited or no effect on the regional markets.

On whether banks are getting cautious in lending to the real estate sector, Fakih says: "The banking industry will always seek guarantee for the safekeeping of its investments. These guarantees are creating higher operation standards for the real estate market, such as the delivery period, which is essential for the investor's return on investment and the market trust in real estate developers that banks are willing to invest in."

According to Fakih, the UAE Central Bank's decision to curb lending to the property sector ensures that the banking industry can look at further streamlining and standardising its dealings in real estate, which will assist in shaping a financing model for this sector. "These measures will create more confidence in the market, as they will ensure that banks are doing their due diligence before financing properties, and thus more funds will be available for the sector in the long run," Fakih explains.

Overall, developers seem to be of the opinion that banks have to be careful when extending loans, depending on the developers' credibility in the market, the soundness of its projects and underlying terms and conditions.

Bankers' perspective

To a certain extent, UAE bankers are of the same opinion. "Lending is decided depending on a project's quality and credibility, and we lend on the basis of return on investment.

We have our own capital, bank facility and proceeds from property sales. We have only used 25 per cent of the AED1 billion facilities available to us. Robin Lohmann

When liquidity is a problem, we need to be careful to whom we are lending, what is the risk profile and at what terms and conditions we are lending," says Mark A. Yassin, senior general manager of NBAD's corporate and investment banking division.

Yassin adds: "As of March 2008, NBAD's direct exposure to its real estate portfolio for the UAE market stands at AED10.8 billion, which is only 14.3 per cent of UAE deposits against the prescribed 20 per cent."

Lending is decided depending on a project's quality and credibility, and we lend on the basis of return on investment. Mark A. Yassin

With the real estate sector contributing 16 per cent to their revenue, banks need to be careful about the safety and soundness of their portfolios. While refusing to share any statistics, ADCB maintains that a bank's exposure is significant, but prudently structured and managed.

"As one of the major UAE local banks, we have a mission to support the growth of the local economy, including construction and infrastructure sectors. Hence, our lending strategy in this sector has always been commensurate with the overall growth," states Colin Fraser, executive vice president and head of the wholesale banking group at ADCB.

However, banks in general are aware that too much exposure to any industry – not just to the property and construction sector – is a potential problem for them. Alper Yuksel, head of commercial banking at Barclays, notes: "If the 20 per cent limit is reached and additional business is forthcoming, Barclays will start prioritising based on return vs. risk, using the available limits for the stronger deals."

Yassin says that NBAD is clear about "diversifying the bank's portfolio and using its discretion". And Fraser adds about ADCB: "Our view is that working with high quality developers and contractors is the best way to ensure that the financing we provide is sustainable. We are confident in our portfolio and the capabilities of the clients we work with."

But the going could become rough if property deliveries continue to be delayed and if there is a correction in prices.

Yuksel says: "If there is a significant delay in projects, it may lead some developers to default, resulting in potential issues for both parties. Also, regardless of what happens to the exposure limit, if there is a drop in real estate prices, banks will be affected."

Significantly, while most Dubai-based banks did not respond to **MONEY***works*' questions on their exposure to the local market, those that did respond decided not to consider the possibility of a price correction. They were also of the view that default rates as of now are rather low and are likely to remain low.

Fraser points out: "As a lender, the bank has to be sure that the management has the expertise and experience to manage and mitigate risks, as well as sufficient cash reserves to support their business where these risk management strategies are not fully successful."

NBAD, in addition, sees no reason why default rates should go beyond the historical one per cent. However, with less funding available in the coming months, what alternate source of funding can developers find?

Bankers do admit that developers could find it difficult to get financing if banks reach UAE Central Bank limits and the international credit scenario does not improve.

Fraser says: "Each bank has to assess its own strategy regarding lending into the UAE economy, and logically the lending book will reflect the active areas of the economy, including real estate. So, if real estate continues to be such a significant part of the UAE economy, then the banks will manage their exposure to real estate in order to continue being active in that market."

The banking industry will always seek guarantee for the safekeeping of its investments. These guarantees are creating higher operation standards for the real estate market." Hussein Fakih

Fraser also rules out a US-style crisis in the UAE, as the two markets are not comparable in any way. The UAE, he notes, is showing healthy growth, with demand from both the commercial and residential sectors.

It is interesting that both bankers and developers feel there will be no dearth of financing for good projects through a combination of equity, capital market and limited bank financing.

"We believe that the domestic market has the capacity to ensure that good quality real estate projects receive the finance they need," maintains Fraser, whose views are supported by Yassin.

Bankers are also hopeful that the tight liquidity scenario in the international markets will get better over the months. Once that happens, things will start to look up again.

Fraser sums up: "At present, international capital markets are under pressure, which makes liquidity less available. We are confident that the international capital markets will improve once the present credit crisis abates, and we believe that UAE businesses will be very well received in these capital markets, just as they have been in the past."

Is it now safe to invest?

The global economic gloom has finally rubbed off on the region. Investors already miserable about double-digit inflation, negative real interest rates, losses in the equity markets and talk of the local property market slowing down are seeking advice on what to do with their money. **Ehab Heyassat** looks for answers.

For several years now, the GCC's middle-class expatriates have seen their disposable surpluses shrink as hyper-inflation eats up whatever salary increments come their way. While their jobs have stood secured, the economies have grown at breakneck speed, demanding more and more contribution from them. As such, a significant number of these employees and professionals have not been able to improve their quality of life.

A few years ago, a monthly household income of AED10,000 provided a fairly comfortable lifestyle. But today, even with double that income, families are scrambling to pay their bills – forget saving and investing. Those who *have* invested in the stock and property markets and have not booked profits are concerned that they might end up losing money, as various experts have said that the property market has built up a bubble and that liquidity has moved out of the local stock markets.

How investors went about

One of the most important concerns for investors in a high inflationary market is to look for investment opportunities that will provide returns above the rate of inflation. While the property market in Dubai attracted a lot of liquidity in the past, the local stock market – despite good fundamentals – suffered as liquidity remained skewed in favour of the former.

Soha Nashaat, managing director and head of the Middle East and North Africa at Barclays Wealth, explains that investors tend to overweigh one asset class at the risk of another according to their return expectations. Presently, regional real estate appears favoured as an investment.

It is quite evident that middle-class investors in most Middle Eastern countries have looked for any means available to get their money working and beat inflation. In Jordan, for example, over US$500 million has been invested in hundreds of shops dealing in foreign currency trading. Investing in forex gave investors returns of between eight and 15 per cent when the going was good; however, as commodity prices fell and global markets deleveraged, these shops lost their sheen. Investors who were supplementing the shortfall in their household incomes from earnings in the forex market were suddenly left high and dry.

To add to their misery, Jordan's grand mufti Nouh Salman issued a fatwa last month banning the electronic trading of currencies, due to financial risks in the business. Agencies quoted him as saying that these transactions were tantamount to gambling.

The Jordanian government also intervened, as people had gone to the extent of selling land and various assets – and even borrowing – to invest in the forex market. Complaints of fraud further pushed the government to regulate these forex traders. A total of 26 companies have already been taken to court, while more than 100,000 complaints have been lodged as a result of the government crackdown in the Hashemite Kingdom.

The ban on forex trading, as well as the closure of many dealers, has taken away an important source of income for many middle-class families in Jordan. One Jordanian, who has a family of seven, says: "This trade offered us handsome returns for our small investments. I was actually able to pay for the education of my two college-going daughters from the money I earned through investing in forex, as my salary is not enough."

Businesses have, however, reacted guardedly to the fatwa of the Jordanian mufti. In Dubai, leading online forex trader ACM says that it has structured its Islamic accounting system guided by fatwas from religious scholars in Qatar and Saudi Arabia.

"Our Islamic accounts managed to attract a significant number of investors who were avoiding this type of investment for Islamic non-compliance concerns," notes Saber Daboussi, general manager of ACM Middle East & Asia.

Speaking about the fatwa banning currency trading, Daboussi says that ACM works on a fixed-fee basis and that its transactions are structured to be Riba, or interest-free.

The debate will undoubtedly continue. In the meantime, though, the situation is combined with negative real interest rates and the increasing pressure to maintain a decent lifestyle, and many people are facing difficult times as the global downturn begins to impact the region.

In the UAE, it has been said that a number of investors have lost or are in the wake of losing money, as unprofessional managers are managing anything between AED50 and AED100 billion in various portfolios. Moreover, a significant amount of that money is invested in the property market.

Of course, unprofessional managers sometimes underestimate the importance of risk premium and pay much more than they should to acquire certain assets. This behaviour plays an important role in creating asset bubbles and later impacts everyone, especially those who have not been prudent.

What now?

Last year, says Nashaat, many investors were turning to the emerging markets, driven away by bad news in the global markets. But there are now signs that these markets are also not immune to the general economic gloom, especially when economies are exposed to high inflation.

The latest round of drops in the GCC financial markets reflects the concern that is elsewhere on the global economies, Nashaat adds.

So what do investors do under such circumstances? Do they remain in cash? That's happening in certain cases, but with GCC inflation continuing to run in the double digits, investors are desperately looking for alternatives to grow their money.

"Rising inflation makes investors more sensitive to their returns. In such circumstances, they choose investments that give returns that overcome the inflationary pressures and preserve the capital as well," Nashaat notes.

According to Nashaat, there is growing interest among investors for alternatives. The recent volatility in equity markets serves as a reminder of the usefulness of alternatives in controlling volatility in client portfolios. In the GCC, says Nashaat, there is a strong cultural bias towards investing privately-held wealth into physical assets or direct business transactions, with real estate being the preferred asset class for many investors even now.

The question that many ask today is what will happen to the oil price, given the prospects of a long global slowdown. Will the price fall as dramatically as it rose? If so, will it impact the growth story of the region in a big way, or will it affect the lives of those that have benefited from the prosperity resulting from the economic boom?

These questions are not easy to answer; however, a drop in the price of oil could bring down some of the governmental project spending in the region. That circumstance would mean a slowdown in the pace of growth, which would bring down inflation. In turn, more spending power would be given to individuals, who would once again have more disposable surplus to invest and save.

Inflation drop?

Nashaat says: "If the oil price falls, the headline inflation will also begin to drop. This should boost certain segments of the global economy, such as transport, tourism and utilities. But this will also mean lower budget surplus in some oil producing countries, and that will lead to a reduction in government spending, which has been a key driver of the market in the region and elsewhere."

Some fund managers outside of the region who have taken out liquidity for the GCC feel that some of the international liquidity the region has seen lately might not come back anytime soon. This opinion can be attributed to many reasons, including the global downturn and the local ending of revaluation story.

But these fund managers also feel that there is no reason for the GCC markets not to do well over a period of time, as long-term fundamentals are robust and current prices are at reasonable levels. So, for equity investors in the region, it may not be a bad idea to begin researching value stocks. For property investors, though, it might be time for a pause to understand and take the pulse before making any new decisions. MW

The Oracle of Oil

The dramatic rise in the price of oil has surprised many, but not Arjun Murti, who first predicted that oil would breach US$100 a barrel in early 2005. **Utpal Bhattacharya** caught up with him on the sidelines of **MONEY***works*' 10-year anniversary celebration last month to find out whether oil would be able to sustain its growth momentum.

The man won't let his photograph be taken. He politely declines a request by our photographer, even though it's for an interview that will be published in a magazine. The photographer is forced to leave the Jumeirah Emirates Towers hotel suite empty-handed.

The man is none other than Arjun Murti, who forecast for the first time in 2005 that oil would soar beyond US$100 a barrel. Many scoffed at his prediction, while others claimed he must have certain designs behind such a conjecture. In Murti's words, some of those responses were "disappointing". Ultimately, though,

"Even when we are forecasting higher oil prices, we are not forecasting big improvements in the return on capital. The return on capital is 20 to 25 per cent. It is not a poor rate of return, but it is not a phenomenal rate of return." Arjun Murti

Murti was proved right when his forecast of an oil "super spike" came true.

In May 2008, when Murti predicted another milestone for oil – that the price would spike to a range of US$150 to US$200 a barrel over the following six to 24 months – the ensuing responses were very different from those that surfaced after his first prediction in March 2005.

"This time around, there was more willingness to listen to the logic behind what we were saying," Murti explains.

Reminiscing about what happened in 2005, Murti notes that there were two types of responses at the time. He describes the first type, which came from Goldman Sachs' institutional clients, as "normal". While some institutions agreed with the views and others did not, most wanted to discuss the assumptions and understand the logic behind the prediction.

It was the second type of response that Murti feels was unfortunate; something that he and his team at Goldman Sachs were not expecting.

"We were not prepared for the broad public reaction to that report, as it was intended only for our clients. What we did not expect was its wider publicity," says Murti. "And I think, in that context, people presumed to know what we thought without, in many cases, having read the report at all and jumping to their own conclusions, something that was very unfortunate."

Murti believes analysts are not supposed to give answers to problems, but rather explain the logic as to why and how certain conclusions have been reached. It is up to investors to make their own judgements about those conclusions and the thought processes behind them, he adds.

First and foremost an equity analyst who rose to become the managing director of Goldman Sachs investment research, Murti continues to be bullish on the price of oil. It does not bother him much that the price has quickly moved south with the plethora of bad news – triggered by the subprime crisis – coming into the financial markets from the US.

"Goldman Sachs continues to have a constructive view of China's economic growth rate and the rate of growth of the rest of the BRIC [Brazil, Russia, India and China] countries. But obviously, there is risk for those countries that do not do well in the shorter period of time. In that environment, in the next three to four months, could prices ease a little bit? Yes," says Murti.

Murti's high oil price logic

Interestingly enough, Murti found himself covering the oil sector by chance. His first job out of college was at Petrie Parkman & Co, where he began his career as a sell-side energy analyst. Since then, it has been energy all the way through. Today, Murti heads Goldman Sachs' energy group in global investment research. He covers integrated oil, exploration and production, as well as refining and marketing equities, and has ranked in the top three in client surveys.

Murti's theory builds up a case for the high oil price not by simply looking at the supply-demand gap. The argument is not based on a correlation between the price and the widening gap, but rather more on the increasing cost of developing and producing oil, and therefore on the price driven by the supply side.

"When you cover oil companies, you tend to think in terms of what price these companies need to sustain their profitability. It is also about economies, like those of the OPEC countries. You tend to ask how much they need to take care of their population," Murti explains.

A large part of the analysis, then, is about determining the cost of developing the supply side and then the demand side, as well as what the demand elasticity is and at which point the market will find the price has risen too much.

"We came to the conclusion that supply is unlikely to grow too aggressively. And that's when we felt that we have to focus on the price that will lower oil demand," Murti clarifies.

Murti says that historically, it has been recognised that a four per cent global GDP growth is accompanied by between one-and-a-half and two per cent of global oil demand growth. In the present circumstances, non-OPEC supply has remained flat or has placed a lot of pressure on OPEC countries to meet the growing demand.

Murti's argument is further reinforced by the fact that non-OPEC supply was not stimulated even as the price increased from US$20 a barrel to US$100 a barrel. At this point, Murti seems sceptical about non-OPEC supply growing at a rate that could impact the supply side in a significant way.

"Starting in 2004, the market came to appreciate that the OPEC spare capacity was largely depleted. The realisation that demand was staying strong despite higher prices, combined with disappointing non-OPEC supply and minimal OPEC spare capacity, resulted in investors bidding up the long-dated price of oil," he says.

But why, one might ask, is non-OPEC so important in the grand scheme of things? Murti answers that although non-OPEC reserves are very small, they produce 60 per cent of today's global oil production, while OPEC, with 75 per cent of the reserves, produces just 40 per cent.

Even within OPEC, countries like Venezuela have seen a flat or slightly declining supply during the last 10 years, while geopolitics has hit countries like Iran and Iraq hard to get them to produce to their potential. Only Saudi Arabia seems to be trying to make a difference by producing more. According to Murti, though, the efforts of the Kingdom alone will not be able to solve the problem of shortage of supply and growth in demand if the global economy has to grow at a trend growth rate of between three and 3.5 per cent in the long run.

Murti also disagrees with the view that increased investment flows into passive commodity funds had a big role in driving oil prices well above reasonable levels.

"We disagree with this theory and believe that resilient demand growth, sluggish supply growth and sharply-higher industry costs are the primary drivers behind higher oil prices," he states.

Murti adds: "In addition, we find it highly interesting that the oil forward curve moved back into backwardation despite continued flows into passive commodity funds. Our conclusion is that while some attribute unexpected price movements to other factors, ultimately the root cause can be found in fundamentals."

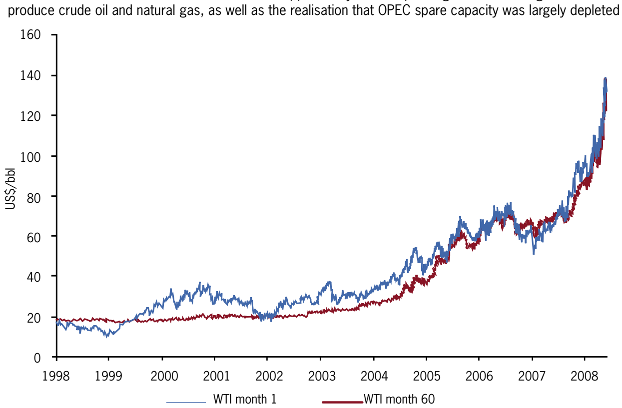
Return on capital employed

Murti's theory emphasises the fact that oil exploring and producing companies need a certain rate of return on capital to make the business viable, and that has a major impact on how the price will move. He also argues that if non-OPEC production did not grow when oil crossed US$100 a barrel, then it is unlikely to grow suddenly, and the pressure on OPEC to meet the growth in demand will continue to put pressure on the oil price.

What Murti finds shocking, he says, is that for major western oil companies, their returns on capital have remained almost flat

Rise in long-dated prices was the biggest surprise during super-spike phase 1

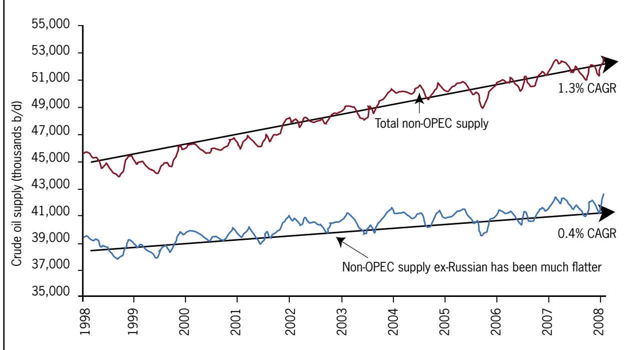
- The most notable aspect of phase 1 from a commodity pricing perspective was the sharp sustained rise in long-dated oil prices, which had been largely flat until 2004
- Goldman Sachs believes the dramatic rise is supported by a corresponding rise in the marginal cost to produce crude oil and natural gas, as well as the realisation that OPEC spare capacity was largely depleted



Source: Bloomberg, Goldman Sachs Research

Russia supply growth has been key to non-OPEC growth, but is now slowing

- Total non-OPEC supply has grown in recent years
- However, this appears almost entirely due to growth in Russia
- With the Russian state taking a more visible role in oil production relative to years past, we expect oil production to grow at a slower rate in the future



*Non-OPEC supply includes Angola and Ecuador

Source: International Energy Agency

during the past 10 years. Returns remained almost the same when oil was at US$30 a barrel and when it reached US$120 a barrel.

"Even when we are forecasting higher oil prices, we are not forecasting big improvements in the return on capital. The return on capital is 20 to 25 per cent. It is not a poor rate of return, but it is not a phenomenal rate of return," Murti notes.

But how is it that returns have remained flat when the price has quadrupled? Murti says that in this period of oil boom, the oil majors' taxes have gone up along with capital costs, while some of them have had major disappointments in projects and, in some cases, have had their assets appropriated. There are other factors as well that have all combined to level off the return on capital of major oil companies.

But why, one might ask, is non-OPEC so important in the grand scheme of things? Murti answers that although non-OPEC reserves are very small, they produce 60 per cent of today's global oil production, while OPEC, with 75 per cent of the reserves, produces just 40 per cent.

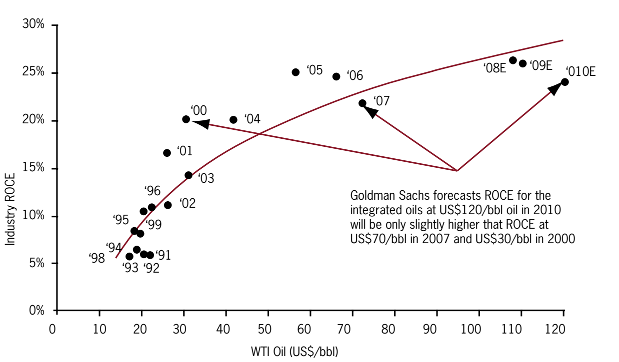
"People say this is a bubble. But what kind of a bubble has flat returns over 10 years? And what kind of bubble has no supply growth over that period of time for non-OPEC producers?" Murti asks.

Murti says that western majors will inevitably struggle to improve their returns in the future and that one of the biggest struggles will be to access oil resources. He explains that during a period of high prices, it is natural for host countries to keep their oil resources for their own growing state companies. In fact, that's a big reason why western majors have seen their return on capital level off, Murti adds.

But if their return on capital continues to remain flat, will oil majors still have the incentive to explore and develop oil?

Returns on capital at US$120/bbl oil little changed from when oil was US$30/bbl

• The biggest revolution from the cycle pause period of August 2006 through June 2007 was the sharp erosion in returns on capital employed



Source: Company reports, Bloomberg, Goldman Sachs Research estimates

According to Murti, despite the returns being flat, they are not meagre returns at 25 per cent, and oil companies will continue to increase their exploration focus. Even in this aspect of the business, though, these companies are faced with certain limitations on limited access to leases. The US, for example, allows leasing of only two-thirds of the Gulf of Mexico, while other countries like Mexico also place obstacles on leasing, thus limiting exploration.

"Companies all over the world have challenges going into exploration and limitations set by their own host governments. This is where the US wants to improve," Murti points out.

What happens to price?

Murti sweeps aside contentions that the rise in the price of oil has led to demand destruction in many parts of the world. He describes the phenomenon as demand rationing rather than demand destruction. He also thinks that the pullback in the price is an overreaction to the downside in the global economy.

One must see whether demand continues to fall or gets better as the oil price eases. And that's the big test, Murti says, giving US gasoline demand as an example. This demand was negative three per cent last April and May, but looks better more recently at minus two per cent with the softening of oil prices.

Murti does concede that in the short term, the price of oil might dip if the global economy takes a pause. In the longer term, though, since the core issue of growing supply to match the demand growth of the global economy remains unsolved, the price of oil will rise. "Our view is that the price of oil will rebound in the fourth quarter of 2009," Murti states.

But won't new oil discoveries or the development of alternative fuels help to neutralise some of the pressure on price? Murti says no. The new discoveries will help to offset some of the depleting resource bases in the non-OPEC areas, but they will not be enough to grow the overall non-OPEC supply.

Murti believes that while alternative energy will help when it comes to power generation for transportation purposes, hydrocarbon will continue to call the shots for some time to come, as there are no good alternatives for vehicles. "Natural gas is an alternative, and people are beginning to evaluate natural gas fuel cars. But the impact of that is going to be long term, although steady," he adds.

In the meanwhile, unless the world economy slows down, there will be continued upward pressure on oil in the next three to five years. In ten years, however, it could be a different story. By that time, cars with much higher mileage and new technologies may have come on stream, says Murti.

Over the past couple of weeks, the financial world almost stalled as Wall Street giants vanished overnight and markets crashed. Oil has not been left out either, tanking far below the US$100 barrel mark in a matter of days. Against that backdrop, it will be interesting to see how the black gold – the succour of the desert states of the Middle East – comes back into its own in a year's time if Murti's predictions of an oil price rebound in the last quarter of 2009 come true.

Mission yet to be accomplished

The business and investment community in the Middle East needs no introduction to ABQ Zawya – the business information website and newswire focusing on the Gulf. **Ritwika Chaudhuri** speaks to Ihsan Jawad, the young CEO of the company, who came up with the idea for Zawya nine years ago.

How did Zawya start?

I had the concept in 1999 when I was with an investment bank in London covering the Middle East market, doing M&A and corporate finance transactions. It was during my regular association with the region that I noticed there was a lack of business information services targeted towards the professional and investment community.

The internet was sweeping the globe at that time, and I realised that the way to overcome the problem was to create an internet-based powerful information resource platform focusing entirely on the Middle East. We did not think of starting an internet company, but were keener on solving the local business information problem. So I left my job.

Today, everybody believes in and talks about the Middle East and its growth story, but we realised its potential when the region was nowhere in the radar of the business world back in 1999.

You were with Merrill Lynch before Zawya?

Yes, I started with Merrill Lynch, but I also worked with Schroder for about two-and-a-half years before I started Zawya. In January 2000, Husain Makiya, who was also with Schroder handling major projects and business development in the Middle East, joined me. Between the two of us, we managed to put a business plan together within a month and secured the backing of Dialogue Operation, a US-based group.

We managed to raise seed finance of US$1 million. My brother Zaid Jawad then joined us as the third partner and technology provider of the company. He wanted to come back to London from his Schlumberger assignment in the Middle East. He is today our chief technology officer.

Kunal Wadhwani, one of my MBA friends, then joined us as our first investor. Kunal was, in fact, the seed investor, and within the first few months after starting the company, he decided to join us and started looking at the commercial aspect of the company. With capital and a concrete business plan in hand, we moved into our office in March 2000 and started building our website. We launched the first platform in October 2000.

Today, everybody believes in and talks about the Middle East and its growth story, but we realised its potential when the region was nowhere in the radar of the business world back in 1999.

So the idea was to offer business information to start with?

Yes, we started by offering free information, just focusing on the region. We started working with Reuters and realised that the Middle East was the only place where one could not look up the region's stock prices onscreen on the website. Now, of course, there are a number of sites, but in 1999-2000 we were the only one to start providing onscreen stock information.

Why did you decide to move to the Middle East in February 2002?

Setting up an office in London was easy with the existing established laws.

Luckily enough, after a year and a half, ABQ Investment from the Middle East was attracted by our efforts and wanted to invest in us. They suggested that we relocate to the Gulf, where things were beginning to happen. We agreed to their proposal, as we needed the funds to go to the next level. Part of the funding was to set up the base in Dubai.

It was a difficult time because of 9/11, the recession and the internet crash all coming together. The move helped us in cutting down our costs, apart from bringing us nearer to our clients.

You still have an office in London?

We have closed down our London office. We have some 90 researchers and content developers working from Beirut today. Zawya employs a total of 130 people.

Why did you choose Beirut?

By 2005, Dubai was increasingly becoming an expensive place to do business. We moved out of London to cut costs, and for the same reason, we set up the office in Beirut three years after coming to Dubai. Beirut has a pool of talented university graduates who speak three languages: English, Arabic and French.

What sort of subscription base does your website have?

