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

The Gulf region's first personal finance and investment magazine

MONEY*works*

www.moneyworks.ae

March 2009 Issue 124

BRAINS, TRAINS & AUTOMOBILES

Regional thinking is changing track

Reinforcing Basel II

Rethinking the markets

Rebalancing your portfolio

MONEY*works* magazine
P O Box 10656, Dubai, UAE
Telephone: +971 4 391 2160, Fax: +971 4 391 2173
Email: info@moneyworks.ae

Published by
Rasalmal Financial Publishing FZ-LLC
A Dubai Media City Company
Telephone: +971 4 391 2160, Fax: +971 4 391 2173
Email: info@moneyworks.ae

Board of Directors
Saud A. Al Amri - chairman
Abdulaziz Al Mashal
Greg Hunt

General Manager
Don Taylor

Distribution
Dar Al Hikma, Dubai, UAE, Tel: +971 4 266 7384
Jashanmal, Abu Dhabi, UAE, Tel: +971 2 673 2327

Printing
Nabeel Printing Press LLC, Ajman, UAE, Tel: +971 6 743 4445

Cover Image
Dreamstime

Editor
Utpal Bhattacharya

Deputy Editor
Ehab Heyassat

Assistant Editor
Ritwika Chaudhuri

Sub Editor
Kara Sensoli

Editorial Assistants
Amruta Sabnis, Tarub Ziad

Regular Editorial Contributors
Peter Hensman - Newton Investment Management Ltd
James Thomas - Acuma Wealth Management

Special Editorial Contributors
Dr. Oliver Stönner-Venkatarama, Matein Khalid, Sheikh Sultan bin Saud Al Qassemi, Sachin Patki, Snehdeep Fulzele, Serkan Altay, Dr. Markus Krall

Operations Manager
Tim Elliott

Design & Layout
Zak Parayil
Sonia Landoulsi

Administration
Sessie Fernandes
Rolla Daniel

Sales & Marketing
Zarko Ackovik, Ali Jaber, Nick Watson, Richard Townley, Arshad Iqbal

Advertising Enquiries:
Tel. +971 4 391 2163, Email: sales@moneyworks.ae

The news of the UAE central bank subscribing to the first tranche of a five-year US$20 billion Dubai government bond came like a gust of fresh air to all of us who live and invest in the UAE. The news came at a time when credit default swap spreads of all debts from the country were not looking healthy. The UAE central bank's subscription of US$10 billion of Dubai government bonds should cool things down a bit among doubters. This development also has an important symbolical connotation and does forcefully negate some of the adverse publicity that the UAE was attracting in the global media. It shows that the leadership of this country is in the best of hands and that the UAE's political fabric remains as strong as ever.

From here on, I am bullish that those who live, work and invest in the UAE will continue their trade with a lot more spirit than in the recent past, when they were afflicted by a plethora of bad news and conjectures.

I hear that regionally, there's been a lot of activity on the deal front, especially in Saudi Arabia and Qatar. Some of these stories should be breaking soon. It also seems that there is some slight thawing in the local credit market. Again, it's too early to make any predictions, but there seems to be an easing in the regional local currency interbank markets. We are still many months away from normalisation, but any sign of positive activity needs to be highlighted now. The regional equity markets have discounted the first quarter results and also probably the second quarter. Nobody is expecting any positive surprises. But if there are miracles, investors will accept them gratefully.

On the global investment front, gold has touched the US$1000 milestone and is expected to go higher. The US dollar is also expected to remain firm against some of the major international currencies in the next six months. Oil is likely to remain subdued in the near term.

With this month's edition, we are giving away copies of a report that records deliberations at a credit roundtable summit we organised at the end of January. The roundtable was very timely and topical, as credit markets remained frozen due to lack of trust and over-lending of banks. The summit addressed issues around credit, risk management and credit information. The report has been compiled keeping in mind that most of our readers are not technical experts in the fields of risk management and credit information. I look forward to reading your comments on the summit report. Please email me at editor@moneyworks.ae.