We have just 5,000 paid users; professionals from the investment community and business development professionals. On the free service, we attract around 450,000 unique users globally.

Can you tell us something about your tie-ups with information providers?

We have 50 providers and they provide information through our website as well. One can access their information from our platform. The tie-up with Dow Jones is different because it is a separate joint initiative. The idea is to create the first homemade or Middle-East-made financial news organisation or financial newswire.

Business reporting is not very matured in the region. It is mostly manipulated and public-relation-driven. That's exactly why we have tied up with Dow Jones. The news that we have broken in terms of corporate transparency has moved the market; it moved the Dubai Financial Market.

Do people really depend on internet-based information here?

Professionals for sure depend on internet-based information. As far as our clients are concerned, they depend on it heavily.

I think the growth here is the highest globally. There are 60 million people in the Middle East who are on the internet. However, there is an issue with accessibility, and that is not cheap in the GCC – even in the UAE.

From our perspective, we have a different clientele. Our audience is very high-end, so for them, it might not be an issue. For the common man, though, paying AED300 or AED400 per month is not easy.

Now that you are in your ninth year of operations, do you feel you've come as far as you hoped you would?

To a certain extent. Back in 2000, we set a goal, which is being pushed today. Even now, there is a great lack of information in the region, and as the pace of development since 2004 has been incredible, we find it difficult to keep pace with our information coverage.

To give you a small example, we have a database of the biggest companies in the region and those of the company officials. However, the frequent movement of officials in and around the region puts greater strain on our confirmation update and data stream. And this is over and above the major projects coming in, or the big investment companies setting up offices and the major infrastructure announcements being made. Given this reality, the more we are trying to solve the information problem here, the problem itself is getting bigger.

Even now, there is a great lack of information in the region, and as the pace of development since 2004 has been incredible, we find it difficult to keep pace with our information coverage.

Does the existence of Maktoub Research, MEED or AME Info pose any threat to you? What about newswires like Reuters and Bloomberg?

Well, we started off as an information company, but today we are not only an information provider. You can get Reuters and MEED services from us. We see ourselves playing an empowering role for the business and investment professionals across the Middle East. We have a mission; we want to make a difference to the overall business environment here. We think this is central to whatever we do. If we can help bankers, investors and entrepreneurs with our information and analytical services to create great companies, increase employment or better assess and identify risk, they will in turn help and contribute to the development of the entire economy. We consider ourselves part of this chain.

It is such a big goal to achieve and we have just started. Dubai might be a story of success, but the rest of the region also needs this kind of economic and sustainable development.

Will you get into an advisory role in the future?

Our services are evolving and are taking different forms and shapes as we progress. I can't tell you how the business will look two or three years from now.

Our intention now is to reach out to the wider region, replicating what we have done in the UAE. We have achieved quite a bit of what we wanted to achieve. We are one of the main drivers of the latest Dubai government initiative against anti-corruption. We are one of the many that have provided information on the issue.

In what way?

Our Zawya-Dow-Jones newswire, in most cases, has broken a number of these stories, starting with Deyaar, then Dubai Islamic Bank and then Tamweel. This has been possible because of independent and impartial media, which is very important in the overall economic development in the region.

Are you a profitable business?

Of course! The very fact that we have moved from being a four-member team to

The Zawya Team: Ihsan Jawad, CEO; Zaid Jawad, senior vice president of information technology; Kunal Wadhwani, senior vice president of sales and marketing; Husain Makiya, senior vice president of product development

130 people is evidence enough that we have made some money. Our cash flow has been positive since 2005 and we have been profitable for at least two years. We have been growing 100 per cent year-on-year for the past three years.

What is the valuation of the company today?

That's a tough question. To me, it is a billion-dollar company, but someone else could value it differently.

Can we take Zawya as a successful example of a venture capital initiative in this region?

Certainly, yes. Our company is good proof of what a combination of brains, sweat and sheer determination and hard work can produce. Of course, the oil boom has helped us, and we are lucky to that effect. We have proved that even without big connections, one can succeed.

Can you share your future plans for improving Zawya?

I do not know at this point where our mission will take us from here as an organisation. We have been able to build a respectable brand and we want to be known as the company making a difference, as far as the business and investment world is concerned. We are trying to be more focused in our content, and you will see more action in the services we provide.

We will also need to build up our financial strength to be able to pursue our mission.

As far as improving Zawya is concerned, we want to set up a social network where our 5,000 professional members can share information and contact each other. Many of our members on the network are already sharing information with each other. We are also into video content, and we have just launched a Beta Arabic version of the site. It is a diluted, basic version, though.

The very fact that we have moved from being a four-member team to 130 people is evidence enough that we have made some money. Our cash flow has been positive since 2005 and we have been profitable for at least two years. We have been growing 100 per cent year-on-year for the past three years.

We are constantly improving our research team and trying to improve our relationship with the Dow Jones newswire. Currently, we are just providing to the GCC region; we want to extend that and cover Egypt and all.

Do you have plans to exit Zawya?

For us, Zawya is there to meet a long-term mission, which might take 20 years to accomplish. So, there is definitely no plan to exit until the mission is fulfilled. There is no reason for exiting unless we stop believing in the mission itself.

What's your advice to budding entrepreneurs who want to pursue their dreams?

First of all, it is a commitment and very hard work. Entrepreneurship is not a walk in the park; however, if you have a good mission and a good vision and you know you are passionate about it, then you should go for it, as in that case you will not feel the hard work.

One thing is for sure; you must be clear of the purpose as to why you are setting up a business and the rest will follow, as long as you are committed and passionate about it.

Reforms fail to boost TASI

Saudi Arabia has announced major market reforms over the last two months. But the Kingdom's equity market seems to be more influenced by international markets than by developments at home. A **MONEY***works* report from Jeddah.

Saudi Arabia's stock market, the largest in the Middle East, is undergoing major changes as its regulator, the Capital Market Authority (CMA), tries to bring back investor confidence.

However, the stock market, which fell over 40 per cent last year, is still searching for a major recovery. The Tadawul All-Share Index (TASI) was down over 30 per cent as of September 21, 2008, after closing at 11,038.66 points on December 31, 2007. The index was at 7,538.65 points on September 21.

Opening the market

It is surprising that despite Saudi Arabia being the least coupled of all GCC markets with the international market, the news of Lehman Brothers filing for bankruptcy and Merrill Lynch being sold led to panic-selling on the local bourse.

The Kingdom's market has its own fundamentals and is barely coupled with the international markets. However, this situation is set to change in the future. As the Kingdom has now allowed foreign investors indirect access to its equity market, it will become increasingly coupled with the rest of the world.

Saudi Arabia's CMA has permitted authorised persons to enter into swap agreements with non-resident foreign investors, whether institutions or individuals, to transfer the economic benefits of the Saudi companies' shares listed on the Tadawul. Authorised persons can retain the legal ownership of shares in accordance with conditions and requirements stated in the board resolution, said the CMA in a statement released in August.

Experts have described the move to partially open up the market as a step that will help test the foreign investors' interest in Saudi equities. The move will help international investors to formalise and institutionalise the purchase of stocks by foreign parties in a market that has seen foreign buying in a less institutionalised way.

The Saudi market is currently dominated by day traders and restricts direct foreign access to shares. The Kingdom also does not allow expatriates to invest directly into the stock market; they are, however, allowed to invest through mutual funds of local banks.

Responding to a question on allowing foreigners access to the market, Dr. John Sfakianakis, chief economist at SABB, said that for a long time, the issue of foreign participation in the local stock market was a matter of great debate, both inside and outside of the Kingdom. But now it's time to see how foreign investors will react to the valuations in the local market, he pointed out.

Snehdeep Fulzele, head of research at Riyadh-based Falcom Financial Services, said the measure will boost sentiments on the Saudi bourse and will help to reduce volatility over a period of time.

He explained: "The new swap rules are a way of allowing foreigners to invest in stocks traded in the Saudi market. But swapping cannot be more than the purchase of a local stock by Saudi licensed intermediaries or stock brokers. The local brokers or intermediaries will act as facilitators for international investors without incurring any balance sheet costs. The economic cost of holding stocks will fall on the foreign investor."

Deutsche Bank was one of the first to announce that it was ready to offer its customers access to the Kingdom's hitherto closed equity market.

The German bank, which opened its first branch in Riyadh in 2006, will transact swap agreements for its clients through its subsidiary Deutsche Securities Saudi Arabia, subject to final regulatory approval.

Henry Azzam, Deutsche Bank's CEO in the Middle East and North Africa and chairman of the board of Deutsche Securities Saudi Arabia, said that the move will greatly enhance the depth and breadth of the Saudi capital market.

"This development will undoubtedly increase foreign capital inflows to the Kingdom's stock market, promote greater transparency, reduce volatility associated with dominance of retail investors in the Saudi market and encourage more comprehensive equity research on listed companies," he noted.

Jamal Alkishi, CEO of Deutsche Securities Saudi Arabia, added: "There is huge demand from international investors for entry into the Kingdom's markets. The Tadawul has the largest number of blue chip companies in the Middle East and a market capitalisation that stands at around US$500 billion, constituting approximately one per cent of the capitalisation of the global equity markets."

Major reforms

The CMA has played a very positive role in the Kingdom, and the reforms happening are laudable. From mid-August, the Saudi stock exchange started displaying all substantial shareholdings of listed companies on its website in an attempt to make the market more transparent. Investors are now able to see substantial shareholders who own five per cent or more in a company.

Sfakianakis said that although the new disclosure rules offer greater transparency, they could also provide more room for growing different "dummy" entities. Regulators will need to tackle that issue next, he pointed out.

"The real test for the market will be when the summer vacation is over and volume traders return. The fundamentals of the market are strong, but time will tell when these fundamentals will be in the driver's seat rather than sentiment," Sfakianakis added.

Analysts have said that the new disclosure rule could help the regulator dispel rumours that big retail traders are behind rapid fluctuations in share prices, a common assumption in the market.

Current data available on the Tadawul website shows about 60 individuals holding stakes of more than five per cent in Saudi listed firms, including 10 investors with SAR70 billion of stakes in banks.

The Saudi Public Investment Fund is the largest investor in the Saudi stock market, with holdings in 18 firms worth SAR376.9 billion. The General Organisation for Social Insurance holds shares in 25 firms worth SAR82.2 billion, while the Public Pension Agency and the Saudi Arabian Monetary Agency have holdings worth SAR15.7 billion and SAR3.04 billion respectively.

Prince Al Waleed Bin Talal, chairman of Kingdom Holding, is the largest private investor on the Saudi stock exchange, with SAR53.47 billion worth of direct and indirect shareholding. About 90 per cent of Prince Al Waleed's holdings in shares of Saudi listed companies are through Kingdom Holding, in which he owns 94 per cent.

Kingdom Holding holds five per cent of Samba Financial Group, Saudi Arabia's second-largest listed bank, and 10.1 per cent of the Savola Group. The conglomerate also owns 6.2 per cent of Saudi industrial group Tasnee.

Al Waleed's holdings in Saudi stocks surpass those of the Al-Rajhi family, who control Al-Rajhi Bank (the biggest Gulf Arab market value), and the Olayan family, who have indirect stakes in Saudi Hollandi Bank and SABB.

The Saudi Public Investment Fund is the biggest investor, holding SAR380 billion worth of shares in 18 firms.

How the market's trading

Among other reforms, the Tadawul implemented a new tick size in the market last month. The tick size refers to the minimum price increment at which trades may be made on the market.

The major stock markets in the US went through a process of decomalisation in April 2001, switching the minimum increment from one-sixteenth to one-hundredth of a dollar. This move improved market depth, and it is expected that the Saudi market will enjoy similar benefits.

The Tadawul's new bands are: five halalas for shares trading at SAR25.00 or below, 10 halalas for shares between

"This development will undoubtedly increase foreign capital inflows to the Kingdom's stock market, promote greater transparency, reduce volatility associated with dominance of retail investors in the Saudi market and encourage more comprehensive equity research on listed companies." Henry Azzam

SAR25.10 and SARA50.00 and 25 halalas for SAR50.25 and above.

However, notwithstanding these reforms, the market capitalisation of the Saudi stock market is down almost 30 per cent to US$370.5 billion from US$519 billion at the beginning of the year, despite 15 new listings during the period.

The total equity market capitalisation at the end of August was SAR1.70 trillion. The total value of shares traded in that month dropped 34.95 per cent to reach SAR106.23 billion, while the total number of shares traded declined 28.31 per cent to 2.88 billion shares, compared to 4.02 billion shares traded in July. The total number of transactions executed during August fell 34.79 per cent to 3.62 million, compared to 5.55 million trades in July.

According to Kuwait-based Global Investment House, TASI is currently trading at a forward 2008 PE multiple of 14.5. The market is currently at a 52-week low, while valuations remain attractive and provide a great opportunity to get into the market for long-term gains.

TASI's market cap to GDP ratio currently stands at 89.8 per cent, which is among the lowest not only in the GCC, but also among many markets worldwide. The fundamental factors remain intact, which should help the market bounce back into positive terrain soon. Growth of core earnings of corporates will remain strong, although some streams of other income will be impacted to an extent, according to Global.

"The new regulations of the CMA that allow displaying of holdings of shareholders in listed companies on the Tadawul website has had a negative impact on the stock market." Faisal Alsayra

The banking and financial services index has fallen by 39 per cent so far this year. The index declined some 16.1 per cent in just two weeks last month, while the petrochemical index has fallen 29 per cent during the year and 20.6 per cent in two weeks.

These figures also led Hamad Al-Sayari, governor of the Saudi Arabian Monetary Agency, to make a statement stressing that the Kingdom's banking sector is facing no systemic risks from the unfolding crisis in the US financial system and that with OPEC average basket prices standing above the US$100 mark, the petrochemical sector will also witness healthy growth in its profitability.

Significantly, some investors have attributed the recent bear hammering of the Saudi market to reforms themselves. Faisal Alsayrafi, managing director and CEO of Financial Transaction House, is one of them.

"The real test for the market will be when the summer vacation is over and volume traders return. The fundamentals of the market are strong, but time will tell when these fundamentals will be in the driver's seat rather than sentiment." Dr. John Sfakianakis

Said Alsayrafi: "The new regulations of the CMA that allow displaying of holdings of shareholders in listed companies on the Tadawul website has had a negative impact on the stock market. Second, the implementation of CMA rules regarding denominations of halalas has also not been taken well. Investors feel this as a negative change that will increase the psychological strain of the market."

Alsayrafi added that all the smart money is currently on the sideline. Investors are watching from outside, as there is not enough liquidity in the market to move.

But many do not agree with Alsayrafi. Abdul Rahman Al-Tuwaijri, head of the CMA, recently attributed the decline in the Saudi market to problems of the global financial market. He also refuted the theory about the lack of liquidity.

Ammar AlKhudairy, CEO of Amwal AlKhaleej, is of a similar view. According to him, Saudi Arabia is on the verge of a fantastic economic expansion. In fact, he said, Saudi investors have seen the potential and manifested their optimism through overbuying in the market in the recent past. The market then overheated, going beyond a fair valuation. Unfortunately, AlKhudairy pointed out, some investors have had to pay the price of what Alan Greenspan has called "irrational exuberance".

"As for today, the Saudi market is undervalued, given the economic prospects of Saudi Arabia in the medium to long term. However, there will continue to be a lot of volatility in the market," he said.

Algebra Capital looks to bright future

Algebra Capital foresees tremendous growth potential for the region's asset management industry. Ziad Makkawi tells MONEYworks what it means to have Franklin Templeton as a partner as the company targets US$4-5 billion in assets under management by 2012.

Established in November 2006, Dubai-based Algebra Capital Limited now has more than US$1 billion in assets under management. The growth the company has witnessed is impressive – especially considering that assets under management only totalled US$350 million in December 2007. By 2012, Ziad Makkawi, founder and CEO of Algebra Capital, expects assets under management to touch US$4-5 billion.

Algebra Capital started its operations in 2007. With last month's launch of The Fund, the company's first Shari'ah-compliant sukuk fund, Algebra Capital now has four funds under management: two listed equity funds and two fixed-income funds. The company is advisor to three funds from Franklin Templeton.

Specialising in emerging markets and with a focus on fixed-income products, which Makkawi feels are yet to take off in this region, Algebra Capital's geographic mandate extends across the GCC and the Middle East, North Africa and emerging Asia region (MENASIA).

Impressed by the company's performance, Franklin Templeton Investments – which manages US$621 billion in assets – bought a 25 per cent stake in Algebra Capital in November 2007. The deal value, though undisclosed, gave Franklin Templeton two seats on Algebra Capital's board.

With Franklin Templeton's knowledge, global reach, distribution capacity and strong presence in the emerging markets and Algebra Capital's expertise in regional equity and fixed-income products, Makkawi sees a tremendous opportunity to grow Algebra Capital's business in the Gulf, as well as in the Middle East and North Africa (MENA).

"We will be announcing some of the first joint products with Franklin Templeton soon, extending our present established investor base to a broader global institutional and retail client base," he discloses. "By the beginning of the next year, we will be looking at private equity funds and some other Shari'ah-compliant products on the equity side."

Accomplishments for Algebra Capital in 2008 include the launch of its Special Situations Fund, which was capitalised at US$55 million. Last April, targeting a capitalisation of US$300 million, the company also launched its fixed-income BETA MENA Fund focusing on MENA corporate credit and local currency markets. The fund was initially offered in UAE dirhams and US dollars, later expanding to Saudi Arabian riyals and Qatari riyals. In line with Algebra Capital's stated objective to deliver innovative products, the BETA MENA Fund was the first actively-managed portfolio in the region operating on an efficient prime brokerage platform. It is giving a return of 10-12 per cent as promised, Makkawi says.

The BETA MENA Fund was actually the first fund to take advantage of the US$100 billion corporate debt market in the MENA region, offering GCC and international investors an opportunity to benefit from the region's improving credit profile and developing local currency bond markets, notes Mohieddine Kronfol, managing director of Algebra Capital. According to Kronfol, MENA debt, which is of investment-grade quality, has historically performed well, delivering consistent returns with very low levels of volatility and virtually no defaults.

The amount of MENA debt created annually is approaching US$200 billion and is expected to rise further. Algebra Capital's estimates for 2008 include US$95 billion in new bond issuances, 50 per cent of which will come from corporates. Sukuk issuance could approach US$30 billion in 2008, doubling the region's outstanding sukuk aggregate.

Makkawi strongly feels that the region needs a rational balance in terms of a diversified funds structure. "When we decided to set up Algebra Capital, the asset management industry was still in the embryonic stage, with mainly equity as the most popular asset class. While in the rest of the world fixed income has tremendous growth, in this region nobody was focusing on this instrument. However, we realised great potential in it," he says.

Another major development for the company in 2008 was the tie up with Sun Hung Kai Financial, Hong Kong's leading non-bank financial institution last July. Sun Hung Kai announced its plan to introduce the SHK Alpha MENA Fund through a strategic partnership between SHK Fund Management Limited and Algebra Capital to provide professional investors with greater exposure to the growing MENA markets.

The latest offer from Algebra Capital is its Sukuk Fund. Targeting an initial size of US$100 million and returns above eight per cent, the open-ended fund, seeded by Elaf Bank of Bahrain and managed by Algebra Capital, will provide exposure to Shari'ah-compliant securities issued in the MENASIA region.

Makkawi is of the opinion that the Sukuk Fund reinforces Algebra Capital's commitment to develop fixed-income funds. He believes that it has tremendous growth potential within the fixed-income group, although liquidity is an issue for the Islamic bond market. Nonetheless, with strong economic fundamentals, large infrastructural projects, vibrant economic activity and MENA sukuk representing 33 per cent of the US$100 billion global sukuk market and a little more than 33 per cent of MENA corporate fixed-income issues, there is significant scope for growth. But the market needs more issues and more players, Makkawi points out.

During the course of 2007, Algebra Capital was appointed by Schroders, the US$276 billion global asset manager, as sub-advisor for the Schroders International Selection Fund Middle East. It also successfully launched its flagship equity fund, the Alpha MENA Fund. The fund adopted a long-only position in shares across the MENA region.

"Both the Alpha MENA Fund and the Special Situations Fund reflect our selective, considered and concentrated style, with strong returns based on the team's experience," Makkawi contends.

Since inception in October 2007, the Alpha MENA Fund has accumulated over US$500 million in assets under management and has delivered returns of 24.40 per cent to its investors, outperforming its benchmark by over 450 basis points.

Tight liquidity

With the global economy taking a beating, the MENA region becoming affected with a seemingly tight liquidity scenario in the domestic credit market and the equity market not providing much confidence either, local fund managers may soon find themselves in a sticky situation.

Makkawi concedes that the MENA region has been somewhat shaken by the global financial situation, as the markets here are opening up and the level of foreign participation is increasing. Naturally, the more exposed the domestic markets are, the better the correlation to the international markets gets. But at the end of the day, the difference between the GCC markets and the rest of the world is liquidity. This region is still an exporter of funds, Makkawi argues.

The CEO also seems to be confident about the macroeconomic fundamentals of the region. With the oil price firm, the current account surplus strong and government spending driving macro economic growth, he is not bothered by the short-term volatility of the market.

"With the Middle East constituting a small part of the portfolio and a low level of risk tolerance by international investors as of late, we have noticed lots of redemption of funds by foreign institutional investors. The equity market is down primarily due to the heavy selling pressure from these foreign institutional investors," says Makkawi.

Ziad Makkawi

He adds: "I do not see any macro economic meltdown scenario, but rather see a great buying opportunity at this time. With little diversification from the dependence on the oil and gas sector and creating more employment opportunity, the region has a bright long-term prospect."

A year and half ago when Algebra Capital entered the market, global assets managed by professional firms totalled approximately US$16 trillion. The global ratio of assets under management to market cap was 37 per cent. That ratio was only seven per cent in the GCC and less than 25 per cent in the emerging markets.

The situation has not changed much. Algebra Capital still expects the GCC's asset management market to grow to US$200 billion and its own assets under management to increase to US$4-5 billion in the next five years. If these expectations come true, then the long-term future of the region's asset management industry is bright, despite the current hiccups.

AHB gathers steam in Oman

While the regional markets are getting bear hammered, **Global Investment House Research** finds a good investment bet in Ahli Bank Oman.

Ahli Bank Oman (AHB), formerly known as Alliance Housing Bank, has been in existence since 1997. The bank was rechristened with its current name in December 2007, when Ahli United Bank (Bahrain) acquired 35 per cent shareholding in it. IFC, a member of the World Bank Group, subscribed up to 9.9 per cent shareholding in AHB.

Alliance Housing Bank decided to change its name by re-branding itself as Ahli Bank and enter into retail banking operations. AHB obtained approval from the Central Bank of Oman to convert from a housing bank into a commercial bank. Following this development, the capital was raised to US$167.8 million through a rights issue in November 2007.

The bank's entry into retail banking has invigorated its profits, as evidenced by its financial results for the first half 2008. However, Moody's lowered its earlier rating on the bank's financial strength from D+ to D in June 2008. The local currency deposit rating assigned is A3/P-2. The foreign currency deposit rating is unchanged at A3/P-2. Long-term deposits were rated at Baa1. The outlook on all ratings is stable.

Based on the current market price of US$0.68 per share (as of August 31, 2008), AHB is trading at a 2008E P/E & P/BV multiple of 23.5x and 1.9x respectively and at a 2009E P/E & P/BV multiple of 15.1x and 1.8x respectively. Our estimated fair value for this banking scrip works out to be US$0.78 per share, based on the dividend discount model (80 per cent) and the adaptation of the Gordon growth model (20 per cent).

According to our fair value, the banking scrip reflects an upside of 15.5 per cent on the closing price of US$0.68 per share (as at August 31, 2008). Hence, we upgrade our earlier recommendation of "Hold" to a "BUY" on the scrip.

Outlook

AHB is growing at a rapid pace, increasing its number of branches and ATMs to keep up with the growth achieved during the first half of 2008. As of December 2007, it had seven operative branches in Oman. It also plans to add another 11 branches in 2008, taking the total year-end tally of branches to 18. The foray into retail and corporate banking provides an opportunity for AHB to quickly increase its fee income as well.

We believe the bank will continue to build its franchise in the commercial operations arena by increasing its number of branches in the medium term at the same rate as it did in 2008. As a result, we expect the bank's balance sheet to grow by 61 per cent in 2008. We also expect the bank's yields to improve further as it replaces its high-cost borrowings with low-cost current and savings deposits.

Financial analysis

AHB's net loans and advances registered a YoY increase of 58.8 per cent from US$391.4 million in 2006 to US$621.8 million in 2007. This rise was mainly due to a 34.6 per cent YoY increase in mortgage loans and US$92.5 million in corporate advances extended after commencement of commercial banking operations in November 2007.

The bank's funding, including equity and customer deposits, increased at a four-year (2003-2007) CAGR of 36.6 per cent. Customer deposits were up 64.5 per cent, from US$240.3 million in 2006 to US$395.3 million in 2007. With planned expansion in commercial banking operations, we expect future growth to be derived from products other than mortgage loans. NPLs decreased from US$3.6 million in 2006 to US$2.3 million in 2007. The coverage ratio increased from 139.8 per cent in 2006 to 310.1 per cent in 2007.

Since AHB commenced its commercial banking operations only in November 2007, it will start to gain the benefit of a low-cost deposits mix this year. About 94.8 per cent of total deposits were time

Financials

Amount in US$ mn	2006	2007	2008E
Net profit	10.2	5.8	18.6
Net interest income	17.1	15.6	30.3
Fee and commission income	1.3	3.3	6.0
Operating income	19.6	19.9	37.6
Loans & advances	391.5	621.9	1,029.6
Customer deposits	240.3	395.4	938.4
Total assets	455.0	794.7	1,282.3
Shareholders' equity	82.2	210.4	229.1

Profitability

Profitability Ratios (%)	2007	2008E	2008E
Return on average assets	0.9	1.8	18.6
Return on average equity	4.0	8.5	30.3
Net interest income/Total operating income	78.4	80.6	6.0
Non-interest income/Total operating income	21.6	19.4	37.6
Non-interest expense/Total operating income	56.0	43.1	1,029.6
Fees and commissions/Total operating income	16.4	16.0	938.4
Dividend payout ratio	64.6	65.0	1,282.3
Shareholders' equity	82.2	210.4	229.1

First-Half 2008 Results

Amount in US$ mn	1H08	1H07
Net profit	9.1	4.9
Net interest income	14.0	7.5
Fee and commission income	3.4	2.1
Operating income	17.4	9.6
Operating expenses	7.0	4.2
	Jun 08	Dec 07
Loans and advances	819.7	621.8
Customer deposits	652.2	395.3
Total assets	991.4	794.8
Shareholders' equity	220.0	189.1

Peer Comparison

	Bank Muscat	National Bank of Oman	Oman International Bank	Bank Dhofar
Balance sheet size (US$ mn)*	14,047.3	4,578.8	3,334.6	3,198.8
Net profit (US$ mn)*	317.3	132.1	88.8	71.2
EPS (US$)	0.29	0.12	0.97	0.14
BVPS (US$)	1.62	0.57	5.11	0.63
P/E (x)	12.6	10.4	9.7	12.7
P/BV(x)	2.3	2.2	1.8	2.7

P/E multiple & P/BV multiples based on price as of September 9, 2008

**** 2008 estimates. The peer group consists of BankMuscat and other banks in Oman such as National Bank of Oman, Oman International Bank and Bank Dhofar.***

deposits, which were US$374.8 million as of December 2007, compared to US$176.1 million in 2006.

AHB evidenced a YoY decline of 43.3 per cent in net profit in 2007 as a result of increased manpower costs and expenses due to brand building or rebranding to its new name. Net profit declined from US$10.1 million in 2006 to US$5.7 million in 2007.

AHB's net interest income declined nine per cent from US$17.1 million in 2006 to US$15.6 million in 2007. The commission income registered a YoY increase of 149.5 per cent, rising from US$1.3 million in 2006 to US$3.4 million in 2007. As a result of the US dollar peg, the Central Bank of Oman's decision to mirror the US fed rate cuts from time to time has forced banks in Oman to take a hit on their margins. AHB had posted a decent spread of 3.7 per cent in 2007. The income yield of 5.8 per cent in relation to the commission expense rate of 2.1 per cent resulted in a banking spread of 3.7 per cent.

AHB registered an EPS of US$0.09 in 2007, compared to US$0.16 in 2006. The effect of capital increase and declining net income had a compounding effect in reducing the EPS. The bank's ROAA declined from 2.4 per cent in 2006 to 0.9 per cent in 2007. Additionally, the ROAE decreased from 13.8 per cent in 2006 to four per cent in 2007.

Owing to its entry into the commercial banking arena and finding success in tapping low-cost deposits to pay off its otherwise expensive sources of funding, AHB achieved a net profit of US$9.1 million in the first half of 2008, as against a net profit of US$4.9 million reported during the corresponding period in the previous year, thereby displaying a brisk rate of growth at 86.1 per cent.

The bank also registered double-digit YTD growth in its asset base in the same period. Its assets registered a YTD growth of 24.8 per cent, the majority arising from a 31.8 per cent YTD growth in net loans and advances that increased from US$621.8 million as of December 2007 to US$819.7 million as of the end of June 2008.

In addition, customer deposits were up by a whopping 64.9 per cent in the six-month period, rising from US$395.3 million as of December 2007 to US$652.2 million as of the end of June 2008, mainly on account of an increase in time deposits.

Valuation and Multiples

	2008E
Operating income (US$ mn)	37.6
Net profit (US$ mn)	18.6
EPS (cents)	2.9
BVPS (cents)	35.5
PE (x)	23.2
PBV (x)	1.9

SWOT Analysis

Strengths:
- High NPL coverage ratio
- Advantage to mobilise deposits faster than the rest of the players due to entry into retail banking arena
- Able and experienced management team and integration with Ahli Bank Bahrain expected to benefit AHB's banking operations
- Investments in systems and technology
- Diversified portfolio, stretched over various business segments and regions
- High quality of earnings, relying on core revenue operations
- Stable dividend policy
- Specialised in housing finance and hence should be able to cross-sell other retail banking products to existing housing customers

Weaknesses:
- Latecomer into retail banking arena

Opportunities:
- High liquidity levels in region
- Booming regional economies
- Ancillary revenues in the form of non-fund-based fee income to broaden revenue stream
- High M2 growth leading to growth in Oman economy, in turn leading to double-digit growth in assets of banks

Threats:
- Political risks in the Middle East
- Economic slowdown
- Real estate market corrections might lead to lower-than-expected growth in housing loans

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Global crisis adds to local pain

When markets are at their worst, there is always an opportunity. **Snehdeep Fulzele** finds good value in the regional markets for long-term investors.

Financial markets can be deceptive. No one would have thought it possible that a financial behemoth of 158 years like Lehman Brothers would disappear within days or that the once-revered twins – Freddie Mac and Fannie Mae – would piggyback on money doled out by the Fed just like the world's biggest insurance company, American Insurance Group. But it all happened in a month. In addition, the world's largest brokerage firm, Merrill Lynch, was acquired by Bank of America.

Unfortunately, there are fears of a more painful future. When Bear Stearns was gobbled by J.P. Morgan, the urgency with which the Fed acted was suspicious and we anticipated more casualties. The problem with the US, the world's largest economy, is its dependence on borrowed money. While an individual cannot budget his future on credit cards, here a whole nation has thrived on borrowing for decades. But a house of cards cannot weather a storm, and the first card has clearly fallen. It is only a matter of time before the entire house comes crashing down.

Financial markets have become too interdependent with free cross-border flows of capital. At the same time, financial instruments, especially derivatives and structured products, have become too complicated. As a result, the unraveling of the mess will continue over a period of time. The world's best masterminds are behind the creative jugglery that will delay the inevitable collapse.

Markets in the UAE and Qatar are already penetrated by global investors. Fortunately, their exposure is limited. So far, Saudi Arabia – the largest market in the Middle East and North Africa region – is entirely protected. Why, then, have we seen a dramatic collapse in investor sentiment? In retrospect, one may uncover reasons, like the exposure of American behemoths to the region or global reallocation of assets.

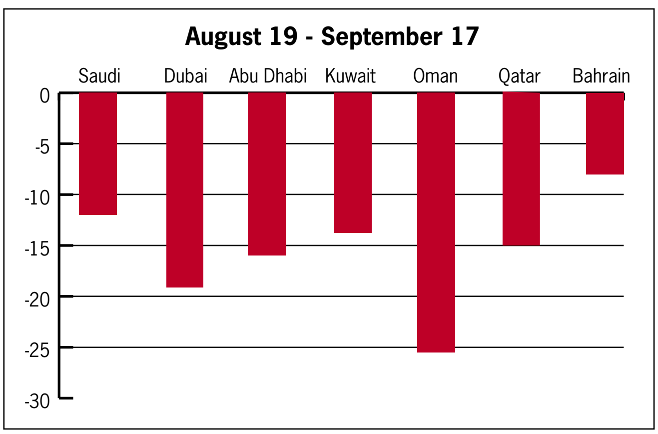
However, a quick glance at recent investor moves across the GCC markets can break the myth of global connection. On September 15, Saudi and Qatar benchmarks overreacted to the developments in the US. As compared to a drop of 4.7 per cent in the broader S&P 500 Index, Saudi's TASI lost 6.5 per cent, while the Doha Securities Market registered an even bigger fall of 7.1 per cent. Moreover, the downtrend in the GCC markets was in progress much earlier, and the global crisis led to a further sell-off.

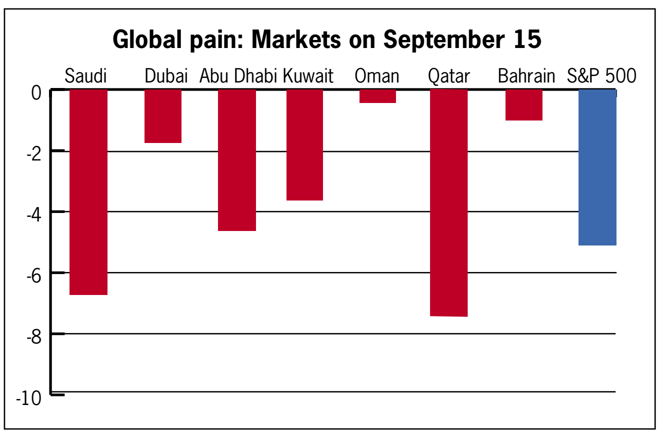
The GCC's link with global markets is exaggerated. Local markets are still evolving and individual participation is very high, unlike the dominance of institutions in the developed markets. Likewise, when it comes to the complexity of instruments, the level of borrowings, the disposable income of consumers, liquidity conditions in the economy, corporate growth and future potential, the leading global markets and the GCC markets lie at opposite ends. The mortgage crisis in the US has made little impact in the GCC.

In the middle of a global market turmoil and precipitous fall of GCC stock indices, any reasoning will drown in overwhelming negative sentiments. In the darkness of lost hopes comes an opportunity that few can identify.

Saudi Arabia has just initiated the process of allowing foreign investors into its capital market. As such, we may see a reallocation of assets, with more exposure from global investors to the region's biggest market. But fleeing of capital from the region is a lesser probability. There are not enough attractive prospects outside of the region. Therefore, investors will look at the fundamentals sooner rather than later. When they do, regional financial markets will ascend as fast as they descended. This volatility and uncertainty of timing make the markets challenging, demanding and, at the same time, rewarding. Indeed, financial markets can be deceptive.

The writer is the head of research at FALCOM Financial Services.





Fund managers out-do the GCC

Overall trading activity witnessed a decline across the GCC, but fund managers outperformed GCC markets in July. **A Markaz** report.

A decline in overall trading activity was seen in July 2008 as investor participation reduced considerably on account of the summer season. The total volume and value of trades in the GCC decreased 30 per cent month-on-month to 20,818 million and US$70,438 million respectively.

The average liquidity across most of the markets declined sharply, with Oman, Bahrain and Qatar witnessing more than 50 per cent falls in trading volumes. In July, the benchmark indices, the MSCI GCC Index and the MSCI GCC Islamic Index, lost 4.9 per cent and five per cent respectively.

Conventional equity funds

Among conventional funds, the Global GCC Large Cap Fund (Global Investment House) topped the charts, gaining 1.1 per cent in July. On a year-to-date basis, the fund gained 4.6 per cent during the month. The fund had maximum exposure to the UAE market (28.3 per cent), followed by the Saudi market (24.6 per cent). Free cash held by the fund accounted for four per cent of total assets. Oryx Fund (BankMuscat) ranked second with positive gains of 0.4 per cent in July, while the net asset value of the Gulf Equity Fund (Securities and Investment Company) declined by one per cent.

Among conventional GCC funds, the top five preferred equity holdings were Saudi Basic Industries Co (SABIC), Arabtec Holding, Saudi Fertilisers, Emaar Properties and Industries Qatar. Among the top five conventional funds, three funds – the Oryx Fund (BankMuscat), the SICO Gulf Equity Fund (Securities and Investment Company) and the SICO Khaleej Equity Fund (Securities and Investment Company) – had exposure to Arabtec. In July, nine conventional funds had exposure to Arabtec and SABIC.

GCC Shari'ah equity funds

Although the top five Islamic funds recorded losses in July, they outperformed the benchmark MSCI GCC Islamic Index, which posted a loss of five per cent. Among Islamic funds, the Al Raed GCC Fund (Samba Financial Group) was the top performing fund, reporting the lowest loss of one per cent. The AlAhli GCC Trading Equity Fund (NCB Capital) followed the Al Raed GCC Fund with a monthly loss of 1.3 per cent. On a year-to-date basis, the fund had registered a moderate gain of 0.7 per cent in July.

The Riyad Gulf Fund (Riyad Capital) occupied the third position with a monthly loss of 1.9 per cent and a year-to-date gain of 6.7 per cent. The fund's top holdings include stocks such as Gulf Finance House, Emaar Properties and Emirates Telecommunications Company. The fund had maximum exposure to the UAE market (36 per cent), holding three per cent of total assets as free cash.

Fund managers

In July, GCC markets witnessed improved confidence from asset allocators. Fund managers increased their exposure to the Kuwaiti and Saudi Arabian markets by 334 basis points (bps) and 69 bps to 21 per cent and 29 per cent respectively. They also reduced their fund allocation in other MENA markets. The allocation of 21 per cent to the Kuwaiti market was the highest since February 2008. The Qatari market's exposure also rose by 44 bps to 13 per cent during the month. Asset allocation to the UAE and Omani markets declined 17 bps and 20 bps respectively.

Exposure to the UAE market stood at 27 per cent, while that to the Omani market was three per cent. GCC asset managers significantly reduced their exposure to Bahrain and other MENA markets by 73 bps and 329 bps respectively. Asset allocation to other MENA markets stood at four per cent, while allocation to Bahrain accounted for three per cent of the total assets.

Top five conventional funds by July 2008

Fund Name	Fund Manager	Inception	AUM (US$ mn)	July-08	Performance % YTD	2007
Global GCC Large Cap Fund	Global Investment House	Feb-05	103	1.06%	4.57%	48.92%
Oryx Fund	BankMuscat	Jul-94	50	0.40%	13.10%	40.14%
SICO Gulf Equity Fund	Securities & Investment Co.	Mar-06	60	-1.00%	17.40%	37.30%
Tijari GCC Equity Fund	Commercial Bank of Kuwait	Jan-06	33	-1.03%	-11.79%	39.96%
Khaleej Equity Fund	Securities & Investment Co.	Mar-04	142	-1.60%	12.40%	44.13%

Top five Shari'ah-compliant funds by July 2008

Fund Name	Fund Manager	Inception	AUM (US$ mn)	July-08	Performance % YTD	2007
Al Raed GCC Fund	Samba Financial Group	Oct-06	30	-0.99%	15.64%	79.82%
AlAhli GCC Trading Equity Fund	NCB Capital	Oct-05	181	-1.33%	0.73%	58.86%
Riyad Gulf Fund	Riyad Capital	Feb-06	138	-1.92%	6.72%	44.88%
AlDana GCC Equity Fund	CAAM Saudi Fransi	Apr-06	15	-2.22%	-3.47%	60.99%
AlRajhi GCC Equity Fund	Al Rajhi Bank	Oct-05	191	-2.69%	7.54%	64.37%

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GCC: looks good to the world

The GCC economies are attracting solid international investments, which **Dr. Oliver Stönner-Venkatarama** feels will offset some of the dampening impact of the falling oil price.

The recent respite in oil prices has intensified the debate about whether the Gulf economies will be able to offset the dampening impact of easing oil prices. In order to answer this question, it is important to analyse recent developments, rather than reiterating the economies' energy dependence.

Recent developments include the increasing number of international companies looking to commit serious levels of investment to the Gulf region. To begin with, Halliburton, the US energy service company, announced that it was moving its headquarters from Houston to Dubai in March 2007. More recently, General Electric, the giant US engineering and financial services company, disclosed the establishment of a new commercial finance venture in cooperation with Mubadala Development Company, an investment vehicle of the government of Abu Dhabi. Both companies have joined forces to advance clean energy projects, such as Masdar City in Abu Dhabi. Another part of the state entity, Mubadala Aerospace, made a further important step last July when it signed an agreement with the European Aeronautic Defence and Space Company (EADS) to produce Airbus plane parts in the UAE starting in 2010.

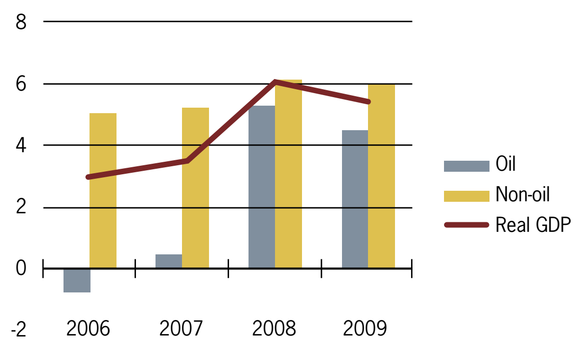
The long-term strategy of Mubadala Development Company is clear when one considers that the cooperation with the EADS is complemented by substantial investments in dedicated education and vocational training programmes. Education is by far the most critical aspect for the economy's gradual diversification away from energy. In this regard, the EADS deal fits with the overall strategy of the UAE to place the aviation industry at the centre of its policy of structural change.

Saudi Arabia is pursuing a similar strategy of advancing industrial diversification with the establishment of several ambitious industrial cities. However, the impact of the diversification strategy has already become more apparent in the UAE. In 2007, the UAE's non-oil-sector GDP expanded by more than 10 per cent, while the energy sector registered a much smaller growth rate. A gradual increase in the growth differential between oil and non-oil sectors may be interpreted as a sign of an accelerating process of structural change. Furthermore, there is a good chance that the driving factor behind this development will change.

So far, GCC corporates have been actively seeking global investment opportunities and investment partners in the domestic market. With the global financial crisis and economic slowdown taking its toll, global companies from mature markets in the US and Europe are under increasing pressure to seek investment opportunities and market exposure in the fast-growing Gulf economies. The latest evidence in this regard can be found in the news headlines pointing to an increasing number of crisis-hit bankers relocating from London to the Gulf region.

Saudi Arabia: Trends in economic growth

% change



On the backdrop of a growing number of investment opportunities, as well as stable growth in private consumption and investment, other industries may follow the track of global banks coming to the region. Some of the key activities with potential beyond energy and chemicals are machinery production and development, broad-based research, development and education to facilitate innovation and, finally, media, entertainment and tourism to create an attractive living environment.

It is important for the region to provide ample evidence that the Gulf economies are solid and are diversifying, in order to sustain investor confidence despite easing oil prices. Of course, longer-term structural economic changes have a short-term relevance for the financial markets. The medium-term performance of the GCC stock markets has significantly drawn international investors' attention to the region, and it's essential that financial markets follow the growth track of the economies in order to meet the projected increase in capital demand.

The writer is an emerging markets investment strategist with Cominvest.

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Divergent forces are at work

Sachin Patki raises the issue of the fixed peg of the GCC currencies to the US dollar and argues that the relationship no longer makes sense when interest rates on local currency deposits are negative.

One often comes across different elements that form pairs, which work off each other and are, for better or worse, destined to be linked together. We see such pairs in the financial world as well – volatility and derivatives, currencies and interest rates, commodities and currencies and inflation and consumer spending.

One such pair, the UAE dirham and the US dollar – which have spent close to three decades in a fixed relationship – has reason to question whether it is possible to continue with the same basis for the relationship. As the GCC economies continue to develop further with their own dynamics and their own local drivers of growth, inflation and consumer spending, we are called to question the fixed peg of the currencies in the region against the US dollar.

We have seen a lot of changes in the economies of the Middle East over the last decade. A decade ago, oil was below US$10 per barrel. Now that seems like a myth from times past. Real estate, local industries, government spending and issuance of capital and debt have all changed the way the Gulf's economies function today. The stability provided by a fixed rate of the local currency against the dollar no longer makes sense in a situation where inflation is providing negative real returns to investors in bank deposits.

The dynamics of the Gulf region are completely different from those of the US economy, but the decisions of the Federal Reserve indirectly become our everyday lives in the Gulf. The US economy has grown by 2.2 per cent year on year. Taking inflation into account, on an annualised rate of two per cent, the net growth has been only 0.2 per cent. Compare this figure with the Gulf region, where the median rate of inflation is eight per cent. With interest rates closely aligned to the US rates, the dynamics seem misaligned. As such, it is only a matter of time before the key decision-makers will have to decide what comes first – the currency peg or the economy.

At present, the US dollar is undergoing a renaissance – especially against the euro and the sterling – based on interest rate differentials and on just being ahead of the curve in terms of the timing of the economic cycle. The US economy continues to face a crunch in terms of liquidity, as lending now has a higher risk/return profile, with yields on fixed income adjusting higher and with longer-term costs of borrowing rising with higher yields. The unemployment rate is at 6.1 per cent and consumer confidence in August was down to 56.9. The US economy continues to get its growth funded from overseas funds, with the trade balance negative by around US$56.77 billion as of June 2008.

The Eurozone is also experiencing a similar situation, with the GDP growing by only 1.4 per cent at the end of the first half of 2008. In addition, the latest unemployment rate is at 7.3 per cent, retail sales are falling (-2.8 per cent in June 2008) and consumer confidence is down by 19 per cent. The interest rate differentials on the US 10-year (3.7 per cent) and Germany (four per cent) are at the opposite ends of the swing, which will mean that by 2009, the US economy and interest rates should be higher than the Eurozone – a probability that the market is currently discounting.

A drop in consumer sentiment is the key invisible that drives the economy to either extreme, and in the current solemn mood of the Eurozone's economy, it is natural that we might see more such correction in the euro. The euro has moved from the range it was in – between 1.4500 and 1.5250 – and unless it breaks clearly above the 1.4500 level on a daily closing basis, it should continue its trend lower to 1.4080 and 1.3620. A clear break above 1.4500 would see the attempt of 1.4830 and 1.5010. The euro/yen has reached near the lows of its sharp move from 1.6500 to 1.5500, and we can expect a test of 159.00 again with consolidation in the range of 1.5450-157.60

The UK, which has also traditionally had close parallels with the US economy, has shown signs of fatigue coming into the retail

market, with consumers now seeing the impact of their debt mounting up in a real estate market that is no longer hitting new highs every year. More corporate losses are expected in the future, as many balance sheets at financial institutions and banks have larger-than-estimated exposures to the mortgage market and the resulting downside

The sterling has hit close to 1.7540, dropping from 2.050 last July. The sharp drop has given the currency some floor for a small rally towards 1.8040, 1.8300 and 1.8520, with a consolidation phase between 1.7470 and 1.8520 for a while. A clear weekly close above 1.8520 shows signs of a reversal in the recent trend. The sterling/euro has also corrected to 1.2230 from a higher level of 1.2700 in recent weeks, and we now look for a clear break above 1.2550 to take it towards 1.2670 and 1.2740 before another correction back to the bottom of the range.

The author is head of Mashreq Gold & Investments with Mashreq.

Views expressed are his own and not necessarily those of Mashreq. Data and comments are as of September 10, 2008.

Commodities bear the brunt

The subprime meteor that hit last year continues to change the US financial landscape. Commodities have borne the brunt just as much as equity markets across the globe. An **MF Global** report.

The usual suspects for the onslaught on commodities have been the US dollar, the gloomier economic picture of the US, EU and other industrialised nations like Australia and the exodus of index funds from commodities futures.

The US dollar has risen against Asian currencies, as well as against other major currencies. But this strength in the greenback is largely attributed to the weakness in major economies like the EU, the UK, Australia and Japan, rather than to the US economy's intrinsic strength.

The impact of the US dollar's strength has seen to a sharp sell-off in precious metals and the energy complex. Gold, considered a hedge to US dollar investments, has fallen by as much as eight per cent during the past month to US$742/ounce (Comex near-month futures). Silver has fared even worse, falling 26 per cent to US$10.79/ounce. Silver has been further hit due to a poor outlook on industrial metals.

The US dollar's rise has also restricted and pressurised the energy complex, leaving it unaffected by a number of price-positive factors. Category three hurricanes Gustav and Ike forced most of the refineries in the US Gulf of Mexico to shut down. There have been reports of some damage to a few refineries as well. While this damage is far lower than that caused by hurricane Katrina and Rita, the news of refineries shutting down and the resultant drop in inventories was expected to support crude oil prices. But that did not happen.

According to the US Department of Energy's weekly petroleum status report, commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) decreased by 5.9 million barrels in the week to September 5. At 298 million barrels, US crude oil inventories were in the lower half of the average range for this time of year.

Even an output cut by OPEC has failed to stem the fall in crude. OPEC announced a cut of 520,000 barrels per day to 28.80 million barrels per day and crude slipped to its lowest level since February 2008 to around US$96/barrel. Natural gas futures have fallen by nearly 12 per cent on month to US$7.36 per mmBTU (million British thermal units), ignoring news of a sharp shortage in Brazil due to the Bolivian crisis.

Coal, which was increasingly sought after as a cheaper (albeit more polluting) source of energy compared to crude, has fallen 10 per cent to around US$166 per tonne.

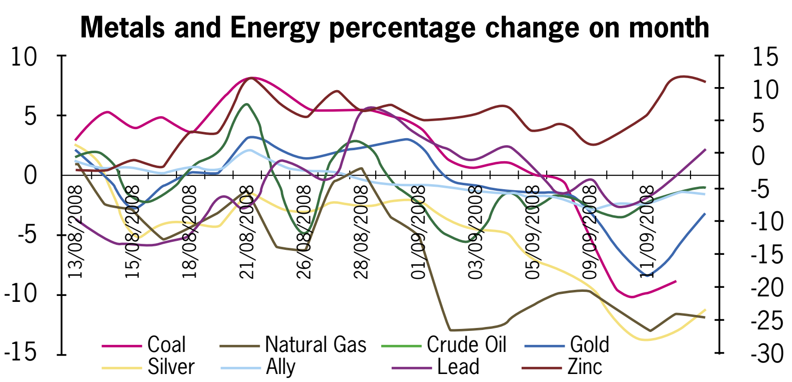
Base metals have continued to struggle due to concerns of a global slowdown, a rather cloudy picture on China's requirements post-Olympics and a pile-up in inventories on the London Metals Exchange over the past month. But, increasingly, there have been talks that major mines may suspend their mine operations in order to prevent metals prices from sliding under costs, as has been seen in the case of zinc. As a result, the base metals complex has seen mixed actions, with aluminium falling while zinc, copper and lead have gained.

The cataclysmic effect of the closure or sell-off of major US financial institutions is being felt across the global equity markets. Commodities are unlikely to be spared as economies slow due to increased costs of capital and consumption slows down. China and India, to a certain extent, have grown at their fastest pace, fuelling the commodity boom. But already there are concerns being expressed over China's demand, as questions are being asked about the country's ability to sustain its export growth.

Countries like China and India, which have a larger share of their exports going to the EU and the US, could feel the brunt following a slowdown in those places. These economies are also struggling with higher input costs due to higher inflation, which is expected to impact their domestic industrial output.

In the case of developed economies like the US, financial markets have been left deeply scarred. The UK is expected to face its worst recession in 60 years as it struggles with a housing boom collapse. The EU is projected to grow at 1.4 per cent in 2008, down from the earlier estimate of two per cent.

A sharp pullout by hedge funds has compounded problems for investors. Hyper-volatility has spilled into the commodities market, with some of the established funds like Ospraie closing down. Watch this space, as more action is going to unfold.