Utpal Bhattacharya
Editor

contents

22

Crystallising new ideas

Although doom and gloom surrounds us at the moment, there are some healthy processes taking place under the surface that could bring long-lasting prosperity to the Arab world. Utpal Bhattacharya highlights some of the change agents

Markets

International Best Buy Tables

Regional Best Buy Tables

Brian Quarrie

Banks relying more on technology

First Data, a Colorado-based technology leader in electronic commerce, has found enormous opportunity in the Middle East region. According to senior management of the company, the three core requirements of banks are controlling costs, protecting and enhancing revenue streams and managing risk more effectively. A MONEY*works* report.

“Outsourcing services from companies like First Data can not only reduce the operating cost of banks tremendously, but can at the same time ensure better flow of revenue.” *Brian Quarrie*

With the balance sheets of banks around the world taking a hit, First Data, a world leader in electronic commerce and payment solutions, believes that its services and expertise can be of tremendous value to banks. The US$8.1 billion technology expert is already in talks with several banks and financial institutions in the Middle East that are keen to outsource some of the services First Data specialises in.

First Data says it can help banks control costs, protect revenue streams and manage risk with accurate credit information. Some of the solutions and services the company offers include transaction acquiring, managing financial products, providing expertise in call centre activities, fraud and risk, mobile commerce, ATM and POS management, prepaid solutions, information and analytics, switching and authorisation and card, customer and loyalty management.

“Outsourcing services from companies like First Data can not only reduce the operating cost of banks tremendously, but can at the same time ensure better flow of revenue,” says Brian Quarrie, managing director of First Data in the Middle East.

A recent study by global strategic consulting firm A.T. Kearney has shown that UAE banks can cut their costs by an average of US$35-50 million by improving their operational efficiency, which is a major competitive factor beyond the immediate challenges linked to management of the liquidity crisis. According to the study, outsourcing alone can typically save 25-40 per cent on related costs, processes and organisational rationalisation, both at the back and front office level.

The current crisis is a boon in disguise, as it will help banks take a fresh look at business process reorientation and implement measures that will make them both globally and regionally competitive. Although outsourcing is a regular practice in advanced economies like the US and Europe, most of the banks in the Middle East region try to keep their activities in-house, notes Quarrie. That’s why First Data sees tremendous growth potential in the region over the next few years as an increasing number of banks understand the need for outsourcing expertise, says Quarrie.

Electronic banking, fraud management, ATM solutions, credit information and data assimilation are some of the key areas in which First Data can play a crucial role for banks in the region. Electronic transactions in the region are still low compared to western countries, where almost 50 per cent of transactions are done electronically. However, a recent report by Madar Research claims that the total number of electronic banking service units in the UAE rose 83 per cent from 24 in 2006 to 44 in 2008, while more than 40 per cent of all domestic financial transactions are now done online, compared to just 10 per cent in 2005.

The same report also points out that in the UAE Switch alone, which routes local, regional and international ATM transactions over a single network, financial transactions carried out electronically increased 16 per cent in 2007. The value of transactions carried out with Gulf switches through the UAE Switch increased by up to 12.46 per cent from US$96 million in 2006 to US$108 million in 2007. The report also contends that technology will remain a top priority among Gulf banks.

As such, Quarrie feels that companies like First Data can provide a one-stop service or an A to Z of processing. The company’s sophisticated fraud solutions can also work across the payment value chain from merchant acquiring to POS/ATM management and online banking.

Finally, First Data can be an authentic source of credit information for the banking customer. This information is missing in the region, says Quarrie, and First Data can transform banks into data-driven decision makers.

First Data, which has been active in the Middle East region for the past 12 years, has had a presence in Dubai since 2003. The company will be focusing on Saudi Arabia, the UAE, Kuwait and Qatar in particular, as it considers the business potential in these countries high.

MENAP to grow at 3.6% in 2009

Continuous spending by the oil exporting countries in the MENAP region has helped to soften the impact of the global economic slowdown on the region as a whole. But the economies in this region have been affected to a great extent and, like the global economy, need a mixture of monetary, financial and fiscal policy prescriptions to tide over the crisis. A **MONEY***works* report.

The International Monetary Fund (IMF) expects the MENAP (Middle East, North Africa and Pakistan) oil exporters, including the GCC nations, to grow at 3.6 per cent this year, down from 5.6 per cent in 2008. Growth estimates are higher for the emerging markets and developing countries in this region, which grew at 6.3 per cent during 2008.