Source: Bloomberg, MF Global Commodities Research

The information in this column is provided by MF Global. For further details, write to: contactdubai@mfglobal.ae or call +971 4 3325 052. ***Source:*** *MF Global Commodities India Pvt Ltd, Bloomberg.*

OFFSHORE SAVERS SELECTION

Provider	Telephone Number	Account	Notice/Term	Deposit	% Gross	Interest Paid
No Notice US Dollar Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	$2,000	4.55%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	None (I)	$20,000	4.25%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	$5,000	3.50%	fiYly
Landsbanki Guernsey	01481 726885	Easy Access	None	$20,000	3.00%	Yly
Halifax International	Via website	Web Server	None (W)	$5,000	3.00%	Yly
No Notice Euro Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	€1,500	5.00%	Yly
Landsbanki Guernsey	01481 726885	Easy Access	None	€15,000	5.00%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	€5,000	4.95%	fiYly
Nationwide International	01624 696000	Euto Tracker Premium	None	€50,000	4.65%	Yly
Northern Rock (Guernsey) wef 01.08.08	01481 728555	Offshore Euro Direct Saver	None (P)	€5,000	4.55%	Yly
No Notice Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	£1,000	6.65%	Mly
Landsbanki Guernsey	01481 726885	Easy Access	None	£10,000	6.50%	Yly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Offshore 2	None (w)	£15,000	6.50%	Yly
Britannia International	01624 681100	Top 5 Tracker	None	£25,000	6.44%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access II	None	£5,000	6.40%	fiYly
Notice Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 90	90 Day (I)	£10,000	6.82%	Yly
Landsbanki Guernsey	01481 726885	International 45	45 Day	£10,000	6.75%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 32	32 Day (I)	£10,000	6.72%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 60	60 Day (I)	£10,000	6.65%	Yly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Offshore Notice 50	50 Day (w)	£25,000	6.65%	Yly
Monthly Interest						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	£1,000	6.65%	Mly
Landsbanki Guernsey	01481 726885	Easy Access	None	£10,000	6.55%	Mly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Flexible Income 1	60 Day (w)	£25,000	6.46%	Mly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Income II	7 Day	£5,000	6.40%	Mly
Landsbanki Guernsey	01481 726885	International 45	45 Day	£10,000	6.31%	Mly
Fixed Rates						
Anglo Irish Bank Isle of Man	01624 698000	Privilege Fixed Interest	12 month Bond	£5,000	7.21% F	OM
Irish Nationwide (IOM)	01481 724353	1 Year Fixed Rate Bond	1 Yr Bond	£50,000	7.20% F	OM
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed term bond	1 Yr Bond	£10,000	7.10% F	OM
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed term bond	2 Yr Bond	£10,000	7.10% F	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed term bond	3 Yr Bond	£10,000	7.10% F	Yly
Current Accounts						
Clydesdale Bank International	01481 711102	Current	None	£2,500	3.89%	Mly
Royal Bank of Canada (CI)	01534 283000	Executive Plus	None	£50,000	3.375%	Mly
Abbey International	01534 885000	Offshore Gold	None	£50,000	3.20%	Qly
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	None	£5,000	3.00%	Mly
Standard Bank	01534 881188	Optimum	None	£50,000	2.56%	Qly
Accounts for Non UK Residents						
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eAccess 2	None (W)	£1,000	6.50%	Yly
Standard Bank	01534 881188	Expatriate Savings	90 Day	£10,000	5.15%	Yly
Abbey International	01534 885000	Tracker Term 8	05-05-09	£10,000	5.10%	OM
Lloyds TSB Offshore Banking	01534 881188	International Savings A/C	None	£50,000	2.80%	Mly
HSBC International	01534 61600	Offshore Bank	None	£50,000	1.10%	Mly

All rates are shown gross. * = Introductory variable rate for limited period. B = Operated by Post or Telephone. F = Fixed Rate. I = Operated by Internet, Post or Telephone OM = On Maturity. P = Operated by Post
All rates and terms subject to change without notice and should be checked before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: September 18, 2008 Source: Moneyfacts

OFFSHORE CHEQUE ACCOUNT RATES

	Telephone	Account Name	£5K	£10K	£25K	£50K	£100K	£250K	£500K	£1m	Int paid	Cash card
Abbey International	01534 885100	Offshore Gold	1.55	2.05	2.55w	3.20	3.95	4.00	4.00	4.20	Qly	Yes
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	Mly	Yes
Barclays	01534 880550 01481 723176	International Cheque International Premier Chq	0.10i 0.10	0.10 0.10	0.10 0.10	0.75 0.75	0.75 0.75	0.75 0.75	0.75 0.75	0.75 0.75	Qly Qly	Yes Yes
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	2.85 2.85e	2.85 2.85	2.85 2.85	2.85 2.85	3.35 3.35	3.65 3.65	3.65 3.65	3.65 3.65	Mly Mly	No No
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	2.50 - 2.50	2.50 - 2.50	2.50 - 2.50	2.50 4.00 2.50	2.50 4.25 2.50	2.50 4.50 2.50	2.50 4.65 2.50	2.50 4.75 2.50	On Closure On Closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Premier Offshore Banl	0.10 0.30	0.10 0.35	0.40 0.90	1.10 1.60	1.35 1.85	1.35 1.85	1.35 1.85	1.35 1.85	Mly Mly	Yes Yes
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	0.05	0.10	0.75	1.00	1.00	1.00	Qly	No
Isle Of Man Bank	01624 63700	Gold Account	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	Mly	Yes
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Money Market Currency	2.00	2.00	2.00	2.375	2.75	2.812	2.812	2.812	Qly	Yes
Lloyds TSB Offshore Banking	01624 638000	International Sterling	0.55	1.55	2.00	2.85	3.65	3.85	3.85	3.85	Mly	Yes
NatWest	01534282828	Advantage Cheque	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	Mly	Yes
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	3.375	3.625	4.375	4.375	4.375	Mly	Yes
Royal Bank of Scotland Intl. Ltd	01534724356	Royalties Cheque	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	Mly	Yes
Standard Bank	01534 881188 / 01624 643643	Optimum	1.50k	1.50	2.25	2.50	2.75	3.00	3.00	3.00	Qly	Yes

k = Rate applies from £3K. w = Rate applies from £20K. All rates are shown gross. All rates and terms subject to change without notice and should be checked before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: September 4, 2008 Source: Moneyfacts

Best Buy Tables - OFFSHORE

€URO ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	€5K	€10K	€25K	€50K	€100K	€250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore Euro Call	1.10	1.60w	2.25	2.25	2.50a	2.75	Yly	No
		Offshore Gold	-	0.50	1.25j	1.25	1.50	1.75	Qly	Yes
Alliance & Leicester Intl. Ltd	01624 663566	Euro Savings	3.68	3.68	3.68	3.68	3.68	3.68	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	4.95	4.95	4.95	4.95	4.95	4.95	Half Yly	No
Bank of Ireland (I.O.M.) Limited	01481 720609	Easy Access Euro	2.90	2.90	3.00	3.10	3.25	3.55	Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Reserve	-	-	-	4.50h	4.50	4.50	Yly	No
		International Savings	1.75	1.85	1.95	2.20	2.40	2.40	Yly	No
Barclays	01534 880550	International Cheque	0.00	0.00	1.65e	1.65	1.40	1.65	Qly	No
		International Tracker	-	-	2.70e	2.70	3.00a	3.50b	Qly	No
Close Wealth Management Group	01481 746333	Advantage	-	1.80	1.80	1.80	1.80	2.30	Mly	No
	01624 643270	Advantage Plus	1.80	1.80	1.80	1.80	1.80	2.30	Mly	No
Clydesdale Bank International	01481 711102	Instant Savings	-	3.90	3.90	3.90	3.90	3.90	Yly	No
		Current	2.86	2.86	2.86	2.86	2.86	2.86	Mly	No
		Instant Savings	-	3.83	3.83	3.83	3.83	3.83	Mly	No
Fairbairn Private Bank		Accumulation	-	1.75	1.75	1.75	1.75	1.75	On closure	Yes
		High Interest Accumulation	-	-	-	-	3.25a	3.50b	On closure	No
	01624 645000	Reserve	-	1.75	1.75	1.75	1.75	1.75	Qly	Yes
Halifax International	01534 846501	International Web Saver	4.35	4.35	4.45	4.45	4.45	4.45	Yly	No
HSBC International	01534 616000	Offshore Bank	0.00	0.10	0.10	0.27	0.27	0.74	Mly	No
		Online Saver	-	-	3.64j	3.64	3.64	3.64	Mly	No
		Premier Offshore Bank	-	0.45	0.45	0.72	0.72	1.19	Mly	No
		Premier Online Saver	-	-	4.08j	4.08	4.08	4.08	Mly	No
		Premier Serious Saver	-	2.615	2.615	3.265	3.265	3.665	Mly	No
		Serious Saver	-	2.115	2.115	2.765	2.765	3.165	Mly	No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10a	0.25b	Qly	No
Irish Permanent International	01624 641641	Instant Access	3.65	3.65	3.65	3.65	4.00	4.00	Yly	No
		Instant Access	3.59	3.59	3.59	3.59	3.93	3.93	Mly	No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	-	-	4.50e	4.50	4.50	4.50	Yly	No
		Call	1.005r	1.00	1.00	1.50u	1.687m	2.125n	Qly	No
		Kaupthing Edge - Savings	5.00	5.00	5.00	5.00	5.00	5.00	Mly	No
Landsbanki Guernsey	04181 726885	Deferred Interest	-	-	5.00e	5.00	5.00	5.00	On closure	No
		Easy Access	-	-	5.00e	5.00	5.00	5.00	Yly	No
		Easy Access	-	-	4.89e	4.89	4.89	4.89	Mly	No
Lloyds TSB Offshore Banking	01624 638000	Euro Intl. Account (Expatriates only)	0.70	1.55	1.55	1.80	1.80	1.80	Half Yly	No
Nationwide International Ltd	01624 696000	Euro Savings	2.75	2.75	2.80	2.80	2.80	2.85	Yly	No
		Euro Tracker Premium	4.35	4.35	4.35	4.65	4.65	4.65	Yly	
NatWest	01534 282300	Advantage International	2.45	2.55	2.65	2.85	3.10	3.25	Qly	No
Northern Rock (Guernsey) Ltd	01481 714600	Offshore Euro Direct Saver	4.55	4.55	4.55	4.55	4.55	4.55	Yly	No
		Offshore Euro Direct Saver	4.30	4.30	4.30	4.30	4.30	4.30	Mly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	2.51	2.56c	Mly	No
Royal Bank of Scotland Intl.Ltd	01534 286850	Royalties International	2.45	2.55	2.65	2.85	2.10	3.25	Qly	No
Standard Bank	01624 643643	Offshore Reserve	1.87	1.87	1.87	2.37	2.62	2.74	Half Yly	No
	01534 881188	Optimum	0.81	0.81	0.81	1.56	1.81	2.31	Qly	No
		Offshore Moneymarket Call	-	-	-	3.75	3.85	3.85	Mly	No
Woolwich Guernsey	01481 715735	Euro International Gross	-	-	1.34j	1.59	1.84	2.33	Qly	No
Zurich International Ltd	01624 671666	Zurich Euro Reward	4.50	4.50	4.50	4.50	4.50	4.50	Yly	No
		Call	3.00	3.00	3.00	3.00	3.00	3.00	Qly	No

a = Rate applies from €75K. b = Rate applies from €150K. c = Rate applies from €200K. e = Rate applies from €15K. g = Rate applies from €37.5K. j = Rate applies from €20K.
m = Rate applies from €80K. n = Rate applies from €160K. r = Rate applies from €3K. u = Rate applies from €40K w = Rate applies from €7.5K.

All rates are shown gross. All rates and terms subject to change without notice and should be checked before finalising ay arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: September 9, 2008 Source: Moneyfacts

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US$ ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	$5K	$10K	$25K	$50K	$100K	$250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore US$ Call	0.00	0.25	0.25	0.50	1.00	1.10	Yly	No
		Offshore Gold	-	0.00	0.00	0.25	0.50	0.50	Qly	Yes
Alliance & Leicester International Ltd	01624 663566	US$ Savings	2.00	2.00	2.00	2.00	2.10	2.10	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	3.50	3.50	3.50	3.50	3.50	3.50	fi Yly	No
Bank of Ireland (I.O.M.) Limited	01481 720609	Easy Access Dollar	0.75	0.75	0.75	1.00	1.25	1.25	Yly	No
Bank of Scotland International Ltd	01534 613500	Base Rate Tracker	-	-	-	2.25	2.25	2.25	Yly	No
		International Savings	0.40	0.40	0.55	0.60	0.75	0.85	Yly	No
Barclays	01534 880550	International Cheque	0.00	0.00	0.00	0.00	0.00	0.00	Qly	No
		International Tracker	-	-	0.30u	0.30	1.30	1.50x	Qly	No
Close Wealth Management Group	01481 746333	Advantage	-	-	-	-	-	0.35	Mly	No
	01624 643270	Advantage Plus	-	-	-	-	-	0.35	Mly	No
Clydesdale Bank International	01481 711102	Instant Savings	-	2.60	2.60	2.60	2.60	2.60	Yly	Yes
		Current	1.60	1.60	1.60	1.60	1.60	1.60	Mly	Yes
		Instant Savings	-	2.57	2.57	2.57	2.57	2.57	Mly	Yes
Fairbairn Private Bank	01624 645000	Accumulation	-	0.10	0.10	0.10	0.10	0.50	On Closure	Yes
		High Interest Accumulation	-	-	-	-	1.00v	1.25x	On Closure	No
		Reserve	-	0.10	0.10	0.10	0.10	0.10	Qly	Yes
Halifax International	01534 846501	International Web Saver	2.90	2.90	3.00	3.00	3.00	3.00	Yly	No
HSBC International	01534 616000	Offshore Bank	-	0.10	0.10	0.10	0.10	0.15	Mly	No
		Online Saver	-	-	1.39u	1.39	1.39	1.39	Mly	No
		Premier Offshore Bank	-	0.15	0.25	0.35	0.45	0.55	Mly	No
		Premier Online Saver	-	-	1.88u	1.88	1.88	1.88	Mly	No
		Premier Serious Saver	-	0.35	0.50	0.65	1.20	1.35	Mly	No
		Serious Saver		0.10	0.20	0.35	0.70	0.85	Mly	No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.05	0.05	Qly	No
Irish Permanent International	01624 641641	Instant Access	1.00	1.50	1.50	2.00	2.10	2.10	Yly	No
		Instant Access	1.00	1.49	1.49	1.98	2.08	2.08	Mly	No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	-	-	4.25u	4.25	4.25	4.25	Yly	No
		Call	0.125k	0.125	0.125	0.125	0.125	0.25m	Qly	No
		Kaupthing Edge - Savings	4.55	4.55	4.55	4.55	4.55	4.55	Mly	No
Landsbanki Guernsey	01481 726885	Deferred interest	-	-	3.00u	3.00	3.00	3.00	On Closure	No
		Easy Access	-	-	3.00u	3.00	3.00	3.00	Yly	No
		Easy Access	-	-	2.96u	2.96	2.96	2.96	Mly	No
Lloyds TSB Offshore Banking	01624 638000	US International Acc.(Expatriates only)	0.00	0.10	0.10	0.20	0.50	0.80	fi Yly	No
Nationwide International Ltd	01624 696000	US Dollar Savings	1.05h	1.05	1.10	1.20	1.65	1.65	Yly	No
		US Dollar Tracker Premium	2.20	2.20	2.20	2.50	2.50	2.50	Yly	No
NatWest	01534 282300	Advantage International	0.20	0.30	0.40	0.60	0.85	1.00	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	0.935	1.185x	Mly	No
Royal Bank of Scotland Int Ltd	01534 286850	Royalties International	0.20	0.30	0.40	0.60	0.85	1.00	Qly	No
Standard Bank	01534 881188	Offshore Reserve	0.20	0.20	0.20	0.40	0.70	1.00	Half Yly	No
	/01624 643643	Optimum	0.10	0.10	0.10	0.20	0.30	0.35	Qly	No
		Offshore Moneymarket Call	-	-	-	1.50	1.60	1.60	Mly	No
Zurich Bank International Ltd	01624 671666	Call	0.00	0.00	0.50	1.00	1.25	1.50	Qly	No

h = Rate applies from $1K. k = Rate applies from $3K. m = Rate applies from $150K. t = Rate applies from $15K. u = Rate applies from $20K. v = Rate applies from $75K.
x = Rate applies from $200K.

All rates are shown gross. All rates and terms subject to change without notice and should be checked before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: September 4, 2008 Source: Moneyfacts

For more information visit Moneyfacts

EXPATRIATE MORTGAGE TERMS - OCTOBER 2008

LENDER	INTEREST RATE%	MAX.% ADVANCE	ARRANGEMENT FEE	SPECIAL FEATURES
Bank of Scotland	Bank base +1.5%	70	1%	Special schemes GBP70,000 minimum.
BM Solutions	5.79% 3 year fix	75	2%	Applicant must work for Govt Agency or Multi National Company. 2% early repayment charges
Cheltenham & Gloucester	5.68% 2 year Fix 5.79% 3 year Fix 5.79% 5 year fix 5.95% full term tracker bank base plus 0.95%	75 75 75	GBP995 GBP995 GBP995 GBP995	Every case has to be agreed with an underwriter before submission. Unlikely to lend to Self employed expat applicants. Employed applicants need to work for large companies. New build flats 65% maximum
Dresdner Kleinwort Benson	Cost of funds +1-1.5%	80	0.5%	Currency switching. Minimum loan GBP100,000. Life assurance required. Minimum earned income GBP75,000.
Fortis Bank Group	Sterling mortgage LIBOR + 1.25% Family occupation, LIBOR + 1% Foreign currency mortgage Cost of funds +1.5-2.0%	75 70	GBP500 GBP500	Min. loan GBP150,000, 80% owner/family occupation. Loans to offshore companies and trusts. Multi-currency mortgages available.
Halifax PLC	5.84% 3 year fix	75	GBP999	Very restrictive terms. No capital raising allowed. Must be returning to UK in a short period. 6 months bank statements required. Redemption penalties. Fixed rate 2% in first 3 years. Free valuation/legals on re-mortgages
Heritable Bank	6.99% 3 year discount	75	0.5%	Maximum loan amount 250,000. No new build property
HSBC	Under review	80 Repayment basis only 75% Interest only	Varies	Life insurance must be assigned to HSBC bank. Applicants need to be in salaried employment or professional occupations such as Dr's, Dentists, Solicitors or Accountants. 130% rent to interest ratio difficult to match.
Ipswich Building Society	6.49% via discount to 2 years	80	GBP695	Maximum of five properties to GBP1 million borrowing. Flexible mortgage.
Irish Permanent (Isle of Man)	Temporarily withdrawn	85	1%	Same rate second asset loans Also 2-10 year FIXES with repayment penalties. Loans to offshore companies and trusts.
Royal Bank of Scotland International	Base +1.25%	80	1%	Terms can vary via different Royal Bank operations areas.
Saffron Building Society	Temporarily withdrawn	UK Expats 85% Foreign Nationals 75%	Loans to GBP350,000 GBP595 Loans to GBP500,000 GBP795	Maximum holding £1.5 million. Up to five buy to let properties.
Stroud & Swindon	6.79% 2 year discount	75	GBP695	No repayment penalties at any time. Up to four buy to let properties. Totally flexible BTL overpayments/ underpayments.
TMW	6.29% 2 year tracker	70	1.25%	No new build flats, No first time buyers Maximum loan 350,000

This table is for information purposes only and is not to be viewed as a recommendation.

Notes: Some Lenders have onerous redemption penalties for fixed and discounted terms.

A usual penalty is 6 months interest in the first 5 years. Loans are, however, portable, but proportionate penalties would apply unless similar amount loans were taken. There are also proportionate penalties on partial repayments. BANK OF SCOTLAND, FORTIS, KLEINWORT BENSON and ROYAL BANK OF SCOTLAND all offer loans via offshore trusts and offshore companies. Arrangement fees can be as much as 1per cent of the loan. Some lenders make life assurance cover obligatory. Others insist on their “in-house” buildings and contents insurance as a loan condition. **Arrangement Fees** - All fees quoted are payable to the lender and are usually added to the loan, although some require payment with the application. IMP will charge an arrangement fee of .25 per cent subject to a minimum of GBP250 and a maximum of £500 but this can be waived where associated financial products, such as mortgage protection, are effected through the company's agencies. Most lenders have now settled on a base variable rate of circa 7%-7.25%. Bank rate @ 22/09/08 - 5% 3 month LIBOR 5.83%. IMP are authorised and regulated by the Financial Services Authority (302775) for mortgage advice and hold Consumer Credit Licence No: 592583.

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Credit Cards — SAUDI ARABIA

PROVIDER	CARDS OFFERED	ANNUAL FEE (SAR)	INTEREST/PROFIT RATE	INTEREST FREE CREDIT	VALUE ADDED	CONTACT
Al Rajhi Bank	Visa/MasterCard (Silver, Gold) Laki for Women Qassit Mini Visa Internet card	Silver – 300 Gold - 300 Laki for Women - 300 Qassit - 300 Mini Visa - 100 Internet card - Free	Nil for purchases SAR15 for cash withdrawals	45 days	Shari'ah compliant, photo-sign card, customer privilege booklet, Al Rajhi rewards programme, supplementary cards for dependents.	800 124 1222 www.alrajhibank.com.sa
AMEX	Blue/Gold/Platinum	Blue – 200, Gold – 400, Platinum – 900	2.25% on purchases, 3.5% or SAR40 on cash withdrawals	25 days	Free supplementary cards, 1% cash back on purchases, worldwide emergency assistance, travel accident insurance, security chip	800 124 2229 www.americanexpress.com.sa
Arab National Bank	Visa/MasterCard (Al Mubarak Silver, Al Mubarak Gold, ANB Silver, ANB Gold, ANB Internet Card), ANB Platinum (SAR and GBP)	Al Mubarak Classic Option 1 SAR 75 Al Mubarak Classic Option 2 SAR 130 Al Mubarak Gold SAR 180	Al Mubarak cards: N/A on purchases and cash withdrawals ANB cards: 1.97% on purchases, 3.5% or SAR45 on cash withdrawals	51 days	Cash on demand, ongoing merchant discounts, free supplementary cards Payment Holiday Program and Credit Shield. Al Mubarak cards are Shari'ah compliant.	800 124 4141 www.anb.com.sa
Bank Aljazira	Visa Islamic Gold Card	N/A	N/A on purchases, SAR30 for cash withdrawals	45 days	Free supplementary cards, cash advances available.	www.baj.com.sa
Banque Saudi Fransi	Visa/MasterCard (Silver, Gold) MasterCard Platinum	Silver – 150 Gold – 300 Platinum – Invitation only	1.99% on purchases, 3% on cash withdrawals	25 days	Free emergency medical and legal referral services, purchase protection, lost luggage insurance, 1% cash back.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Tayseer AlAhli (Classic, Gold), Tayseer AlAhli Titanium, AlFursan Credit Card, Internet Card	Free for the first year	SAR30-50 per transaction	50 days	Purchase protection, travel protection, credit shield, exclusive offers and discounts. 2% cash back on purchases with AlAhli Titanium. Earn Saudi Airlines miles with AlFursan card.	800 244 1005 www.ncb.com.sa
Riyad Bank	Visa/MasterCard (Silver, Gold) MasterCard Platinum Islamic Card	Classic – 115, Gold – 225, Platinum – 700, Islamic - 900	Silver, Gold and Platinum cards: 1.75% on purchases, 3.5% on cash withdrawals Islamic card: N/A on purchases, SAR75 for cash withdrawals	45 days	Signature card, emergency card replacement. For Platinum cardholders, airport lounge access, concierge services, travel services, emergency medical and legal referrals.	800 124 2020 www.riyadbank.com
SABB	Visa/MasterCard (Silver, Gold), SABB Amanah Credit Card, Internet Card	Silver – 225, Gold – 350, Amanah - 350	Silver and Gold cards: 2% on purchases, SAR75 on cash withdrawals Amanah card: 2% on purchases and cash withdrawals	25 days	Free supplementary cards, cash advances (up to 60% for silver card, up to 75% for gold card), purchase protection, travel insurance, SABB rewards programme.	800 124 8888 www.sabb.com.sa
SAMBA	Visa (Silver, Gold), MasterCard (Silver, Gold, Platinum, Titanium), Samba Co-branded Credit Card (Silver, Gold), Samba Al Khair Credit Card (Silver, Gold)	Silver cards – 150 Gold cards - 300	Al Khair card: N/A on purchases and cash withdrawals Other cards: 1.95% on purchases, SAR45 for cash withdrawals	21 days	Up to four free supplementary cards, credit shield, credit limit increase, emergency card replacement, Bonanza programme for exclusive deals and services, special hotel and car rental rates for gold members. Al Khair card is Shari'ah compliant.	800 124 1010 www.samba.com
Saudi Hollandi Bank	SHB Smart Credit Card (Classic, Gold)	Free for life	Classic: N/A on purchases, 4.5% on cash withdrawals Gold: N/A on purchases, 3.5% on cash withdrawals	21 days	Daily draws to win free trip to Dubai, airline discounts (up to 18% on Emirates Airlines tickets), up to 100% cash advance limit, Smart Reward Points Programme.	800 124 2525 www.shb.com.sa

Personal Loans — SAUDI ARABIA

PROVIDER	PRODUCT	MAX. LOAN AMOUNT (SAR)	MIN. SALARY	PAYMENT TERMS	VALUE ADDED	CONTACT
Arab National Bank	Personal Finance Al Arabi Mubarak Finance Al Tawaruq Finance	1,000,000	Govt. sector: 2,300 Private Sector: 2,500 Pensioners: 1,750	Up to 60 months	Personal Finance: Free credit card for one year, top-up option, cash assist credit facility available. No penalty on early pay-offs. Al Arabi Mubarak and Al Tawaruq schemes are Shari'ah compliant.	800 124 4141 www.anb.com.sa
Banque Saudi Fransi	Personal Loan Murabaha or Tawarruq	1,200,000	3,500	Up to 60 months	Murabaha and Tawarruq schemes are Shari'ah compliant.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Tayseer Al Ahli (Cash) Murhaba Al Ahli (Goods)	1,500,000	3,000 for nationals, 4,000 for expatriates	Up to 60 months	Both schemes are Shari'ah approved. Possible top-up finance. Supplier price discounts for goods.	800 244 1005 www.ncb.com.sa
Riyad Bank	Personal Loan Murabaha or Tawaruq	1,500,000	2,500	Up to 60 months	Murabaha and Tawaruq schemes are Shari'ah compliant. Remaining installments waived in case of death.	800 124 2020 www.riyadbank.com
SABB	MAL (Islamic Personal Finance)	1,500,000 with salary transfer, 50,000 without salary transfer	3,000	Up to 60 months	Shari'ah compliant (based on Tawarruq concept). No guarantor required. Outstanding loan waived in case of death.	800 124 5557 www.sabb.com.sa
SAMBA	Personal Finance Al Khair Personal Finance	Up to 15 times monthly salary	2,500	Up to 60 months	Al Khair scheme is Shari'ah compliant. No guarantor required. Outstanding loan waived in case of death.	800 124 1010 www.samba.com
Saudi Hollandi Bank	Loanlink Morabaha Installment Sales	1,000,000	Govt. sector: 3,000 Private sector: 4,000	Up to 60 months	No guarantor required. New finance after 25% repayment of existing finance. Outstanding loan waived in case of death.	800 124 2525 www.shb.com.sa

Car Loans — SAUDI ARABIA

PROVIDER	PRODUCT	INTEREST RATE	LOAN TENOR	DOWN PAYMENT	CONDITIONS/RESTRICTIONS	CONTACT
Al Rajhi	Car Finance Car Lease	3.5% 8.5%	Up to 60 months Up to 60 months	10% None	Approved companies only. Must have been with current employer for six months. Minimum salary SAR3,00.	800 124 4141 www.alrajhibank.com.sa
Arab National Bank	Auto Lease	From 4.7%	Up to 60 months	5%	Minimum salary SAR3,000. At least three months service with the current employer and minimum 20 years old.	800 124 4141 www.anb.com.sa
Banque Saudi Fransi	Murabaha	Starts at 3.5% yearly	Up to 60 months	None	Minimum salary: 3,500. Must have been with current employer for six months.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Auto Lease	Starts at 5%	Up to 60 months	None	Minimum salary: 3,000. Three months service with current employer. 4,000 for expats with one year service	800 244 1004 www.ncb.com.sa
Riyad Bank	Murabaha Finance	Starts at 4.95% yearly	Up to 60 months	None	Minimum salary: 2,500 At least three months with current employer	800 124 2020 www.riyadbank.com
Saudi Hollandi Bank	Sayarat Al Yusr	Starts at 3.99%	Up to 60 months	None	Must be 21 years old. Minimum salary: SAR3000 Minimum of three months with current employer	800 124 3000 www.shb.com.sa

Personal Loans — OMAN

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (OMR)	PAYMENT TERMS	MIN. SALARY (OMR)	CONTACT
Bank Dhofar	Consumer Loan	8%	Up to 71 times salary for nationals, 75% of end of service benefits for expats (depends on salary)	Up to 107 months for nationals, up to 60 months for expats	120	800 766 66 www.bankdhofar.com
Bank Muscat	Consumer Loan	8%	Up to 54 times salary for nationals, up to six times salary for expats	Up to 132 months for nationals, up to 24 months for expats	Nationals – 150 Expats - 250	800 795 555 www.bankmuscat.com
HSBC	Personal Loan	8%	Depends on salary	Up to 96 months for nationals, up to 72 months for expats	300	800 7 4722 www.oman.hsbc.com
National Bank of Oman	Personal Loan	8%	Up to 51 times salary	Up to 132 months for nationals	250	800 77077 www.nbo.co.om
Oman Arab Bank	Personal Loan	8%	Up to 50 times salary for nationals, depends on end of service benefits for expats	Up to 108 months for nationals, up to 36 months for expats	150	247 06 265 www.omanab.com
Oman International Bank	Basma Personal Loan Scheme	8%	Up to 50 times salary for nationals, depends on salary for expats, up to 24 months salary	Up to 72 months	200	246 85252 (Head office) www.oiboman.com

Credit Cards — OMAN

PROVIDER	CARDS OFFERED	ANNUAL FEE (OMR)	MIN. SALARY (OMR)	INTEREST RATE	INTEREST FREE CREDIT	CONTACT
Bank Dhofar	Visa (Classic, Gold) MasterCard (Standard, Gold, Platinum) Al Noor Interest Free Credit Card Ecomcard	Free for the first year	Classic/Standard: 250, Gold: 800, Platinum: 2,000	1.5% on purchases, 3%+OMR1 on cash withdrawals	52 days	800 766 66 www.bdof.org
Bank Muscat	Visa/MasterCard (Classic, Gold, Platinum) Sultan Qaboos University (SQU) Card	Classic: 30 Gold: 50 SQU Card: 10	Classic: 200 Gold: 500 Platinum: Invitation only	1.5% on purchases, 3%+OMR1 on cash withdrawals	52 days	2479 5555 www.bankmuscat.com
HSBC	Visa/MasterCard (Classic, Gold) In-Site Virtual Card	Classic: 30 Gold: 50 In-Site: 10	Classic: 400 Gold: 700	1.5% on purchases, 3%+OMR1 on cash withdrawals	56 days	800 7 4722 www.oman.hsbc.com
National Bank of Oman	NBO Visa/MasterCard (Silver, Gold); Al Amiyal MasterCard (Silver, Gold); NBO-Oman Air Card (Silver, Gold); NBO Webshopper Card	NBO Visa/MasterCard (Silver: 30, Gold: 50) Al Amiyal (Silver: 35, Gold: 55) NBO-Oman Air card (Silver: 15, Gold: 30) NBO Webshopper card: 10	Silver cards: 200 Gold cards: 350 for nationals, 500 for expats	1.5% on purchases, 3%+OMR1 on cash withdrawals	52 days	800 77077 www.nbo.co.om
Oman Arab Bank	Visa (Classic, Gold, Platinum)	Classic: 30, Gold and Platinum: 50	Classic: 200, Gold: 700, Platinum: 1,500	1.5% on purchases, 3%+OMR1 on cash withdrawals	40 days	797 432 www.omanab.com
Oman International Bank	MasterCard (Classic, Gold) Visa (Classic, Gold, Platinum, Business Card, Cyber Card)	Classic: 30 Gold: 50 Platinum: 70 (By invitation only) Business: 25 Cyber: 10	Classic/Cyber cards: 300 Gold cards: 700 Platinum: 1,400	1.5% on purchases, 3%+OMR1 on cash withdrawals	45 days Business - 37 days	246 85252 (Head office) www.oiboman.com

Personal Loans — QATAR

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (QAR)	MIN. SALARY (QAR)	PAYMENT TERMS	CONTACT
Ahli Bank	Personal Loan for nationals Expat Loan	Fixed rate: 10.25% 8% for nationals if salary more than 7,000	Up to 47 times monthly salary Up to 33 times monthly salary	3,000 5,000	Up to 18 years Up to 84 months	4324327 www.ahlibank.com.qa
Arab Bank	Personal Loan	9.99% fixed rate	Up to 80 times monthly salary	4,000	Up to 86 months for national Up to 60 months for expats	4387777 www.arabbank.com.qa
Commercial Bank of Qatar	Personal Loan	Starting from 9.99%	Up to 20 times monthly salary Up to 2.5 million	1,500	Up to 84 months	4490000 www.cbq.com.qa
Doha Bank	Personal Loan	Fixed rate: 7.5%	Up to 16 times monthly salary	3,000	Up to 48 months for expats, up to 72 months for nationals	4456000 www.dohabank.com.qa
HSBC Bank Middle East	Personal Loan	9.24-10.24%, depends on the loan tenor	Depends on salary	3,000	Up to 96 months for nationals, up to 72 months for expats	4382100 www.qatar.hsbc.com
MashreqBank	Al Hal Loan for nationals Personal Loan for expats	Al Hal loan 8.5-11.5% 8.75-11.50%	Up to 63 times monthly salary Up to 250,000	4,000 3,000	72 months for expats 200 months for nationals	4418880 www.mashreqbank.com
Qatar National Bank	Personal loan	Fixed rate: 9.99-10.74%	Up to 350,000	2,000	Up to 84 months for nationals and 72 months for expats	4407777 www.qnb.com.qa
Standard Chartered	Personal Loan	Fixed rate: 8.99%	Up to 500,000 for nationals, 200,000 for expats	2,000	Up to 84 months for nationals, up to 48 months for expats	4658555 www.standardchartered.com/qa

Credit cards — QATAR

PROVIDER	CARDS OFFERED	ANNUAL FEE (QAR)	MIN. SALARY (QAR)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	CONTACT
Ahli Bank	Visa (Classic, Gold) MasterCard (Standard, Gold)	Free for the first year	3,000	1.75% on purchases, 2% on cash withdrawals	45 days	4324327
Arab Bank	Visa (Silver, Gold), Internet Shopping Card	Silver – 200, Gold – 300	Silver - 3,500, Gold - 5,000	2% on purchases, 4% on cash withdrawals	45 days	4387878
Commercial Bank of Qatar	Visa WOW, Visa/MasterCard Classic, Visa/MasterCard Diners Club (Gold, Platinum)	WOW – free for life, Other cards free for the first year	WOW/Classic - 1,500, Gold - 7,500, Platinum-10,000	2% on purchases, 4.5% on cash withdrawals	45 days	4490000
Doha Bank	Visa/MasterCard Dream credit card (Classic, Platinum)	Free for life	Classic - 3,000, Platinum - 25,000	1.75% on purchases, 4.5% on cash withdrawals	55 days	4456000
HSBC Bank Middle East	Visa/MasterCard (Classic, Gold) Visa Platinum In-site Virtual MasterCard	Classic – 200, Gold – 300, Platinum – 450, In-site – 50	Classic and In-site - 2,000, Gold - 7,000, Platinum - 12,000	Classic 2%, Gold 1.9%, Platinum 1.8%, in-site 1.75% on purchases and 4.5% on cash withdrawals	56 days	4382100
Mashreqbank	MasterCard/Visa (Classic, Gold)	Classic – 150, Gold - 400	Classic - 2,000, Gold - 6,000	2.49%, on purchases, 2.75% on cash withdrawals	55 days	4418880
Qatar National Bank	Visa (Classic, Gold), MasterCard (Standard, Gold, Platinum), Qatar Airways Co-branded MasterCard, e-card	Free for first year	Standard 2,000 for account holders otherwise 5,000, Gold - 6,000, Platinum - 12,000 -	2% on purchases, 4.5% on cash withdrawals	45 days	4407777
Standard Chartered	Visa (Classic, Gold) MasterCard (Standard, Gold)	Visa: Classic - 200, Gold - 400 MasterCard Standard – 250, Gold – 500	3,000 (Salary must be transferred)	2.25% on purchases, 4.5% on cash withdrawals	50 days	4658555

Home Contents Insurance — QATAR

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (QAR)	EXCESS (QAR)	COVER (QAR)	COVER INCLUDES	CONTACT DETAILS
AXA Insurance Home Comfort	250	250	50,000	Household contents, personal belongings and legal liability in the GCC countries up to QAR250,000 plus free additional benefits like tenants' liability, valuables, new for old, alternative accommodation, temporary removal, locks replacement, frozen food, money, visitor's personal effects, domestic helper's personal effects, mirrors and glass; optional coverage includes worldwide cover, domestic helpers, loss of passport/ driving license/residence and work permits	+973 17 210 778 www.axa-gulf.com
Qatar General Insurance and Reinsurance Company Household Comprehensive Insurance	200	500 for each and every loss	50,000	Cover against fire, lightning, explosion, earthquake, volcanic eruption, subterranean fire, aircraft damage, bursting or overflowing of water tanks or pipes or heating apparatus, burglary house breaking and impact by road vehicle; Jewelry up to QAR4,000	+974 428 2222 qgirc-tec@qatar.net.qa
Qatar Insurance Company HomeCare Household Insurance	500 650 750 750 + 0.50%	250	50,000 (minimum per policy) 75,000 100,000 Above 100,000	Household possessions against damage or theft ; all platinum, gold and silver articles, jewelry and furs will be limited to 20 per cent of the total sum insured on contents; option for risk extension cover to insure valuable items while traveling locally or internationally (rates for above QAR100,000: Qatar - 2.5 per cent and worldwide - 4 per cent on the value)	+974 449 0476 www.qatarinsurance.com onestop@qic.com.qa
Qatar Islamic Insurance Company Household Comprehensive	500 to 700	250	50,000	Cover against fire, burglary, allied perils; extra charge for jewelry and personal belongings, covered in Qatar home only	+974 465 8880 www.qiic.net

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during September 2008. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Medical Insurance — QATAR

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (QR)	EXCESS	COVER	COVER INCLUDES	CONTACT
AXA Insurance *In reference to ages 0-10, cheaper premium for ages 11-20 by up to 500 depending on plan	**Global Area 1:** From 10,801 (ages 11-21) to 29,098 up to age 65. **Global Area 2:** From 3,638 (ages 11-21) to 9,541 up to age 65. **Regional Plus:** From 2,078 (ages 11-21) to 5,433 up to age 65. **Regional:** From 1,787 (ages 11-21) to 4,673 up to age 65		**Global Area 1:** QAR5 million **Global Area 2:** QAR2.5 million **Regional Plus:** QAR1 million **Regional:** QAR500,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide excluding USA , Singapore, Japan, Hong Kong & Switzerland **Regional Plus:** Regional cover plus India, Pakistan, Sri Lanka, Bangladesh, Korea, the Philippines, Indonesia, Nepal & Bhutan **Regional: AGCC:** Arabian Gulf Cooperation Council member countries being Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman	+973 17 210 778 www.axa-gulf.com
Qatar General Insurance and Reinsurance Company Interglobal Healthcare Plan MedicalCare Health Insurance Plan	**Interglobal Healthcare Plan** **Ultracare Plus:** From 3,298 (child) to 107,663 up to ages 70-74 **Ultracare Comprehensive:** From 2,565 (child) to 87,710 up to ages 70-74 **Ultracare Select:** From 2,341 (child) to 79,599 up to ages 70-74 **Ultracare Standard:** From 1,616 (child) to 55,211 up to ages 70-74 **MedicalCare Health Insurance Plan** (up to 65 years old only) In-patient treatment: 399, In-patient and out-patient treatment: 899	**Interglobal Healthcare Plan** Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500 **MedicalCare Health Insurance Plan** In-patient treatment: 10% of claim amount for each and every claim Out-patient treatment: QAR25 per visit	**Interglobal Healthcare Plan** **Ultracare Plus:** US$3.4 million Ultracare **Comprehensive:** US$1.7 million **Ultracare Select:** US$1,275,000 **Ultracare Standard:** US$850,000 **MedicalCare Health Insurance Plan** In-patient: QAR100,000 Out-patient: QAR50,000	**Interglobal Healthcare Plan** *With optional coverage of Australia and New Zealand, Europe, Worldwide not including the USA or Worldwide. **Ultracare Plus:** Extended in and out-patient benefits, 45 days emergency coverage outside chosen area, dental coverage. **Ultracare Comprehensive:** In and out-patient benefits, 45 days emergency coverage outside of chosen area. **Ultracare Select:** In-patient benefits. **Ultracare Standard:** Limited out-patient benefits, 30 days emergency coverage outside of chosen area **MedicalCare Health Insurance Plan** (selected hospitals and clinics in Qatar) **In-patient treatment:** Hospital accommodation, surgical, medical and nursing, services and supplies, private room and board, ambulance services. **Out-patient treatment:** Consultation (general medicine, pediatric, obstetrics and gynecology, ophthalmology and dermatology), lab tests, x-ray and ECG diagnostics, prescribed drugs and medicines. **Optional:** Worldwide coverage in case of emergency excluding Canada and USA while on trip not exceeding 30 days and treatment in home country excluding Canada and USA up to QAR25,000	+974 428 2222
Qatar Islamic Insurance Company	**Balsam Gold:** From 3,826 (child) to 7,699 up to age 60. **Balsam Silver:** From 2,114 (child) to 4,199 up to age 60. **Ordinary Balsam:** From 1,067 (child) to 2,118 up to age 60	50 per out-patient consultation	**Ordinary Balsam:** QAR100,000 **Balsam Silver:** QAR300,000 **Balsam Gold:** QAR500,000	**Ordinary Balsam:** Qatar **Balsam Silver:** Worldwide excluding Europe, USA and Canada **Balsam Gold:** Worldwide excluding USA and Canada	+974 4413 413 www.qiic.net qiic@qatar.net.qa

Disclaimer: All medical insurance policies include the standard in-patient and out-patient services generally provided by insurance companies. Covers specified are those deemed to be significant only as point of comparison among the plans. Other insurance companies offer the same plans as above. For example, Doha Insurance also offers the Interglobal Healthcare Plan. You may contact them at +974 433 5000. The annual premiums listed are simply an overview of how much an individual has to pay for an insurance plan for various age ranges. Discounts are available for those who would like to purchase plans by groups or companies. Premium rates quoted in US$ are converted to QAR using the 3.68 conversion rate for consistency purposes. Please contact the insurance providers for more information.

Personal Loans

BAHRAIN

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (BHD)	MIN. SALARY (BHD)	PAYMENT TERMS	CONTACT
Ahli United Bank	Consumer Loan	Reducing balance rate: 8.5-9%	Up to 22 times monthly salary	250	Up to 72 months	17221999
Bahrain Credit	Personal Loan for nationals only	Reducing balance rate: 12%	Up to 30 times monthly salary (maximum 30,000, minimum 1,000)	350	Up to 84 months	8000 8000
Bahraini Saudi Bank	Personal Loan	Reducing balance rate starts at 9.90% (depends on salary)	Up to 40,000	200	Up to 84 months	17578888
Bank of Bahrain and Kuwait	Consumer Loan	Reducing balance rate: for national 9%, for expats 9.5%	Up to 50,000	200	Up to 84 months for nationals, 60 months for expats	17207777
Citibank	Personal Loan Personal Installment Loan (PIL) - without salary transfer	Reducing balance rate: 10% for locals 11% for expats	Up to 15,000, depends on salary	300 300	Up to 72 months Up to 48 months	17582484
HSBC Bank Middle East	Personal Loan	Reducing balance rate: 9.5 – 12%. Depends on company status	Up to 40,000 for nationals, up to 20,000 for expats	200	Up to 84 months for nationals Up to 60 months for expats	1756999
National Bank of Bahrain	Personal Loan	APR - 9.87 to 11.46%	Up to 51 times monthly salary for nationals Up to 10 times monthly salary for espats	200	Up to 84 months for nationals, up to 60 months for expats	17214433
Shamil Bank	Personal Finance (Tamweel Al-Shamil)	Fixed rate: starts at 3.99% (Depends on the salary and the loan amount)	Up to 100,000	200	Up to 84 months	17878777
Standard Chartered	Personal Loan	Fixed rate: starts at 4%	Up to 38 times monthly salary for nationals, up to 16 times monthly salary for expats	200	Up to 84 months	Toll free: 80001802

Credit Cards

BAHRAIN

PROVIDER	CARDS OFFERED	ANNUAL FEE (BHD)	MIN. SALARY (BHD)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	CONTACT
Ahli United Bank	Visa/MasterCard (Standard, Gold)	Free for the first year	Standard - 300, Gold - 400	Standard - 2.5% and Gold – 1.75% on purchases, 4% on cash withdrawals	52 days	17221999
Bahraini Saudi Bank	Visa (Classic, Gold)	Free for life	Classic - 550, Gold - 800	1.6% with account, 2.25% without account on purchases, 4% on cash withdrawals	52 days	17578999
Bank of Bahrain and Kuwait	CrediMax Visa/MasterCard/ JCB (Classic, Gold)	Free for life	Classic - 300, Gold - 700	1.85% on purchases, 3% on cash withdrawals	25 days	17207777
Citibank	Visa/MasterCard (Silver, Gold) Emirates-Citibank card (Silver, Gold)	Visa/MasterCard: Silver – 25, Gold – 50, Emirates-Citibank card: Silver – 30, Gold - 55	Silver - 300, Gold - 800 Emirates-Citibank card - 800	Visa/MasterCard – 2.5% Emirates-Citibank card – 2.5% on purchases, 4% on cash withdrawals	52 days	17582484
HSBC Bank Middle East	Visa/MasterCard (Classic, Gold), MasterCard In-site virtual, Premier MasterCard	Classic – 20; Gold – 30; In-site – 10; Premier free	Classic without salary transfer - 400, Classic with salary transfer - 400 for locals and 500 for expats, Gold - 750, In-site - 250	Classic – 2.25%; Gold – 2%; In-site – 2.25%; Premier - 1.75% on purchases, 4% on cash withdrawals	56 days	17569999
National Bank of Bahrain	Visa (Standard, Gold) MasterCard (Classic, Gold)	Free for the first year	200	1.84% on purchases. 3% on cash withdrawals	21 days	17214433
Shamil Bank	Al-Rubban MasterCard (Classic, Gold)	Classic – 15; Gold – 25	300	One-off fee on garantee of 6.5% or 0.6% per month on purchases, US$10 on cash withdrawals	51 days	17878777
Standard Chartered	MasterCard/Visa (Classic, Gold)	With salary transfer Classic 10, Gold 25, otherwise 20 and 60	Classic - 200, Gold - 800	Classic 2.25% with salary transfer, otherwise 2.95% - Gold 1.7% with salary transfer, otherwise 2% on purchases, 5% on cash withdrawals	50 days	Toll free: 80001802

Home Contents Insurance

BAHRAIN

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (BHD)	EXCESS (BHD)	COVER (BHD)	COVER INCLUDES	CONTACT DETAILS
Saudi National Insurance Company BSC	Minimum 20	100 for every claim	5,000	Household contents against theft, perils, etc.; furniture – 20 per cent of actual market value, jewelry up to BHD5,000 as long as they are in a safe	+973 17 563 377
AXA Insurance Home Comfort	25	25	5,000	Household contents, personal belongings and legal liability in the GCC countries up to BHD25,000 plus free additional benefits like tenants' liability, valuables, new for old, alternative accommodation, temporary removal, locks replacement, frozen food, money, visitor's personal effects, domestic helper's personal effects, mirrors and glass; excludes jewelry and personal belongings; optional coverage includes worldwide cover, domestic helpers, loss of passport/driving license/residence and work permits	+973 17 588 222 www.axa-gulf.com
Arabia Insurance Householders Insurance	23-25	250 per claim	5,000	Full value of household goods and personal effects excluding valuables such as jewelry, furs, cameras and accessories; losses against fire, lightning, burglary and all other allied perils	+973 17 211 174 www.arabiainsurance.com aicbn@batelco.com.bh
Royal & Sun Alliance Insurance Homeshield Insurance	Minimum 25-35, depends on policy	50-100	5,000	Contents while in your home only including fire, theft, (by forcible means), flood, storm/hail, leakage of any water apparatus, impact damage; excludes riot, strike, malicious damage, sabotage and terrorism; extra damage cover includes sum insured excluding valuables, valuables (gold, silver, jewelry, works of art, carpets/rugs, coin/stamp or medal collections, curios), landlords furnishings; optional covers include personal possessions while outside your home in Bahrain and/or worldwide (loss or damage by fire or theft and accidental loss or damage to personal belongings such as jewelry, watches, cameras, binoculars and musical/sports equipment etc.) and small boats (accidental loss or damage to your boat and third party liability up to BHD50,000)	+973 17 581 661 www.royalsunalliance.com
Bahrain Kuwait Insurance Company Homeowners Insurance	Minimum 35	250 per condition	5,000	Cover against fire, domestic explosion, aircraft, earthquake or volcanic eruption, storm and tempest, flood, escape of water from any tank, apparatus or pipes, impact by any road vehicle or animal, theft, breakage of fixed glass and sanitary fixtures; can be taken only if you are a tenant in a building or an apartment, extra charge for jewellery, which should be kept in a safe.	+973 17 875 021 www.bkic.com info@bkic.com
Takaful Insurance Home Owners / Householders Takaful Scheme	Minimum 20	100	5,000	Cover against losses due to fire and perils such as storm, theft, flood, earthquakes, escape of water from fixed tanks, apparatus or pipes, impact damage, accidental damages to certain specified household items (TV, fixed glass, sanitary fittings etc); Jewelry in locked safe and personal effects have extra charge	+973 1756 5656 www.takafulweb.com
Protection Insurance Services W.L.L .	30	50	5,000	Cover against fire, theft, water; Insured jewelry should be in a safe	+973 1721 1700 www.alhimaya.com
Bahrain National Insurance	25	250 for each and every loss	5,000	Cover against fire, special perils and theft for furniture, electrical appliances, electronic equipment, decorative items, personal belongings, watches and jewelry as long as kept in a locked safe	+973 1758 7333 www.bnhgroup.com bnl@bnhgroup.com

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during September 2008. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Medical Insurance — BAHRAIN

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (BHD)	EXCESS	COVER	COVER INCLUDES	CONTACT
Royal & Sun Alliance Insurance	**Almas:** From 275 (child) to 1,042 up to age 65 **Dana:** From 148 (child) to 582 up to age 65 **Delmon:** From 141 (child) to 564 up to age 65	BHD5 per hospital consultation	Almas: BHD50,000 Dana: BHD25,000 Delmon: BHD10,000	**Almas:** Worldwide Excluding USA and Canada, travel worldwide **Dana:** Bahrain, Arab countries, Southeast Asia, travel worldwide **Delmon:** Bahrain, Southeast Asia, travel worldwide	+973 1758 1661 www.royalsunalliance.com *Plans also offered by: Saudi National Insurance Company BSC +973 1756 3377
Fakhro Insurance Services W.L.L. - International Health Insurance (IHI)	*Ages 0-9 has no premium **Hospital Plan:** From 847 (ages 10-25) to 1,631 up to age 60+	None, US$400, US$1,600, US$5,000 or US$10,000	Hospital Plan: US$1.8 million	**Hospital Plan:** comprehensive inpatient cover (hospitalisation expenses such as hospital ser vices, childbirth, organ transplant, rehabilitation and emergency room treatment) with optional modules such as non-hospitalisation benefits (US$35,000), medicine and appliances (US$2,500), medical evacuation and repatriation, dental (US$5,000) and optical (US$7,500) covers	+973 1727 5000 www.fakhro.com www.ihi.com
Interglobal Healthcare Plan	**Ultracare Plus:** From 332 (child) to 10,825 up to ages 70-74 **Ultracare Comprehensive:** From 258 (child) to 8,819 up to ages 70-74 **Ultracare Select:** From 235 (child) to 8,003 up to ages 70-74 **Ultracare Standard:** From 162 (child) to 5,551 up to ages 70-74	Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500	**Ultracare Plus:** US$3.4 million Ultracare **Comprehensive:** US$1.7 million **Ultracare Select:** US$1,275,000 **Ultracare Standard:** US$850,000	*With optional coverage of Australia and New Zealand, Europe, Worldwide not including the USA or Worldwide **Ultracare Plus:** Extended in and out-patient benefits, 45 days emergency coverage outside chosen area, dental coverage **Ultracare Comprehensive:** In and out-patient benefits, 45 days emergency coverage outside chosen area **Ultracare Select:** In-patient benefits **Ultracare Standard:** Limited out-patient benefits, 30 days emergency coverage outside of chosen area	Protection Insurance Services W.L.L . +973 1721 1700 www.alhimaya.com www.interglobalpmi.com **Bahrain National Life** +973 1758 7333 www.bnhgroup.com bnl@bnhgroup.com
AXA Insurance	* In reference to ages 0-10, cheaper premium for ages 11-20 by up to 50 depending on plan **Global Area 1:** From 1,080 (ages 11-21) to 2,909 up to ages 60-65 **Global Area 2:** From 363 (ages 11-21) to 954 up to ages 60-65 **Regional Plus:** From 207 (ages 11-21) to 543 up to ages 60-65 **Regional:** From 179 (ages 11-21) to 467 up to ages 60-65		**Global Area 1:** BHD500,000 **Global Area 2:** BHD250,000 **Regional Plus:** BHD100,000 **Regional:** BHD50,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide excluding USA , Singapore, Japan, Hong Kong & Switzerland **Regional Plus:** Regional cover plus India, Pakistan, Sri Lanka, Bangladesh, Korea, the Philippines, Indonesia, Nepal & Bhutan **Regional:** AGCC: Arabian Gulf Cooperation Council member countries being Saudi Arabia, Kuwait, Bahrain, Qatar, UAE and Oman	+973 17 210 778 www.axa-gulf.com
Bahrain Kuwait Insurance Company	**Shefa'a Gold:** From 520 (child) to 1,636 up to ages 60-65 **Shefa'a Max:** From 305 (child) to 957 up to ages 60-65 **Shefa'a Plus:** From 190 (child) to 598 up to ages 60-65 **Shefa'a:** From 44 (child) to 141 up to ages 60-65		Shefa'a Gold: BHD50,000 Shefa'a Max: BHD35,000 Shefa'a Plus: BHD10,000 Shefa'a: BHD10,000	**Shefa'a Gold:** In-patient and out-patient treatment, family doctor treatment, prescription medication , home nursing, maternity, dental and optical treatment; Elective treatment worldwide except Canada or USA **Shefa'a Max:** Out-patient consultations, diagnostic tests and in-patient hospital treatment; Elective treatment worldwide except in Europe, Canada or USA **Shefa'a Plus:** In-patient and daycare treatment as well as out-patient consultations in Bahrain **Shefa'a:** In-patient and daycare treatment in Bahrain	+973 1753 1555 www.bkic.com info@bkic.com

Disclaimer: All medical insurance policies include the standard in-patient and out-patient services generally provided by insurance companies. Covers specified are those deemed to be significant only as point of comparison among the plans. The annual premiums listed are simply an overview of how much an individual has to pay for an insurance plan for various age ranges. Discounts are available for those who would like to purchase plans by groups or companies. Premium rates quoted in US$ are converted to BHD using the 0.37 conversion rate for consistency purposes. Please contact the insurance providers for more information.