"The global economy is going through its most severe economic crisis since the Great Depression, with global growth projected to be only 0.5 per cent during 2009. The advanced countries will suffer more with negative growth, while the emerging markets are expecting to grow only a little over three per cent," says Masood Ahmed, Middle East and Central Asia department director of the IMF.

This outlook is perhaps the worst economic outlook in terms of one-year projection since the creation of the IMF.

The crisis, which started around the beginning of 2007 with mortgage-related lending, spread to a number of emerging nations (Latin America, emerging Europe and Asian economies) by mid-2008 through lower external demand and exports, lower commodity prices and a tight credit policy. October 2008 marked the turning point of the collapse, leading to a systematically high stress period.

According to Ahmed, the world economy is going through an abnormally stressful zone because of two main reasons. First, despite the infusion of liquidity by the respective governments of the advanced countries, measures taken are inadequate when it comes to troubled financial institutions and damaged assets. Second, there has been an extraordinary collapse of confidence in the system. With everyone holding back decisions on spending, the economic outlook is worsening with lower demand leading to lower lending, which in turn is telling upon the balance sheets of banks. Hence, there is less credit availability and ultimately lower production, completing the vicious economic cycle.

These circumstances have led the IMF to continuously revise growth estimates downwards, as the uncertainty surrounding the outlook is unusually high. There are too many downside risks, including the pernicious feedback loops between real activity and financial markets intensifying further, the continuation of the severe and prolonged process of deleveraging, insufficient current policy measures and further deterioration in global financial conditions. These risks are accompanied by a sudden stop and disruptive currency depreciation in a number of emerging countries.

According to Ahmed, although the regional growth will be muted thanks to its stronger starting position and continued investment spending in some of the countries, it will offset some of the severity of the crisis seen elsewhere. Ahmed added that the continued investment spending by Middle Eastern oil exporters will have a cushioning effect on the entire region. He also said that the ill effect of the slowdown will vary between MENAP oil exporters and MENAP developing economies.

Impact on MENAP region

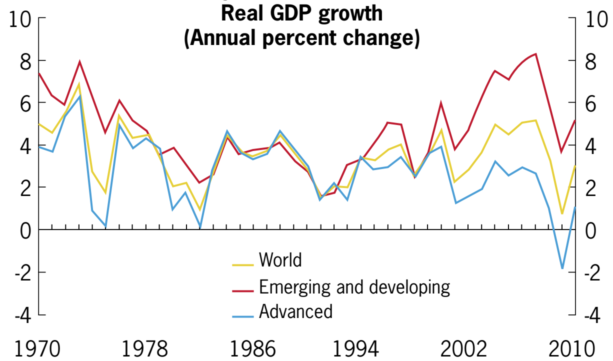
The oil exporters in this region have enough foreign exchange reserves and export receipts due to the boom in oil prices over the last few years. But the decline in oil prices and OPEC production cuts are projected to reduce oil export receipts by almost 50 per cent this year, implying a loss of government revenue to the tune of US$300 billion compared to 2008.

Ahmed notes that as a result, the region's oil exporters' current account surplus of

All regions affected...
Overview of the World Economic Outlook projections (year on year)

	Projections				Difference from Nov. 2008 WEO projections	
	2007	2008	2009	2010	2009	2010
World output	5.2	3.4	0.5	3.0	-1.7	-0.8
Advanced economies	2.7	1.0	-2.0	1.1	-1.7	-0.5
US	2.0	1.1	-1.6	1.6	-0.9	0.1
Euro area	2.6	1.0	-2.0	0.2	-1.5	-0.7
Emerging and developing economies	8.3	6.3	3.3	5.0	-1.8	-1.2

Source: IMF presentation



Sorurce: IMF presentation

around US$400 billion in 2008 is expected to turn into a deficit of US$30 billion this year. For most countries, this deterioration is from a position of significant strength that can be comfortably sustained by the large reserves that these economies have built up.

"Nevertheless, most governments, especially those in the GCC, have so far indicated that they will maintain their spending and investment plans. Thus, by continuing to spend, oil-exporting countries are contributing substantially to support global demand and are acting as stabilisers during the global downturn," says Ahmed.