Personal Loans — KUWAIT

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (KWD)	MIN. SALARY (KWD)	PAYMENT TERMS	CONTACT
Bank of Kuwait and Middle East	Consumer Loan	8.75%	Up to 15 times	250	60 to 72 months	812000
Burgan Bank	Consumer Loan	8.75%	Up to 15,000	200	Up to 12-60 months	804080 www.burgan.com
Commercial Bank of Kuwait	Personal Loan for nationals only Consumer Loan	8.75%	Up to 70,000 minimum 10,001 Up to 15,000 or 15 times salary, whichever is less	350 150	Up to 24- 180 months	888225 www.cbk.com
Gulf Bank	Consumer Loan Al Afdal Loan for Nationals	8.75%	Up to 15,000 for Nationals Up to 10,000 for expats	200	Up to 60 months Up to 180 months	805805 www.e-gulfbank.com
National Bank of Kuwait	Consumer Loan Expatriate Loan	8.75%	Up to 15,000	400	Up to 60 months	801801 www.nbk.com

Credit cards — KUWAIT

PROVIDER	CARDS OFFERED	ANNUAL FEE (KWD)	MIN. SALARY (KWD)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	VALUE ADDED	CONTACT
Bank of Kuwait and Middle East	Visa/MasterCard (Standard, Gold) Visa Platinum, MasterCard CyberSmart Card	Free for the first year, afterwards Standard 25, Gold 40, Platinum 75, CyberSmart 5	With salary transfer: Standard 250, Gold 700; otherwise Standard 300, Gold 750; Platinum 1,000	1.18% on purchases, 5% on cash withdrawals	32 days	Discounts on airline tickets purchased with your card, global purchase protection worth US$10,000 annually, travel insurance, free auto assist, travel services, discounts of up to 40% at select retail outlets	812000
Burgan Bank	Visa/MasterCard (Classic, Gold)	Free for first year, afterwards Classic 20, Gold 30	Classic – 200, Gold – 500	N/A on purchases, 4% on cash withdrawals	35 days	Photo-sign card, online banking, can earn rewards, discounts and promotions every time card is used	804080
Commercial Bank of Kuwait	Visa Classic, MasterCard (Classic, Gold, Platinum), StarNet Card	Classic – 15, Gold – 25, Platinum – 35, StarNet Card 10	Classic – 200, Gold – 550, Platinum – 750, StarNet card 150	1.23% on purchases, 4% on cash withdrawals, 5% on other banks	35 days	Emergency funds if card is lost or stolen, ongoing promotions for prizes, travel benefits, STAR assist insurance coverage	888225
Gulf Bank	Visa/MasterCard (Classic, Gold) MasterCard Platinum, MTC Co-branded MasterCard (Classic, Gold)	Free for the first year, thereafter, Classic 25, Gold 40, Platinum 40	Classic – 350, Gold – 1,000, Platinum – 1,750	1.33% on purchases, 4% on cash withdrawals, 5% on other banks	30 days	Photo card option, 24hr card replacement, discounted supplementary card, discounts at select retail outlets, MTC CO-branded Card - 3-5% discount of monthly mobile bills and Free International roaming service	805805
National Bank of Kuwait	MasterCard/Visa (Classic, Gold, Platinum), Visa Internet Shopping card	Classic 30, Gold 40, Internet Shopping Card 5	Classic – 250, Gold – 600, Platinum – invitation only	1.1% on purchases, 4% on cash withdrawals	32 days	Photo card option, free travel insurance if tickets are purchased with card, promo - apply for 2 cards and pay full fee for first card and half fee on second card	801801

Disclaimer: This table is meant ONLY as a guide and is not intended as a recommendation of a particular personal loan provider. The table was thoroughly checked for accuracy with each provider called individually for information during September 2008 and was correct at the time of going to press. Please note: information is subject to change without notice. Any errors or omissions are regretted. Corrections, if any, should be forwarded by fax to 04 391-2173, or by email to info@moneyworks.ae. All information contained is freely available from bank/provider printed information and websites, as well as direct from bank/provider helplines and/or call-centres. Note: Many banks operating in the GCC require you be an account holder before approving personal loan applications. In many cases a salary transfer is compulsory and, where not possible, an assignment letter of salary and benefits may also be necessary. For further information, check with your chosen bank/provider direct. Don't forget to watch out for special deals available.

Medical Insurance — UAE

PROVIDER	STANDARD ANNUAL PREMIUM (AED)	EXCESS	COVER	COVER INCLUDES	CONTACT
AXA/Norwich Union Insurance (Gulf) BSC(c)	* In ref. to ages 0-10, cheaper premium for ages 11-20 by up to AED500 depending on plan **Global Area 1:** From 10,801 (11-21) to 29,098 up to ages 60-65, **Global Area 2:** From 3,638 (ages 11-21) to 9,541 up to ages 60-65, **Regional Plus:** From 2,078 (ages 11-21) to 5,433 up to ages 60-65, **Regional:** From 1,787 (ages 11-21) to 4,673 up to ages 60-65		**Global Area1:** AED5million **Global Area2:** AED2.5 million **Regional Plus:** AED1 million **Regional:** AED500,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide exc. USA, Singapore, Japan, Hong Kong, Switzerland **Regional Plus:** AGCC countries, major trading nations of the Indian subcontinent and South East Asia **Regional:** Close to home (India, Pakistan, Sri Lanka, Bangladesh, Korea, Philippines, Indonesia, Nepal, Bhutan) * Additional benefits for Global and Regional Plans	Toll free: 800 4845 www.axa-gulf.com
Alliance Insurance (P.S.C.)	*With deductibles **Global Area 1:** From 4,561 (ages 0-17) to 18,428 up to age 65 **Global Area 2:** From 3,071 (0-17) to 12,270 up to ages 61-65 **Global Area 3:** From 2,048 (0-17) to 7,045 up to ages 61-65 **Regional Plus:** From 1,782 (0-17) to 6,675 up to ages 61-65 **Regional:** From 1,752 (0-17) to 6,464 up to ages 61-65	Deductibles of: **Global Area 1:** AED200/150, **Global Area 2:** AED200/150/100, **Global Area 3:** AED150/100/75, **Regional Plus and Regional:** AED150/100/75/50	**Global Area 1:** AED1 million **Global Area 2:** AED1 million **Global Area 3:** AED1 million **Regional Plus:** VIP: AED1 million A: AED500,000, B: AED250,000 **Regional:** VIP: AED300,000 A: AED150,000, B: AED75,000	**Global Area 1:** Worldwide **Global Area 2:** Worldwide exc. USA and Canada **Global Area 3:** UAE, Arab countries, sub-Asian Continent, Sri Lanka, Korea, Philippines **Regional Plus:** UAE, Arab countries, sub-Asian Continent, Sri Lanka, Korea, Philippines **Regional:** UAE	04 605 1111 alliance@alliance-uae.com www.alliance-uae.com
BUPA International	**Essential:** From 2,598 (ages 0-15) to 33,650 up to age 82-120, **Classic:** From 3,743 (ages 0-15) to 46,707 up to age 82-120, **Gold:** From 4,725 (ages 0-15) to 59,380 up to age 82-120	Options of US$160/US$400/US$800/US$1,600	**Essential:** US$900,000 **Classic:** US$1.2 million **Gold:** US$1.6 million	**Essential:** Hospital treatment as in/day-care patient **Classic:** Plus specialist medical treatment **Gold:** Plus home nursing, accidental dentistry, preventative health checks * All plans exc. USA	04 331 8688 info@bupa-intl.com www.bupa-intl.com
Expat Services GmBH	**Individual Policies** **Expat Executive:** From 1,530 (ages 0-18 years) to 5,210 up to age 65, **Expat Superior:** From 1,750 (ages 0-18) to 8,490 up to age 65 **Group Policies** - Standard, Executive and Superior: Subject to individual quotation	Standard Excess Standard and Executive: AED50 or AED75 Superior: No excess	**Standard:** AED100,000 p.a. **Executive:** AED1,835,000 p.a. Superior: Unlimited	**Standard Group:** Covers Arab countries, Indian subcontinent, Philippines **Executive and Superior (Group and Individual):** Covers worldwide excluding USA and Canada. Cover may be extended to worldwide including USA and Canada at additional premium. Policies cover out and inpatient treatment, prescribed medicaments, dental treatment/replacement, pregnancy and childbirth, preventive check-ups, etc.	04 341 5580 info@expatservices.ae www.expatservice.ae
Goodhealth Worldwide	**Major Medical Plan:** From 1,921 (ages 0-17) to 11,298 up to age 64 **Foundation Plan:** From 4,037 (ages 0-17) to 23,673 up to age 64 **Lifestyle Plan:** From 4,663 (ages 0-17) to 29,634 up to age 64 **Lifestyle Plus Plan:** From 5,892 (ages 0-17) to 34,577 up to age 64	**Major**: Nil, 1,000/5,000 **Foundation**: Nil, 50/100/250/500/1,000/2,000/5,000 **Lifestyle**: Nil, 50/100/250 **Lifestyle Plus**: Nil, 50/100/250	**Major Medical Plan:** US$1.6 million **Foundation Plan:** US$1.6 million **Lifestyle Plan:** US$1.6 million **Lifestyle Plus Plan:** US$1.6 million	**Major Medical Plan:** Psychiatric treatment, complications of pregnancy, emergency transportation, evacuation and additional travel expenses, mortal remains, AIDS, reconstructive surgery, home nursing **Foundation Plan:** Plus traditional Chinese medicine, hormone replacement therapy **Lifestyle Plan:** Plus evacuation extension to the country of your choice **Lifestyle Plus Plan:** Plus routine and major restorative dental treatment, pregnancy and childbirth	04 324 0040 enquiries@goodhealth.ae www.goodhealthworldwide.com
InterGlobal Limited (Middle East)	*Depends on area of cover (your country of residence and home country if you require the option of returning to your home country for treatment): Europe, Worldwide excluding/ including USA, Australia and New Zealand **Plus:** From 3,298 (Child) to 107,662 up to ages 70-74 **Comprehensive:** From 2,565 (Child) to 87,709 up to ages 70-74 **Select:** From 2,340 (Child) to 79,598 up to ages 70-74 **Standard:** From 1,616 (Child) to 55,211 up to ages 70-74	Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500	**Plus:** US$3.4 million **Comprehensive:** US$1.7 million **Select:** US$1,275,000 **Standard:** US$850,000	**Plus:** Psychiatric treatment, wellness benefit, emergency medical treatment outside area of cover **Comprehensive:** Compassionate emergency visit **Select:** Compassionate emergency visit, emergency medical treatment outside area of cover **Standard:** In-patient and day care treatment, emergency local ambulance	04 272 5505 info@interglobal.ae www.interglobalpmi.com
National General Insurance Co. PSC	*Higher premium for females than males except for ages 1-16, which have same rate **Emirates Plan:** From 1,603 (1-16) to 3,018 up to age 55 **Emirates Plus Plan:** From 1,775 (1-16) to 3,353 up to age 55 **International Plan:** From 1,978 (1-16) to 5,780 up to age 55 **Global Plan:** From 2,750 (1-16) to 9,741 up to age 55	AED40-75 on medical services	**Emirates Plan:** AED100,000 **Emirates Plus Plan:** AED250,000 **International Plan:** AED1 million **Global Plan:** AED2 million	**Emirates Plan:** UAE **Emirates Plus Plan:** UAE and up to 45 days per annum in Middle East, India, Bangladesh, Pakistan, Sri Lanka, Singapore, Philippines and Malaysia **International Plan:** UAE and up to 60 days per annum while traveling worldwide exc. USA, Canada and the Caribbean **Global Plan:** UAE and up to 60 days p.a. while traveling worldwide *Additional benefits for International and Global plans	04 222 2772 www.ngi.ae
National Health Insurance Company – Daman	**Basic (Abu Dhabi Plan):** For less than AED4,000 or AED 3000 plus accommodation monthly salary – fixed premium AED600 Enhanced (UAE, Regional, International, Global Plans): **UAE:** from 1,400 (ages 1-15) to 8,000 up to ages 66-99; **Regional:** from 1,700 (ages1-15) to 9,500 up to ages 66-99; **International:** from 2,200 (ages 1-15) to 13,000 up to ages 66-99; **Global:** from 4,000 (ages 1-15) to 29,000 up to ages 66-99 For more than AED4,000 monthly salary – premium is quoted per individual depending on age, gender, health conditions, preferred health benefits (e.g. maternity AED1,800/ dental AED300/ etc.)		**Abu Dhabi Plan In & Out-Patient:** AED250,000 **UAE Plan In & Out-Patient:**AED250,000 **Regional Plan:** AED500,000 **International Plan:** AED2.5 million **Global Plan:** AED5 million	**Abu Dhabi Plan In & Out- Patient:** Abu Dhabi and life-threatening emergency outside Abu Dhabi at public providers only **UAE Plan In & Out- Patient:** Life-threatening outside UAE, emergency cover in Arab Countries, India, Sri Lanka, Pakistan, Bangladesh, Philippines (Blue Collar Home Country) **Regional Plan:** UAE, Arab Countries, Iran, Afghanistan, India, Pakistan, Bangladesh, Philippines (Blue Collar Home Country), life-threatening emergency worldwide **International Plan:** UAE, Europe, Arab Countries, Iran, Afghanistan, India, Pakistan, Bangladesh, Philippines (Blue Collar Home Country), life-threatening emergency worldwide **Global Plan:** Worldwide, life-threatening emergency worldwide	800 4 DAMAN (800 4 32626) www.damanhealth.ae
Oman Insurance Company	*In ref. to ages 14 days to 30 years, lower premium for ages 18-25 by up to AED300 depending on plan **Plan 1:** From 1,470 (14 days-45 years) to 2,980 up to age 60 **Plan 2:** From 2,170 (14 days-45 years) to 4,380 up to age 60 **Plan 3:** From 2,350 (14 days-45 years) to 4,730 up to age 60 **Plan 4:** From 3,630 (14 days-45 years) to 7,290 up to age 60 **Plan 5:** From 4,180 (14 days-45 years) to 8,400 up to age 60 **Plan 6:** From 3,800 (14 days-45 years) to 7,650 up to age 60 **Plan 7:** From 4,390 (14 days-45 years) to 8,810 up to age 60	AED25 deductible on out-patient consultation fees	**Plan 1:** AED50,000 **Plan 2:** AED100,000 **Plan 3:** AED100,000 **Plan 4:** AED200,000 **Plan 5:** AED200,000 **Plan 6:** AED300,000 **Plan 7:** AED300,000	**Plan 1:** UAE, **Plan 2:** UAE, **Plan 3:** UAE, Arab countries, Indian sub-continent, Philippines **Plan 4:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide exc. USA, Canada **Plan 5:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide inc. USA and Canada **Plan 6:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide exc. USA and Canada **Plan 7:** UAE, Arab countries, Indian sub-continent, Philippines, extended to worldwide inc. USA and Canada	Toll Free: 800 4746 oicem@tameen.ae www.tameen.ae
Royal & SunAlliance UAE	*Higher premium for females aged 16-60 than males and lower premium for males aged 66-99 by up to 800 depending on plan **Visit www.fasterquote.ae for personalised quote. **Columbus:** From 2,727 (ages 0-20) to 14,879 up to age 99 **Ulysses:** From 2,353 (ages 0-20) to 12,631 up to age 99 **Marco Polo:** From 2,040 (ages 0-20) to 10,756 up to age 99 **Local Health:** From 1,991 (ages 0-20) to 10,457 up to age 99	AED50 deductible on physician's consultation	**Columbus:** AED1 million **Ulysses:** AED500,000 **Marco Polo:** AED300,000 **Local Health:** AED100,000	**Columbus:** Worldwide **Ulysses:** Worldwide exc. USA and Canada **Marco Polo:** UAE, Arab Countries, South East Asia, Iran and Afghanistan **Local Health:** UAE, South East Asia, Iran and Afghanistan	04 334 4474 fasterquote@notes.royalsun.com www.royalsunalliance.ae www.fasterquote.ae

Disclaimer: All medical insurance policies include the standard in-patient and out-patient services generally provided by insurance companies. Cover specified is deemed to be significant only as point of comparison among plans. Please note that some insurance companies offer the same/similar plans - for example, Arab Orient Insurance Company and Nasco Karaoglan Dubai have plans offered by Royal & SunAlliance UAE as part of their medical insurance proposals. The annual premiums listed are simply an overview of how much an individual may have to pay per insurance plan. Premium rates quoted in US$ are converted to AED using a conversion rate of 3.68 for consistency purposes. Please contact providers direct for more information. ***Tip:*** Discounts are available for those who would like to purchase group of corporate plans as well as, in some cases, for annual or online payments - or example AXA offer a three per cent discount for annual payment and Royal Sun Alliance offer 10% per cent when you purchase online. As ever, it doesn't hurt to ask. ***Notes:*** These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. They are NOT meant as a recommendation of a particular provider and listings are simply in alphabetical order and updated during September 2008. All information included tables is subject to confirmation and is provided as an overview only. As with all financial decisions **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. This list is not an exhaustive list, Any errors and/or omissions are regretted. Additions/corrections, if any, should be forwarded by fax to 00971 4 391 2173, or by email to info@moneyworks.ae. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Home Contents Insurance					UAE
INSURER/ PRODUCT	**STANDARD ANNUAL PREMIUM (AED)**	**EXCESS (AED)**	**COVER (AED)**	**COVER INCLUDES**	**CONTACT DETAILS**
Abu Dhabi National Insurance Company – Householders Comprehensive Insurance	350 minimum	None	50,000	Cover against loss or damage caused by fire, theft, water damage, earthquake and other allied perils; excluding jewelry and money	02 626 4000 www.adnic.ae
Al Dhafra Insurance – Householder's contents policy	500 minimum, 350 in special cases, depends on the value	500	50,000	Contents while contained in the buildings against the risks of fire, lightning, explosion, thunderbolt, subterranean fire, earthquake, volcanic eruption, aircraft or other aerial devices or articles dropped, bursting or overflowing of water tanks, apparatus or pipes, theft, Impact by any third party road vehicles, horses or cattle, storm, tempest, flood or overflow of the sea; all kinds of declared household items and jewelry; contents temporarily removed from the building while in any bank safe deposit or private dwellings where the insured or members of his family are residing or employed are covered; reasonable costs of the alternative accommodation in the event of building being rendered uninhabitable; standard policy may be extended to cover legal liability to landlord and third parties	02 672 1444 www.aldhafrainsurance.com
Al Ittihad Al Watani General Insurance Company – Householders Comprehensive Insurance	1,500-2,000	250	50,000	Cover against fire and perils. 10,000 limit on money are jewellery	04 282 3266 www.unic.ae
Arab Orient Insurance Company – Home Contents Insurance	750 minimum	1,500 for every claim	50,000	Furniture, fixtures, AC; optional – clothing, jewellery (2,500 for each item), excluding cash	04 209 3705 www.insuranceuae.com
AXA / Norwich Union Insurance (Gulf) BSC(c) – Home Comfort Insurance	800	250	200,000	Home contents (0.4 per cent), personal belongings (1.4 per cent) lap top (2.5 per cent) plus tenants and legal liabilities, alternative accommodation, new for old, unexpected events and natural calamities, while you are away, Theft of keys AED1,000, frozen food AED2,500, contents in the open AED2,500, household removals; optional coverage includes domestic helpers, against loss of important documents, money and credit cards, accidental damage	Toll Free 800 4560 (HSBC) www.axa-gulf.com
Lebanese Insurance Company – Home Contents Insurance	1,500 minimum	3,000	100,000	Furniture, fixtures; safes, antiques, jewelry have additional charge	04 222 5323 www.lebaneseinsurance.com
Dubai Islamic Insurance & Reinsurance Company (AMAN) – Householders Comprehensive Insurance	1,500 and up to 2,000 if including all options	1,000 of each and every loss	1 million	Anything insurable in the house against material damage. Can be extended to people living in the house against personal accidents, third party liability, loss of accommodation. Also includes clothes, jewelry and other items, safe in the house, gold as long as kept in a safe.	04 319 3111 www.aman-diir.ae
Gargash Insurance – Home Contents Insurance	200	250	50,000	Cover against accidental damage, fire, and theft; everything inside the house such as furniture, landlord's fittings, permanent fixtures and fittings, interior decors, safety locks up to AED1,000, jewelry up to AED2,500, servants with extra charge (AED150 per person)	Dubai – 04 337 9800 Sharjah – 06 572 3434 www.gargashinsurance.com
National General Insurance – Home Contents Insurance	500 minimum	1,500	50,000	Home contents against fire, principal perils, theft. Jewellery has extra charge.	04 222 2772 www.ngi.ae
Oman Insurance Company – Home Umbrella	200 minimum	250	50,000	Household contents covered against fire and allied perils, escape of water, theft or attempted theft, riot, strike and civil commotion, storm, flood and malicious damage, etc.; contents temporarily removed up to 10 per cent of contents sum insured within the geographic limit not exceeding 30 consecutive days; audio/video equipments, home computers, mirrors and glasses against accidental damage occurring in the private dwelling; loss or damage to goods contained in a deep freezer maximum of AED1,500; cost of alternate accommodation/loss of rent up to 50 per cent of contents sum insured for maximum period of six months; legal liability towards domestic servants maximum AED150,000, public liability maximum AED1 million, and tenant's legal liability for material damages caused to property of the landlord maximum AED200,000; personal accident (death) caused by fire or thieves for the insured and spouse max AED50,000 per person; all risks cover for jewelry, valuables and laptops is optional	Toll Free 800 4746 www.tameen.ae
Oriental Insurance Company LTD – Home Contents Insurance	250	2,000	50,000	Home contents against fire, natural calamities, theft including jewelry	04 353 8688
Qatar Insurance Company – Home Contents Insurance	500 minimum	250	50,000	Home contents against fire and burglary, optional - jewellery and valuables	04 222 4045
Royal & Sun Alliance Insurance Group – HomeShield Cover	250	Standard excess option - 250 Double excess option - 500	50,000	Household goods and other articles owned by any of your household members for which you are responsible as occupier of the house – everything inside the house, optional - specified/unspecified items (which you take with you when you go out), even while on holiday for 60 days including jewellery and personal belongings	04 334 4474 www.royalsunalliance.ae www.fasterquote.ae
Wehbe Insurance Services - Homeshield Insurance	500 minimum	250	50,000	Household goods possessions and fixtures and fittings for which you are responsible against loss or damage whilst in the home (0.4 per cent), with choice of two covers: **(1) Standard** – against loss or damage caused by fire/smoke/explosion, theft or malicious damage, lightning, storm or flood, falling trees, impact, burst oil or water pipe (full cost of repair irrespective of age or original cost of articles except clothing and household linen where deduction may be made to allow for age and condition of items); For accidental damages to TV's/Hi-Fi's/Videos/home computers/fixed glass/ceramic hobs, deterioration of food in freezer if it breaks down but not if more than 10 years old, legal liability as occupier for injury to other people or damage to their property, liability to domestic servants, contents temporarily in the garden excluding damage caused by storm and flood, replacement of external locks in your home if your keys are stolen and **(2) Extra damage option** – including accidental damage; policy can extend to personal belongings you take outside the house (1.4 per cent) such as unspecified valuables, clothing, personal effects up to AED2,500, money up to AED1,500, credit cards, specified items for items worth more than AED2,500 individually, sports equipment up to AED4,000, pedal cycles that are securely locked while unattended, small boats against loss or damage anywhere in UAE and up to 60 days anywhere in the world	04 324 2345 www.wisgroup.com

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during September 2008. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Credit cards — BY INTEREST/PROFIT RATE — UAE

PROVIDER	CARDS OFFERED	ANNUAL FEE (AED)	INTEREST/PROFIT RATES	INTEREST/PROFIT FREE CREDIT	CONTACT
Commercial Bank of Dubai	Visa (Classic, Gold) e-Tijari Web Card	Classic-200, Gold-400, e-Tijari Web Card-100	2% on purchases, 3% on cash withdrawals and 1.5% for e-Tijari Web Card for both	52 days	Toll-free: 800 223 www.cbd.ae
Commercial Bank International	MasterCard (Silver,Gold)	Free for life	1.5% on purchases, 3% on cash withdrawals	45 days	Toll-free: 800 224 www.cbiuae.com
Dubai Bank	Visa Covered Cards (Silver, Gold, Platinum)	Free for life	0% profit rate for first three months. Afterwards, 1.5% on purchases and 3% or AED25 (whichever is higher) on cash withdrawals	55 days	Toll-free: 800 5555 www.dubaibank.ae
Dubai Islamic Bank	Visa Islamic cards (Classic, Gold, Gold Premium and Platinum)	Fixed monthly fee: Classic-75, Gold-150, Gold Premium-300, Platinum-500	N/A on purchases and AED60 for cash withdrawals	50 days	04 609 2222 www.alislami.ae
Emirates Islamic Bank	Visa Islamic Credit Cards (Classic, Gold, Platinum, Infinite)	Monthly fee: Classic-100, Gold-233, Platinum-467, Infinite-700	N/A on purchases, AED90 for cash withdrawals of AED100 - 5,000	55 days	04 316 0234 www.emiratesislamicbank.ae
Habib Bank AG Zurich	MasterCard (Silver, Gold)	Silver-200, Gold-350	1.75% on purchases and 3% on cash withdrawals	40 days	04 221 4535 www.habibbank.com
LloydsTSB	Visa (Classic, Gold)	Free for life	0.99% per month or 11.9% per annum	55 days	04 342 2000, www.lloydstsb.ae
RAKBANK	Visa (Classic, Gold)) MasterCard (Standard, NMC, Titanium) Géant Hypermarket co-branded card	Free for life	1.7% on purchases for MasterCard cards, 1.95% for Visa cards; 2.25% on cash withdrawals; Géant card - 0% interest for first three months	56 days	04 213 0000 www.rakbank.ae
SAMBA	Visa-Master card (Silver, Gold, Titanium)	Silver: free for life; Gold and Titanium-300	0% on purchases, 3% on cash withdrawals	21 days	Toll-free: 800 SAMBA
United Bank Limited	MasterCard (Silver, Gold)	Free for the first two years	1.5% on purchases and 2% on cash withdrawals	55 days	Toll-free: 800 4847

Credit cards — BY VALUE ADDED FEATURES — UAE

PROVIDER	CARDS OFFERED	ANNUAL FEE (AED)	VALUE ADDED	CONTACT
ABN Amro	Visa (Classic, Gold), MasterCard Smart Traveller (Classic, Gold), MasterCard Al Ameera Ladies Card, MasterCard Jumbo co-branded card, MasterCard Non-resident Indian Card, Platinum MasterCard	Visa: Classic-200, Gold-400 MasterCard: Classic-400, Gold-500 MasterCard Al Ameera-300, MasterCard Jumbo co-branded card -200, Platinum MasterCard-650	Chip card for enhanced security, easy payment plan for up to 18 equal monthly instalments at an interest rate of 0.99%, credit shield, Smart Points/Flyer, purchase protection, dining card, travel benefits and discounts in certain cinemas and Wild Wadi, free travel inconvenience insurance, access to utility bill payment, payment deferral for one month. Al Ameera card provides discounts in many retail outlets. MasterCard Traveller Gold - 10% cash back on air tickets. Free Samsung products, double rewards for gold card holders. Jumbo special offers for Jumbo card holders. NRI cards: Redeemable benefits such as free domestic flights on Kingfisher Airlines, rent-free mobile SIM cards and dining discounts at outlets in India.	04 308 0000 www.abnamro.ae
Abu Dhabi Commercial Bank	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold, Platinum)	Classic/Standard-150, Gold-300, Platinum-800	Free supplementary cards, travel insurance, purchase protection for 90 days, credit shield, 24-hour road assistance, balance transfer facility, up to 5% discount on airline tickets purchased with ADCB card, free ticket delivery and Pearls reward programme whereby cardholders receive AED5 for every 1,000 'pearls' collcted. Platinum cardholders receive global emergency service, concierge service and extended warranty of up to 24 months on many retail products.	Toll-free: 800 2030 www.adcb.com
American Express	Dubai Duty Free (DDF), AMEX Blue, Gold, Gold Damas, SmartGold, Dollar Credit Card Charge Cards: Green, Gold, Platinum, BMW co-branded card	DDF-175, AMEX Blue -250, AMEX Gold-295, Gold Damas-395, SmartGold-395, Charge Cards: Green-US$120, Gold-US$210, Platinum-US$750, BMW-550	Gold/Blue offers 1% cash back, Dubai Duty Free Card - 10% off items at DDF, Millenium Millionaire special offers, retail protection, online fault protection and airport lounge access, travel insurance and benefits, express cash and travellers cheques while travelling, emergency cheque cashing and free companion credit card. Corporate cards, selected cards available in US Dollars. Damas card offers jewellery benefits and more, exclusive benefits for BMW co-branded members at BMW service centre and BMW accessories, emergency card replacement and membership rewards programme.	Toll-free - 800 4931 www.americanexpress.co.ae
Barclays Bank	Barclaycard (Classic, Gold, Platinum)	Preferred option (available on classic and gold cards: No annual fee; Priority option (available on all cards): 300; Prestige option (available on platinum cards): 550	All cards: One reward point for every AED1 spent on card (reward points can be redeemed for movie tickets, airline tickets, electronics, groceries, etc.), 24/7 roadside assistance, credit shield, travel benefits, free travel insurance, restaurant offers, free movie ticket offers. Priority and prestige cards: Barclays Butler service, double rewards on weekend spend, free magazine subscription, Barclays Pamper (50% discounts at select spas and salons), free air ticket for AED75,000 spend on card.	Toll-free - 800 4286000 www.barclaycard.ae
Citibank	Visa, MasterCard (Silver, Gold, Emirates-Citibank Silver/Gold Card, Citibank eCard). Citibank/Emirates Ultima Card. Citibank/Emirates Ultimate, Citi Travel Pass	Silver-250-300, Gold-500-550, Eppco-Citibank card-250, Citibank eCard-50 (Free to Emirates cardholders), Citibank/Emirates Ultima Card-3,000, Citibank/Emirates Ultimate-1,000, Citi Travel Pass-400	Purchase protection, credit shield, Citidollars, photo-sign card, travel/rental insurance, Bon Voyage travel services, exclusive travel privileges and banking services, easy installment plan up to 36 months, online and phone banking services and utility bill payment, discounts at selected retail outlets, fraud early warning block. Eppco cards - double Citidollars, Emirates cards - Skywards points, Citibank's new Ultima card offers numerous high-end exclusive benefits for high net worth individuals in addition to the benefits listed above. Worldwide emergency assist "CitiAssist", lost card protection. Free Motorola mobile phone, priority pass and Citidollars with Ultimate. Citi Travel Pass points can be redeemed for flight vouchers.	04-311 4653 www.citibank.ae
Dubai First	Visa (Silver, Gold) MasterCard (Classic, Gold) Visa Business Card Royale MasterCard	Visa: Silver – 200, Gold – 400 MasterCard: Classic – 200, Gold – 400 Business Card – 1% of credit limit Royale MasterCard – Invitation only	Free travel accident and inconvenience insurance on baggage loss, baggage/flight delay, personal liability, emergency hospitalisation and assistance. Free life insurance up to AED20,000 to gold card members and AED20,000 to silver card members. Loan on phone up to 80% of credit limit. Free household insurance up to AED25,000 to gold card members and AED10,000 to silver card members. One year purchase protection, special price of AED100 for UAE-GATE Card, free supplementary cards, photo card for instant recognition and security, up to 80% of your credit limit cash withdrawal, 24-hour contact center, entry to DubaiDinar Millionaire draw, 5% cash back on all air bookings, complimentary travel benefits, utility bill payment service. MasterCard: Can get up to 2.5% cash back with classic cards and up to 4% cash back with gold cards.	04 506 8888 www.dubaifirst.com
Emirates Bank/ meBANK	Visa, MasterCard (Silver, Gold), OPTIONS Instalment Card, MasterCard foreign currency card (Silver, Gold), MasterCard meNETPAY, Visa meUNI, Infinite Credit card	meUNI - free for students and staff of approved universities, Silver - 150, Gold-400, OPTIONS - 250, MasterCard foreign currency Silver-100 and Gold-300, meNETPAY/Emirates IPAY - 50. Silver cards free for first year, Infinite by invitation only	Students benefits for meUNI cards, photo-card and signature, discounts and privileges at over 1,600 outlets, meMILES loyalty programme, free travel insurance up to US$75,000 and assistance services, Intro APR - 0% interest rate for 1st three months. Convenient balance transfer at low interest rates, OPTIONS offers easy repayments in 12 to 24 installments at 0.8% per month, free meAutoAssist and meAccount with zero balance, ATM card and cheque book. For Infinite cards, high credit limit, customised concierge service, free access to first class airport lounges, travle and medical insurance options, rewards programme.	04-3160316 www.me.ae
HSBC Bank Middle East	Visa (Classic, Gold, Platinum), MasterCard (Classic, Gold, Premier), MasterCard Etihad co-branded card (Classic, Privilege, Exclusive), In-site virtual MasterCard	Visa Classic-150, Gold-400, Platinum-600 MasterCard Classic -150, Gold-400, Premier - free for account holders, Etihad Classic-150, Privilege-400, Exclusive-750, In-site - 50	Two free supplementary cards, air miles reward programme, autopay service, purchase protection, travel protection, credit shield, 24-hour roadside vehicle assistance. Platinum cardholders receive worldwide discounts/special offers and Dial-a-Gift service for a wide range of gift vouchers. Etihad cardholders can receive priority pass membership, e-gate card and guest miles to be exchanged for airline tickets, cruises and safaris, hotel accomodation, shopping rewards, etc.	Toll-free: 800 4440 www.uae.hsbc.com
National Bank of Abu Dhabi	Visa, MasterCard (Classic, Gold, Platinum) MasterCard nbad@surfer card, ADDF Visa (Classic, Gold), Visa Dubai E-government Prepaid Card	Classic and Gold are free for life, Platinum -1,000, nbad@surfer card - 25 for accountholders, otherwise 50, ADDF Visa Classic - 250, Gold - 350, Dubai E-government Prepaid Card - 100 to 5,000	1% interest for balance transfer, photo-card, purchase protection, personal accident and travel insurance, access to Golden class at Abu Dhabi International Airport and Murhaba services in Dubai International Airport, discounts and rewards programmes in many outlets, emergency medical and legal expenses, free road side assistance and credit shield facility, free gifts, NBAD points programme. Dubai E-government Card can be used for government transactions.	Toll-free: 800 2211 www.nbad.com
National Bank of Dubai	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold), NBD-Dnata MasterCard (Classic, Gold), WebShopper MasterCard	Classic - 100, Gold - 300, Platinum - 700, NBD-Dnata MasterCard - Classic-250, Gold-500, WebShopper MasterCard - 50	Free supplementary cards, 24-hour roadside assistance, travel inconvenience insurance, credit shield, travel express service. Gold cardholders receive cash advance of up to 75% credit limit. With Dnata cards, reward points worth 1.5% can be earned on all purchases. Points earned can be redeemed for airline tickets, yacht cruises, holiday packages or desert safaris. Platinum cardholders receive local concierge service, valet parking service at selected malls, discounts at UAE restaurants, complimentary room upgrades at leading hotels, retail discounts, 1% cash back on all retail purchases.	Toll-free: 800 4444 www.nbd.com

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Car Loans

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	DOWNPAYMENT	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Car Loan	New cars starting at 4.5%, used cars staring at 4.99%	Up to 500,000 (Depends on salary)	Nil downpayment option for new cars, min. 10% for used cars	New cars - 72 months Used cars - 60 months	Approved companies 2,500; otherwise 3,000	No
Abu Dhabi Islamic Bank	Sahel Murabaha	Profit rate - 3.99% for new cars, 4.99% for used cars	Up to 400,000 with salary transfer, up to 350,000 otherwise	5-10%	Up to 72 months with salary transfer, otherwise 60 months	3,000 for account holders; otherwise 4,000	No
Bank of Baroda	Car Loan	4.25% flat rate or 8.40% on reducing balance	New cars: up to 90% Used cars: up to 70%, subject to maximum AED500,000	10-30%	Up to 48 months	4,000	No
Commercial Bank of Dubai	Tam-wheel Car Finance	4.25% for account holders otherwise 4.5%	Up to 250,000	Nil for new cars Otherwise 10-20%	Up to 84 months	3,500	No
Commercial Bank International	Sayaraty	3.99%	Up to 300,000	Nil	Up to 72 months	3,500	No
Habib Bank AG Zurich	HBZAuto loan	4.25% for new cars, 4.5% for used cars	Up to 500,000	Minimum 10%	Up to 48 months	3,000	Yes
Mashreqbank	Mabrook Auto loan	4.5% for new cars, 5.5% for used cars (Flat rates basis)	Up to 500,000	Nil downpayment option.	12 - 60 months	3,000	No
National Bank of Abu Dhabi	Sayyarati	With salary transfer 3.90% for new and used cars, otherwise 4.5%	Up to 350,000	10% (Depends on the brand of the car)	Up to 72 months - new cars, up to 48 months - used cars	With salary transfer 3,000, otherwise 4,000	No
Noor Islamic Bank	Noor Drive	4.5% for new cars, 5% for used cars	Up to 500,000	10% for used cars	Up to 84 months for new cars, up to 72 months for used cars	3,000	No
Sharjah Islamic Bank	Vehicle Murabaha	News cars: 3.99%, used cars 4.25% Without salary transfer: 5% for for used cars	Up to 250,000	10-20%	Up to 72 months for new cars Up to 60 months for used cars	5,000	No

Personal Loans

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	ACCOUNT NECESSARY	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Personal Loan	8-10%	Up to 250,000 (depends on salary)	Yes	Up to 72 months	With salary transfer 2,500, otherwise 4,000	Yes
Abu Dhabi Islamic Bank	Goods Finance	Profit rate: 5% fixed rate	Up to 15 times monthly salary, maximum 250,000 (Depends on salary)	Yes	Up to 60 months	4,000	Yes
Dubai Bank	Sanad Personal Finance	Profit rate: 6% for 10 years	Up to 25 times monthly salary, maximum 250,000	Yes	Up to 120 months	4,000	Yes
Dubai Islamic Bank	Al Islami Personal Finance (For goods and services)	Profit rate: 4.55%	Up to AED250,000 with salary transfer, otherwise AED100,000	No	Up to 84 months, depends on goods or services required	3,000 with salary transfer, otherwise 2,000	No
Emirates Islamic Bank	Goods Murabaha	Profit rate: 7.0% with salary transfer, 7.50% without	Nationals: up to AED250,000 with salary transfer, up to AED150,000 without Expats: AED150,000 with salary tansfer, AED50,000 without	Yes	Up to 72 months for nationals, up to 60 months for expats	5,000	No
HSBC Amanah	Amanah Personal Finance	Profit rate: Depends on the company listing	Up to AED250,000	Yes	Up to 96 months for nationals, up to 72 months for expats	5,000	Yes
HSBC Bank Middle East Ltd.	Personal Loan		Up to AED250,000	Yes	Up to 84 months for nationals, up to 72 months for expats	5,000	Yes
Mashreqbank	Personal Loan	Reducing balance rate, depending on company status	Up to 63 times of the monthly salary	Yes	Up to 200 months for nationals Up to 72 months for expats	4,000 for Nationals 3,000 for expats	Yes
Sharjah Islamic Bank	Goods Finance	6% profit rate	Up to AED250,000	Yes	Up to 60 months for Nationals Up to 48 months for expats	3,000	Yes
United Arab Bank	Consumer Loan	Starts at 5%	Minimum AED80,000, maximum AED250,000,	Yes	Up to 72 months (depends on the company and length of service)	3,000	Yes
United Bank Limited	Personal Loan	9-15%	Up to AED250,000 for nationals, 150,000 for expats (Depends on salary	Yes	Up to 84 months for nationals, 48 months for expats	3,000	Yes

Note: Many banks operating in the UAE require you be an account holder before approving loan applications. In many cases a salary transfer is compulsory and, where not possible, an assignment letter of salary and benefits may also be necessary. For further information, check with your chosen bank/provider direct. Don't forget to watch out for special deals available.

UAE

CONDITIONS/RESTRICTIONS	ACCOUNT NECESSARY	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Used cars must be 2000 model or newer	No	3% of outstanding loan for cash and 5% for bank transfer	Free ADCB credit card, free roadside assistance for ADCB credit card holders, insurance finance option	Minimum of AED350 charged as processing fee	Toll-free: 800 2030 www.adcb.com
Used cars must be 2000 model or newer for German and Japanese cars 2003 model onwards for other cars	No	None	90 days grace period for first installment, up to two postponements per year. Insurance can be financed. With salary transfer, free Islamic Visa card and family welfare plan.	No processing fee	Toll-free: 800 2288 www.adib.ae
	No	1% of outstanding loan		1% processing fee	04 354 0340 www.bankofbarodauae.ae
Used cars must not be older than 2003 model.	No	None for cash, 3% of outstanding loan for bank buyout	Option for three yearly deferments	1% processing fee	Toll-free: 800 223 www.cbd.ae
Cars must not be older than 2003 model	No	2% for cash, 5% for bank transfer of the outstanding loan	60 day deferral on first installment, free for life credit card, insurance finance option.	No processing fee for new cars, AED250 charged as processing fee for used cars	Toll-free: 800 224 www.cbiuae.com
New cars only	Yes	2% of outstanding value of the loan		AED50 charged as processing fee	04 221 4535, www.habibbank.com
Used cars must be less than 8 years old at loan maturity	No	2.5% of outstanding loan for cash, 5% for bank transfer	Free credit card for the first years, insurance finance option, free AAA membership for roadside assistance.	AED100 charged as processing fee	04 217 4800 www.mashreqbank.com
3 months in service is required for expats. Used cars must not be older than 6 years	No	2% outstanding value of the loan for cash, 5% for bank buyout	100% insurance financed, 60 days grace period, free for life credit card	0.50% of loan amount or minimum AED250 charged as processing fee	Toll-free: 800-2211 www.nbad.com
	No	None			Toll-free: 800 NOOR www.noorbank.com
	No	None		No processing fee	Toll-free: 800-742 www.sib.ae

Criteria: Interest rate of 4.5 per cent or less (new cars)

UAE

CONDITIONS/RESTRICTIONS	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
Approved companies only. Must provide salary certificate, passport copy and three months bank statement.	3% for cash, 5% for bank transfer	Free ADCB credit card, credit life insurance, up to three times salary overdraft for nationals and up to two times for expats.	1% of the loan amount processing fee plus 0.5% for credit life insurance	Toll-free: 800 2030 www.adcb.com
Company you work for needs to be on bank's approved list. Must provide three to six months bank statement, original passport, salary certificate and a quotation of the goods that need financing.	Rewarded for early redemption	Intallment postponement available, subject to bank's approval	No processing fees. Shari'ah compliant and Murabaha structure.	Toll-free: 800 2288 www.adib.ae
Approved companies only. Need to provide salary certificate, bank statement and passport copy with valid residence visa.	None	Insurance coverage, unlimited cheque book with a zero balance current account and free ATM card, take over facility available, top up facility up to 18 installments	1% processing fee of the loan amount or minimum AED500	Toll-free: 800 5555 www.dubaibank.ae
Approved companies only. Should be over 21 years old. Need to provide, quotation of the goods to be purchased, salary certificate, three months bank statement and passport copy.	Rewarded for early redemption	Payment postponement available	No processing fee. Al Islami Personal Finance is based on Ijarah (for services) and Murabaha (for automobiles and goods)	Toll-free: 800 4008 www.alislami.ae
Approved companies only. Must have been with current employer for at least six months. Need to provide quotation of the goods to be purchased, salary certificate, three months bank statement and passport copy.	None	Free Islamic account with zero minimum balance requirement	No processing fee	04 316 0101 www.emiratesislamicbank.ae
Must provide original passport, latest salary transfer letter and two months bank statement.	Rebate is offered	Free credit card for the first year, current account with minimum balance waived.	Processing fee is 1% of the loan amount to a maximum of AED750	Toll-free: 800 4792 www.hsbcamanah.com Toll-free: 800 4440 www.uae.hsbc.com
Approved companies only. Salary certificate, passport copy and bank statement should be provided.	2% of the outstanding balance for cash and 5% for bank buyout	Zero balance current account, free ATM card and credit card for the life on the loan, installment postponement, deferral facility	1% processing fee, minimum AED250 and maximum AED2,500. Insurance is 0.465% of loan amount	04 217 4800 www.mashreqbank.com/uae
Must be at least 21 years old and under the age of 60. Passport copy, three months bank statement and salary certificate are required.	Profit returned		AED400 processing fee. Minimum loan amount AED7,000	Toll-free: 800 742 www.sib.ae
Approved companies only. Must have been with current employer for at least one year. Need to provide last three months bank statement and valid passport (with residency visa for expatriates).	2% of outstanding balance for cash and 5% for bank transfer	Life insurance up to the loan amount, overdraft facility, zero balance current account, postponement of two installments in one year, free credit card for the first year	Processing fee is 1 % of the loan amount, minimum AED250 and maximum AED750	04 332 2032 www.uab.ae
Approved companies only. At least one year service with the current employer. Salary transfer letter, salary certificate and security cheque	5% of outstanding balance for cash or bank transfer	Personal loan insurance cover, hospital cash benefits, loss of employment cover, permanent/total disability and death covered	1% processing fee of the loan amount, minimum AED250	Toll-free: 800 4847

Criteria: Interest rate of less than nine per cent on a fixed rate basis

Disclaimer: These tables are meant ONLY as a guide and are not intended as a recommendation of a particular loan provider. The tables were thoroughly checked for accuracy with providers called individually for information during September 2008 and were correct at the time of going to press. Please note: information is subject to change without notice. Any errors or omissions are regretted. Corrections, if any, should be forwarded by fax to +971 4 391 2173, or by email to info@moneyworks.ae. All information contained is freely available from bank/provider printed information and websites, as well as direct from bank/provider helplines and/or call-centres.

Mortgages

PROVIDER	AVAILABLE TO	MORTGAGE TENOR	MAX. AGE ON LOAN MATURITY	INTEREST/PROFIT RATE	MAXIMUM LOAN AMOUNT	DEBT-TO-INCOME RATIO	DOWN PAYMENT
Abu Dhabi Commercial Bank	UAE residents (nationals and expats), non-residents	25 years for UAE residents 10 years for non-residents	65 years	6.75-7.5%	Salaried: Up to 90% of value with salary transfer, up to 85% without salary transfer Self-employed: Up to 80% of value Salaried non-residents: Up to 70% Self-employed non-residents: Up to 60% Up to AED10 million	Up to 65% for all	Nil
Amlak (Shari'ah compliant)	UAE residents (nationals and expats), GCC residents and non-residents	30 years for UAE nationals 25 years for expats 15 years for non-residents	60 for salaried employees, 65 for self-employed	7.75% reducing balance rate	Up to 90% - depending on aligibity and criteria	Up to 50%	Minimum 10%
Arab Bank	UAE and GCC nationals, expats and non-residents	25 years for villas and apartments. Depends on age of the person	60 years	6.5% reducing balance rate	Up to 85% of the property market value up to AED5 million	65% for salaried employees with salary transfer, 60% for salaried employees without salary transfer, 55% for self-employed	Nil. AED3,000 as loan approval fee
Bank of Baroda	UAE nationals, expats	Up to 15 years	65 years	Starting from 7.5% reducing balance rate	Up to AED3 million	Up to 50% of gross monthly income	25% with salary transfer, otherwise 30%
Barclays Bank	UAE residents and non-residents	Up to 25 years	70 years	7.25 - 8.55% reducing balance rate	Up to 90% of market value for apartments, 90% for villas; minimum is AED500,000 and maximum is AED10 million	50% of the monthly income for UAE residents, 40% for non-residents	20% for apartments and 10% for villas
Commercial Bank of Dubai	UAE residents	Up to 25 years	68 years for nationals, 65 years for expats	6.5%	AED10 million for nationals (Salary 40,000 and above) AED2.5 million for expats (Salary 20,000 and above)	55% to 65% based on income levels	15-30%
Dubai Bank (Mulki Property Finance)	UAE nationals, expats	Up to 20 years	65 years for nationals 60 years for expats	Starts from 8.5% fixed rate	Up to 90% of the property value	Depends on the salary	10%
Dubai Islamic Bank (Al Islami Home Finance)	UAE nationals, expats	Up to 25 years	70 years for nationals 60 years for expats	5.5%	Up to 90% of the property value, maximum up to AED5 million	Depends on loan amount and the salary	10% with salary transfer, otherwise 20%. Depends on property
Emirates Islamic Bank	UAE and GCC nationals, expats	Up to 10 years for Murabaha Up to 25 years for Ijara	65 years for nationals 60 years for expats	Ijara - 3 month EIBOR + 3.5% with salary transfer, + 3.75% without. Murabaha - reducing balance rate 11% with salary transfer, 11.5% without.	Maximum up to AED3.5 million	Not more than 50% of the salary	15-20%
First Gulf Bank	UAE nationals, expats and non-residents	25 years for nationals 20 years for expats 15 years for non-residents	65 years for nationals 60 years for expats	For Nationals with salary transfer 6% for expats 7%	Up to 90%; as much as AED5 million	Maximum 60%	10-20%
Habib Bank AG Zurich	UAE nationals and expats	Up to 15 years	60 years	7.5%	Up to 70% of the property value (Depends on income and liabilities)	Max. 60% of income including all loans	30%
HSBC Bank Middle East Limited	UAE residents and non-residents	25 years	65 years	EIBOR base rate + loan to value (LTV) 6.25-7.25%	Up to 85% of purchase price	60% overall debt on all regular commitments	Min. 15%
Lloyds TSB	UAE nationals, expats	Up to 20 years	60-65 years, depends on company	7.99% variable, straight re-payment mortgage	Up to 80% subject to terms and conditions	Should not exceed 50%	Depends on property
Mashreqbank	UAE residents and non-residents	Up to 25 years	65 years for salaried 70 years for self-employed	Fixed rate – 6.25% onwards Variable Rate – 3.75% + 6-month EIBOR onwards	Up to AED12 million; depends on salary and property	55% including all loans	Minimum 10%; depends on project
Mawarid Finance	UAE residents and non-residents	Up to 25 years	60-65 years	7.5% on reducing balance	AED6 million for ready property AED2,000/ sq.ft.	Depends on salary	5-20%
National Bank of Abu Dhabi	UAE nationals, expats only in Abu Dhabi/Dubai	Up to 20 years for expats and 25 for Nationals Up to 50 years for investors in Abu Dhabi	65 years	Variable rate: 7.25%	Up to 80% for expats, 90% for Nationals	Up to 50% of monthly salary for expats	Primary properties up to 20% in Abu Dhabi and Dubai Secondary properties up to 10% in Abu Dhabi and 20% in Dubai
National Bank of Dubai	UAE nationals, expats and non-residents	25 years for nationals, 20 years for expats, 12 years for non-residents	65 years for nationals, 60 years for expats and non-residents	With salary transfer, starts at 7%; afterwards, EIBOR rate + 3.5%. Without salary transfer, starts at 6.99%; afterwards, EIBOR rate + 3.5% (Also offers Offset Home Loan - allows you to fast forward repayment of your mortgage and save on interest.)	Up to AED250,000 to AED10 million	Residents: up to 60% Non-residents: up to 50%	Completed property:20% Incomplete property: 25%
RAKBANK	UAE nationals, expats and non-residents	25 years	60 years unless specified	With salary transfer: 6.9%, non-salaried 7.20%	Up to AED8 million for salaried	60% of monthly salary for salaried individuals	10-35% depending on property
Sharjah Islamic Bank	UAE and GCC nationals, expats from other Arab countries	Up to 15 years	65 years for UAE nationals, 60 years for others	Profit rate: 5.47%	Up to AED3 million depending on liabilities	50%	30%
Standard Chartered	UAE nationals, expats	25 years	65 years	Variable rate: 8.5%	Up to AED10 million	Depends on the salary	Minimum 10%
Tamweel (Shari'ah compliant)	UAE nationals, expats and non-residents	15 years for fixed rate financing and 25 years for flexible rate financing	65 years for nationals, 60 years for expats	7.4% - ready properties 7.9% - under construction	Up to 90%	55% of salary	10%
Union National Bank	UAE nationals, expats	Up to 25 years	65 years for UAE nationals, 60 years for expats	Nationals 6%; Expats 6.25 - 6.75%	Up to AED250,000 to AED5 million	Up to 65% of monthly salary	10-30%
United Bank Limited 'Baitna'	UAE residents and non-residents	Up to 20 years	65 years	EIBOR rate + 2% for residents, +2.5% for non-residents	As much as AED4 million; depends on salary	Up to 60% of monthly salary minus other monthly installments	As low as 10%; depends on development

NOTE: Some more UAE banks are actively lending in the market, although mortgage finance products are yet to be officially launched. It's also possible to finance properties on The Palm (for up to 10 years) directly from Nakheel. ***Documentation requirements*** vary from bank to bank. But, in general, the requirements are Passport, Labour Card, Khulasat Qaid (ID card), salary certificate, six months salary bank account statements, other income documents, copy of sale/purchase agreement, proof of downpayments, cheque for loan processing fee and application form. For business owners/directors - trade licence & audited company financials. Please check with your chosen mortgage provider for more details.

UAE

INSURANCE REQUIREMENTS	MINIMUM SALARY (AED)	BANK ACCOUNT NECESSARY	SALARY TRANSFER	CHARGES	PROPERTIES FINANCED	PREMIUM FINANCE	BUY-TO-LET	CONTACT
Life and Property insurance	For salaried: 8,000 for UAE nationals, 10,000 for expats and 25,000 for non-residents. For self-employed: 10,000 for UAE nationals, 20,000 for expats and 25,000 for non-residents	No	No, but necessary to obtain maximum loan amount	Processing fee of 1% of the loan amount with minimum AED5,000. Early discharge fee not allowed before six months. 6-60 months: 1% - 2% on outstanding loan amount, 3% (buyouts). No discharge fee after 5 years if settled through own funds.	**Abu Dhabi:** ALDAR, Al Fara'a, Al Nasser, Al Madar, Al Mazaya **Dubai:** Deyaar, ALDAR, Al Fara'a, Al Nasser, Al Madar, Al Mazaya, Bando, Bonyan, DAMAC, Dubai Properties, Dheeraj & East Coast Group, EMAAR, Empire International Investments, ETA Star, Falcon City, Fortis Plus, Ilyas & Mustafa Galadari group, NAKHEEL, Rose Homes, Sama Dubai, Sourouh, Trident, Union Properties, V3 – Jumeirah Lake Towers	Yes	No	Toll-free: 800 2030 SMS HOME to 2626 www.adcb.com
Property insurance is compulsory. Can provide Islamic insurance solutions.	8,000	Yes; can be with any bank	Yes, to chosen bank	1% processing fee (min. AED7,500) for residents. 1.25% processing for non-residents. Valuation fee up to AED3,000. Early settlement and repayment charges: Partial payment AED3,000; full payment minimum AED15,000 or 2% of the outstanding balance	**Abu Dhabi:** Sourouh, ETS, Manazel, Emirates Financial Towers **Dubai:** Emaar, JBR, First Group, Nakheel, Abraj, Sabeel, RAK Properties, ARY, Falak, Al Fattan, Cayan, Star Group, Dubai Properties, Lootah, Mag Properties, Muafak, One Business Bay, Fortune Group	Yes	Yes	Toll-free: 800 26525 www.amlakfinance.com
Life and property insurance	6,000	Yes	No	Processing fee is 1% of financed amount, maximum AED10,000. Registration fees to be borne by the customer	Emaar, Nakheel, Deyaar, Union Properties, Damac, Dubai Properties and Ishraquaa	Yes	Yes	Toll-free: 800 27224 www.arabbank.ae
Property insurance	10,000	No	No	Processing fee is 1% of loan amount, maximum AED7,500. 1% of outstanding loan amount incase of repayment by own sources, 2% for bank buyout	Emaar, Nakheel, Damac and more	Yes	No	04 354 0041 www.bankofbarodauae.ae
Life and building insurance	Looked at on case-to-case basis	No	No	Application fee is 1% of the loan amount for AED mortgages, 1.25% for other currency mortgages. Early settlement fee is on a case-to-case basis; valuation fee is AED3,000. Agreement in Principle (AIP) fee of AED1,500-2,500 valid for 60 days	Emaar, Nakheel, Dubai Properties, ETA	Yes	Yes	Toll-free: 800BARCLAYS (22725297) www.barclays.ae
Life and property insurance	20,000	Yes	No	1% processing fee on the loan amount, subject to a maximum of AED10,000	Dubai Properties, Emaar, Nakheel, Union Properties, ALDAR, IFA Hotels and Resorts, KM Properties, ETA, Al Deyaar and more	Yes	No	Toll free: 800-CBD www.cbd.ae
Life and property insurance	20,000	No	No	Processing fee is 1% of financed amount, minimum AED15,000; no early settlement fees	Nakheel, Dubai Properties, Deyaar, IFA, Union Properties and Emaar	Yes	Yes	Toll-free: 800 5555 www.dubaibank.ae
Life and property insurance	7,000	No	No	Info not available	No Abu Dhabi properties financed **Dubai:** 'Real Estate' - Villas and apartments anywhere in the UAE. 'Freehold' - Emaar, Deyaar, Dubai Properties, Nakheel and selected properties in Dubai only	Yes	Yes	Toll-free: 800 4766 www.alislami.ae
Life and property insurance	8,000 for account holders, otherwise 10,000	No	No	Processing fee is 1% of financed amount, minimum AED5,000. Evaluation fee: AED1,500	**Abu Dhabi:** Manazel, Al Reef **Dubai:** Emaar, Nakheel, Tameer, Deyaar, Falcon City, Union Properties	Yes	Yes	04 316 0101 www.emiratesislamicbank.ae
Life and property insurance	10,000; depends on the price of the property	No	No	1% of the loan amount processing fee plus documentation fee for residents, otherwise 15%. AED1,000 commitment fee. Early partial settlement 1.5%; 3% for full settlement	Jumeirah Lake Shore Tower, Burj Al Nujoom and Jumeirah Bay in Dubai; Seashore Villas in officers City (only for nationals), Aldar, Sorouh, Hydra Properties, Ocean Terrace Residence in Al Reem Island in Abu Dhabi	Yes	Yes	Toll-free: 600 525500 www.firstgulfbank.ae
Life and property insurance	Case to case basis	Yes	Yes	1% of outstanding loan as early settlement charge. 1% charged as processing fee	Emaar, Nakheel, Union Properties and Dubai Properties	Yes	Yes	04 331 3999 www.habibbank.com
Life and property insurance	20,000	Yes	No, but interest rate will be 0.15% less with transfer	1% of the loan amount is levied as arrangement fee for the mortgage. No early settlement fees	Emaar Villas & Townhouses; The Palm Jumeirah and The Palm Jebel Ali (except Waterhomes), direct Nahkeel projects only; Green Community, Istithmar, Golf Real Estate, The Pad by Omniyat and Al Hamra in Ras Al Khaimah	Yes	Yes	04 329 6209 www.uae.hsbc.com
Life and building insurance	12,000	Yes	Yes	1% arrangement fee for mortgage loan; no penalties for lump sum reduction or early repayments; AED3,000 mortgage registration; AED2,500 valuation fee	Emaar, Dubai Properties (Jumeirah Beach Residence), Union Properties (The Green Community & UPTOWN Mirdif), Nakheel	Yes	Yes	04 342 2000 www.lloydstsb.ae
Life and property insurance (Approved companies only)	8,000	Yes	Yes	Processing fee: 1% of maximum of AED25,000 (Nil early redemption and buy-out options available)	Emaar, Dubai Properties, Nakheel, Damac, Deyaar, ETA Star, GIGA, JPIL and a lot more	Yes	Yes	04 217 4800 www.mashreqbank.com
Property and life insurance	10,000	No	No	1% processing fee for residents, 1.25% for non-residents. AED5,000 pre-approval fee, AED3,000 valuation fee.	Emaar, Nakheel, Dubai Properties	Yes	Yes	Toll-free: 800-Mawarid www.mawarid.ae
Property and life insurance	10,000	Yes	Yes, For expats, salary transferred atleast for 2 months	Processing fee: Min. AED1,500; max. AED5,000. Repayment penalty of 1% of outstanding loan amount or AED 15,000; whichever is greater. 5% for bank buyout	ALDAR, Sorouh, RAK Properties, Union Properties and more	Yes	Yes	Toll-free: 800 2211 www.nbad.com
Life and property insurance	8,000 for nationals, 10,000 for expats, 20,000 for non-residents	Yes	No	1% processing fee or AED5,000, whichever is higher. 1% of pre-paid amount for pre-payment charge for cash and 2% for bank buyout	Emaar, Nakheel and Dubai Properties	No	Yes	04 310 0222 www.nbd.com
Life and property insurance	10,000	No	No	Loan processing fee of 1% on loan amount. 1-5% early settlement fee	Nationals-open, Expats-Emaar properties, Dubai Properties, Nakheel	Yes	Yes	04 213 0000 www.rakbank.ae
Life and property insurance	8,000	No	No	AED1,500 charged as valuation fee for loan less than AED500,000 and AED2,000 for loan more than AED500,000. 1.5% of loan amount registration fee or minimum AED3,000; whichever is higher. Administration fee of 0.5% of loan amount	Only completed properties	Yes	Yes	Toll-free: 800 742 www.sib.ae
Life and property insurance	8,000	No	No	Processing fee of 1%. Early repayment penalty of 2% of outstanding for cash, 5% for a bank buyout	Emaar, JBR, Nakheel, Union Properties	Yes	Yes	04 352 0455 www.standardchartered.com/ae
Life and property insurance	10,000 for individuals or 12,000 as household income, subject to 8,000 minimum for one of the joint borrowers.	No	No	Mortgage processing fee of 1.25%; minimum of AED3,500 up to a maximum of AED15,000. Pre-payment charge up to 50% is 2% of outstanding loan, more than 50% is 4% of outstanding loan (subject to certain criteria)	**Abu Dhabi:** Al Raha, Manazel and Al Reef **Dubai:** JBR, Nakheel, IFA, Aber, Deyaar, Emaar, Bonyan, Best Homes, Jade, Tulip Sports City, 7 Tides, Asam, GGIC, Sondos and more. Tamweel offer mortgages on most UAE developer/ developments, check for more details	Yes	Yes	Toll-free: 800 4354 www.tamweel.ae
Life and property insurance	8,000	No	No	Processing fee of 1%, min. of AED5,000. Early repayment penalty of 1% of outstanding loan amount, 1.5% for a bank buyout	Emaar, Nakheel, Estithmar, ETA Star, Damac	No	Yes	Toll-free: 800 2600 www.unb.com
Property and life insurance included in the loan	7,000	No	No	Processing fee of 1%, early settlement fee of 2%	Emaar, Nakheel, Dubai Properties and selected private developments	Yes	Yes	Toll-free: 800 4847

Disclaimer: This table is meant ONLY as a guide and is not intended as a recommendation of a particular mortgage provider. The table was thoroughly checked for accuracy with each provider called individually for information during September 2008 for **MONEY***works* magazine and was correct at the time of going to press. Note that premiums are financed at the discretion of the lender. We recommend that, as with all financial documentation, you check the fineprint very carefully. Check for redemption clauses and/or penalties for early re-payment. Please note: information is subject to change without notice. Any errors or omissions are regretted. Corrections, if any, should be forwarded by fax to 04 391-2173, or by email to info@moneyworks.ae. All information contained is freely available from bank/provider printed information and websites, as well as direct from bank/provider helplines and/or call-centres.

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Elfina Financial Investment Consultancy	P O Box 29706, Dubai	+971-4-3551587	+971-4-3551606	info@elfina-invest.com	www.elfina-invest.com
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Licence: MoE (Ministry of Economy)					
Name	**Address**	**Telephone**	**Fax**	**E-mail**	**Website**
Acuma Wealth Management	P O Box 23940, Dubai	+971-4-3328582	+971-4-3317572	info@acuma.ae	www.acuma.ae
Continental Financial Services	P O Box 62817, Dubai.	+971-4-3353433	+971-4-3352553		www.continental-intl.com
Globaleye	P O Box 24592, Dubai	+971-4-3489330	+971-4-3489331	admin@globaleye.com	www.globaleye.com
Holborn Assets	P O Box 333851, Dubai	+971-4-3369880	+971-4-3369961	rubina@holbornassets.com	www.holbornassets.com
LifeCare International	P O Box 71208, Dubai	+971-4-3318688	+971-4-3318001	information@lifecareinternational.com	www.lifecareinternational.com
Nexus Insurance Brokers LLC	P.O. Box 94455, Abu Dhabi, U.A.E P.O. Box 124422, Dubai, U.A.E	+971-2-626 6669 +971-4-397 7779	+971-2-626 3322 +971-4-397 4422		www.nexusadvice.com
Pioneer Insurance Brokers LLC	P O BOX 922, Dubai	+971-4-3599004	+971-4-3595535	pwealth@eim.ae	

Licence: DED (Dubai Department of Economic Development)					
Name	**Address**	**Telephone**	**Fax**	**E-mail**	**Website**
Citco Dubai	P O Box 58066, Dubai, UAE	+971-4-3432666	+971-4-3436613	fdsouza@citco.ae	www.citco.com
Prosperity Offshore Investment Consultants	P O Box 24459, Dubai	+971-4-3124334	+971-4-3124335	enquiries@prosperity-uae.com	www.prosperity-uae.com
Rasmala Investments	P O Box 31145, Dubai	+971-4-3301041	+971-4-3635635		www.rasmala.com

Licence: RAKFTZ (Ras Al Khaimah Free Trade Zone)					
Name	**Address**	**Telephone**	**Fax**	**E-mail**	**Website**
Candour Consultancy	P O Box 9168, Dubai	+971-4-3124410	+971-4-3124411	info@candourconsultancy.com	www.candourconsultancy.com

Others					
Name	**Address**	**Telephone**	**Fax**	**E-mail**	**Website**
OFS	P O Box 49388, Dubai, UAE	+971-4-3291614	+971-4-3291619	info@ofsdubai.com	www.ofsdubai.com

Notes: The following organisations are also listed on the UAE Central Bank website (as at September 30, 2002) but contact/further details were unavailable when this information was updated (June 12, 2007), despite repeated attempts to contact each organisation.

1. Inter Capital LLC - P O Box 14424, Dubai, Tel: 2940045, Fax: 2940048
2. Landmark International Consulting Services; 3. Network Corporate Services L.L.C
4. Regent Investment Consultants - P.O.Box 28472, Dubai. Tel: 3552055, Fax: 3552088

Licensed Financial Intermediaries — UAE

Note: Financial intermediaries are licensed to undertake brokerage in currencies, commodities and to deal with money market transactions, as per licence from the Central Bank. Main activities at present are brokerage in foreign exchange, futures, options and Contracts for Difference (CFDs) in global stock indices, major stocks, treasury notes and commodities.

Name	Address	Telephone	Fax	E-mail	Website
Century Financial Brokers LLC	P.O. Box 9126, Dubai, U.A.E	+971-4-351 6112	+971-4-355 9876	cfbinfo@centurybrokers.com	www.centurybrokers.com
Eastern Trust LLC	P.O. Box 25404, Dubai, U.A.E	+971-4-228 3003	+971-4-223 7237	eastrust@emirates.net.ae	www.easterntrustllc.com
Leader Middle East LLC	P.O. Box 21416, Dubai, U.A.E	800-4446/04 269 2848	+971-4-268 6844	info@lmedubai.com	www.lmedubai.com
Orient Financial Brokers	P.O. Box 2495, Dubai, U.A.E	+971-4-351 4900	+971-4-352 4996	info@orientfinance.com	www.orientfinance.com
Sterling Financial Brokers	P.O. Box 26652, Dubai, U.A.E	+971-4-221 3949	+971-4-224 3271	info@sfbme.com	www.sfbme.com
World Index Investment LTD	P.O. Box 111012, Dubai, U.A.E	+971-4-359 8882	+971-4-359 9030	info@world-index.com	www.world-index.com

Disclaimer: *This list is meant as a guide only and is NOT meant as a recommendation of any particular organisation - listings are simply in alphabetical order, by licence. All information contained herein is subject to change without notice. This listing was checked for accuracy and updated during September 2008. Any errors and/or omissions are regretted. Corrections, if any, should be forwarded by fax to 04-3912173, or by email to info@moneyworks.ae. (Source: UAE Central Bank Website, last updated March 31, 2003)*

Related Services — UAE

Name	Address	Telephone	Fax	E-mail	Website
Just Wills LLC	P O Box 75671, Dubai, UAE	+971-4-3116592	+971-4-3328810	mohammad@just-wills.net	www.just-wills.net

Letter of the Month

Write to MONEYworks - Reader's letters. All correspondence MUST carry a daytime telephone number (a mobile phone number will not suffice), there must be an address and the letter should be signed by the author. We cannot publish every letter, and those that are may be edited or excerpted.
Post to: *PO Box 10656, Dubai, UAE, Fax to: 00971 4 391 2173.* ***Email to:*** *editor@moneyworks.ae.*
Make the subject 'Readers' and don't forget that telephone number. Letter of the month wins a complimentary annual subscription to MONEYworks.

Dear Editor,

Bearing in mind the fraud activity reported in local media across the region last month, what can we do to secure a bank account, credit/debit card? I understand that banks have a responsibility to make sure they offer security, but with all the hacking, phishing and cloning fraud that we read about, is it just a matter of time before fraud becomes an everyday thing?
NPF, Dubai

We've edited your letter down somewhat and are glad to know that you haven't been affected by the recent issues. But it's a simple fact that we must all be vigilant. Most cards offer decent levels of security and banks will generally take appropriate measures to reimburse customers in cases such as these. But it's worth reminding ourselves of the golden rules of using cards responsibly.

1. Keep your card safe and try not to let it out of your sight.
2. Change your pin regularly and always keep your pin number in your head. Don't write it down anywhere, especially on the card itself. It's amazing how many people do this.
3. Never give out your pin number to anyone. Ever. Your bank will never ask for your pin...if they do, there's something wrong.
4. If you do give your card number over the phone, only do so if YOU initiated the call and are sure the recipient is legitimate.
5. If your card is lost or stolen, or you suspect it is being used fraudulently, report it immediately. Block the card and get a new one issued.
6. Always know how much money you have in your account and review bank statements carefully. Don't forget that your debit card may allow you to access money that you have set aside to cover a cheque that has not yet cleared.
7. Keep your receipts in one place and check them carefully against your statement.

As criminal activity becomes more and more sophisticated every day, we all have to do our bit to use cards sensibly, make sure we change pin numbers regularly and watch our bank accounts. It'd be nice to have our signatures checked out when we use our cards in the GCC, but let's be honest...it's unusual. In short, take care and be vigilant.

Advice to readers: *Information given here is checked for accuracy, but we strongly recommend that you make enquiries and, if necessary, take professional advice before entering any transactions. The value of many investments can go down as well as up and you may not get back the amount originally invested.*

Why a will is just common sense

James Thomas on what a will must contain to make it executable in any jurisdiction in the world.

QUESTION

"My friend died in the UAE recently and did not leave a will. He was an Indian expatriate and suddenly his wife found out that a lot needed to be done before she could get possession of all the money and assets that belonged to the family when he was alive. What does it take to make a will? And would a will drafted and vetted by the Indian or the UK courts be acceptable to the authorities in the UAE?"
Harish, Dubai

I am very sorry to hear about your friend's death. All deaths are difficult occasions, especially when the deceased has left a family. The situation can be compounded when there is no will in place.

The standard procedure here in the UAE is for the deceased's assets to be frozen in the event of his or her death. The banks are instructed by the courts to do this on all transactions on the accounts of the deceased, including joint accounts. These accounts will only be unfrozen by order of the Shari'ah court once it has received an attested will. This process aims to safeguard any payments that need to be made after an expatriate has died, such as outstanding loan payments.

Anyone can draft a will without the aid of a lawyer. However, a lawyer or a specific will writer is often used to make sure that the wording is correct and that the will actually does what you want it to do.

Additional requirements may vary, depending on the jurisdiction, but every will must contain the following:

- The person writing the will (the testator) must clearly identify himself or herself as the maker of the will and that a will is being made.
- The testator must declare that he or she revokes all previous wills. Otherwise, a subsequent will revokes earlier wills only to the extent to which they are inconsistent.
- The testator must demonstrate that he or she has the capacity to dispose of his or her property and does so freely and willingly.
- The testator must sign and date the will, usually in the presence of at least two disinterested witnesses (persons who are not beneficiaries).
- The testator's signature must be placed at the end of the will. If this is not observed, any text following the signature will be ignored, or the entire will may be invalidated if what comes after the signature is so material that ignoring it would defeat the testator's intentions.

The subject of wills raises questions that most people are uncomfortable with, such as thinking about their own mortality. As a result, they take the easy option and avoid the issue. A common mistake people make is thinking that as they do not have considerable savings or property, they do not need to make a will. However, anyone with any assets at all (such as a bank account, property, etc.) needs a will.

It is also worth remembering that your will is not simply about deciding who gets what; it's also about appointing responsible people to administer your estate. You can choose who takes those important financial decisions for you when you are no longer around.

Let's look at what a will is. It's a document that details exactly what you would like to happen to your estate in the event of your death. The document can cover all aspects of your life, from physical assets such as property, investments or cash, to who you would like to look after your children until they are of an age that they can look after themselves. It is worth noting that if you marry, you will have to start again, as marriage automatically revokes a will; however, possibly just as importantly, a divorce does not.

As the surviving spouse does not automatically inherit everything, you will need a will to ensure that your wishes are put into effect. Once you are married and have a will in place, it doesn't end there. If you are planning to have children, then you will need to provide for them – and not just financially.

Here are some key questions that need to be considered when writing your will:

- Guardians – who is going to bring your children up if you have both passed away?
- How is their education going to be funded?
- Do you want your children to inherit your money at 18, or would you prefer it to go to them when they are a little more mature at, say, 21 or 25?

Why have a will? It's important to have a will to make sure your estate is distributed as per your wishes. If someone dies without a will, it is referred to as dying intestate, and the rules that govern the distribution of the estate in such circumstances are known as the law of intestacy.

A UK, Indian or any other foreign will is acceptable in the UAE, but it needs to have been attested (authenticated) in the country where it was written and then translated into Arabic. A UK will, for example, needs to be notarised by a notary public in the UK, attested by the Foreign & Commonwealth Office and then attested by the UAE Embassy in London. Once the will has been attested, it can be presented to the Shari'ah court, but you must appoint an advocate to do this on your behalf. The Shari'ah court will then pass a decision on the wishes of the deceased with regard to his or her UAE assets.

Finally, as with all aspects of your financial affairs, your will should be reviewed regularly to make sure it continues to reflect your wishes and requirements. MW

As always, we at Acuma welcome your questions and enquiries directly, so please do not hesitate to contact us if you would like to discuss this issue or any other in more detail. James Thomas joined Acuma Wealth Management, a company licensed and registered by the Central Bank of the UAE, in 2004, having worked as an independent financial consultant in the UK for six years. He is fully qualified and is a member of the Chartered Insurance Institute of London. Contact James at jthomas@acuma.ae. This article is provided for information purposes only and should not be regarded as financial advice. Always remember that investments can go down as well as up.

Why step out for dumb investing?

Investors can invest in dumb opportunities at home as well as abroad, says **Sheikh Sultan bin Saud Al Qassemi.**

Two very contradictory headlines appeared in a UAE-based financial newspaper late last month. One brought attention to the "20-billion-dirham losses in the stock market on the tenth day of the global crisis", while the other called one of the local bourses a "pearl" that "has not been affected by the global crisis".

Clearly, there is a lack of clarity in terms of where the GCC stands as a financial centre in today's world. But recent developments do show that we are not insulated from the global market crisis. The Gulf stock markets were down this year even before the collapse of Lehman Brothers.

Saudi Arabia started at 11,900 in January and has since declined more than 25 per cent, while the Dubai Financial Market "corrected" from above 6,200 points to reach 3,900 in the same period. Additionally, the Abu Dhabi exchange was down from a high of 5,100 in June this year to 3,700.

It is, therefore, intriguing to try to understand what drives the Gulf countries to invest in assets abroad when there are clearly opportunities in their own backyard.

Earlier this year, the Kuwait Investment Authority (KIA) invested US$5 billion in Merrill Lynch and Citibank, both of which have been starring in the drama *The Global Financial Meltdown*. In fact, it would be interesting to learn who advised the KIA on these investment "opportunities" in January, several months after the credit crunch started. I suspect it was other investment banks that made their commissions from the transaction. In any case, Kuwait took the unprecedented step in acknowledging a US$270 dollar loss in its Citibank investment in September.[1]

The same can be said for the Abu Dhabi Investment Authority (ADIA) bailout package for Citibank, which had unfortunate timing. Citi's stock was trading above US$30 when ADIA pumped US$7.5 billion into it. By mid-September, however, the stock was trading at US$14, a staggering 55 per cent unrealised loss.[2]

Interestingly, billionaire Prince Al Waleed Bin Talal's advertising media campaign for the giant Saudi-listed Kingdom Holding has been absent from the Gulf media recently. This absence may have been partly influenced by the fact that Prince Al Waleed's Kingdom Holding is the largest individual investor in Citibank, owning 3.6 per cent of the firm's equities. When Prince Al Waleed was informed by Citi's former CEO, Chuck Prince, of the several billion dollars in write-offs, he dismissed it as a "mere hiccup" and expected the bank to recover soon.[3]

That was in October 2007, when the bank was trading at about US$47 per share. Not surprisingly, Kingdom Holding's stock fell from SAR14 in December 2007 to a little over SAR6, a 60 per cent drop.

Surprisingly, Forbes magazine's list of world billionaires, which is updated on an annual basis, did not take into account these losses incurred by Prince Al Waleed. In the same period, according to the list, his fortunes increased by about US$700 million to reach US$21 billion between August 2007[4] and May 2008[5], despite the colossal corrections in both the Saudi stock market and Citibank shares.

CNN Money had, by that time, harshly placed Prince Al Waleed's purchase of his own Airbus A380 in the "101 Dumbest Moments in Business". The "flying palace" cost Prince Al Waleed more than US$320 million. It will probably come in handy when he and his financial advisors travel to New York for the next Citibank annual general meeting.

The moral of the story: why invest in dumb opportunities abroad when international bankers would be equally happy to advise you on dumb business opportunities in your own backyard? MW

(Footnotes)

1 http://www.ft.com/cms/s/0/c7d9c8ce-89d1-11dd-8371-0000779fd18c.html
2 http://www.thenational.ae/article/20080702/BUSINESS/585021770/0/FOREIGN
3 http://money.cnn.com/2007/11/08/news/companies/citigroup_alwaleed.fortune/index.htm
4 http://www.forbes.com/lists/2007/10/07billionaires_Prince-Alwaleed-Bin-Talal-Alsaud_0RD0.html
5 http://www.forbes.com/lists/2008/10/billionaires08_Prince-Alwaleed-Bin-Talal-Alsaud_0RD0.html

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