For emerging markets and developing countries in this region, the global slowdown will clearly have a significant impact on growth through lower exports, tourism, remittances and a higher cost of credit. However, spending by oil exporters will soften this impact on countries that have strong trade and investment links with them, Ahmed points out.

"Because of the relatively high public debt ratios and the much more difficult financing outlook, the scope for counter-cyclical policies is limited for most of the emerging market countries," notes Ahmed.

Against this background are several risks to the outlook for the countries in the region. First, if oil exporters were to cut their long-term oil price expectations and consequently their spending, growth prospects would be weaker for the entire region. Second, a more prolonged global recession would imply even weaker exports, tourism and remittances for most MENAP emerging markets and developing countries. Third, if asset price corrections deepened and the impact of asset price corrections fed through to corporate and bank balance sheets, some financial institutions in the region would likely be under stress.

Policy measures

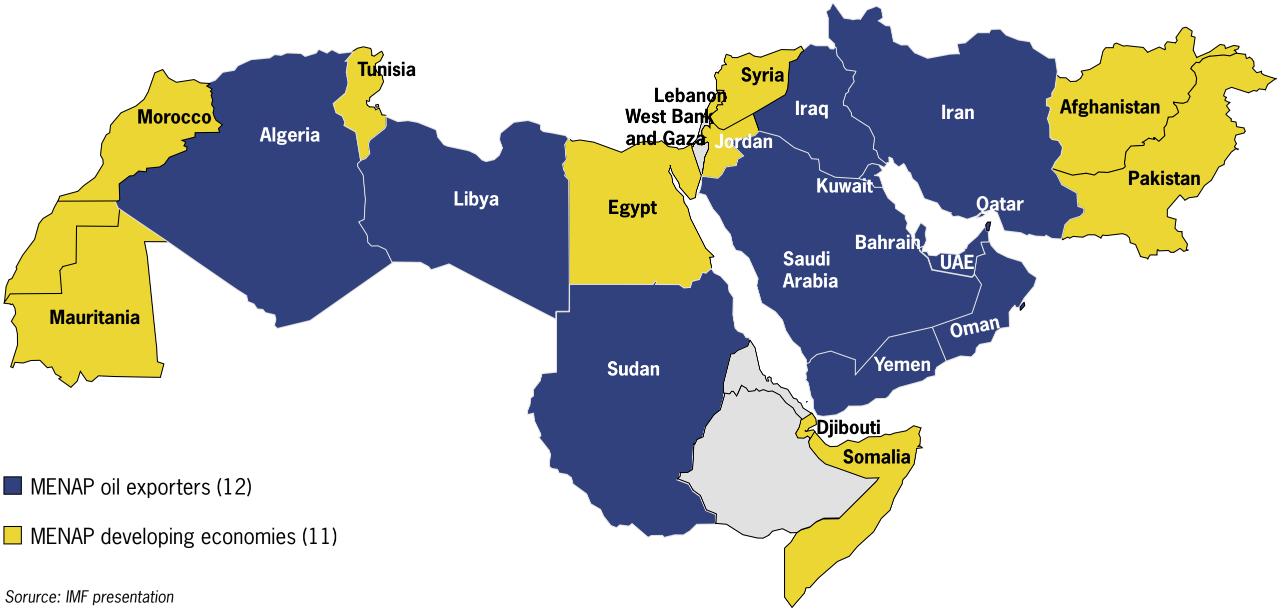
So what's the way forward for both the world economy as a whole and the MENAP region in particular? Most economists in the world probably agree with the IMF prescription – that no one policy can cure this terrible hurt. The need of the hour is a right mixture of policies: monetary, fiscal and financial. As far as the financial sector is concerned, it is important to restore normal functioning to the financial market.

On the monetary policy front, the IMF recommends unlocking key credit markets. On the fiscal policy front, it recommends timely and coordinated implementation of stimulus and the use of available fiscal space with an eye on long-term sustainability (which, according to the IMF, is maintaining a GDP growth rate of at least two per cent).

Masood Ahmed

Coming to specific measures for this region, Ahmed once again recommends three elements of policy measures. He says that while the oil producers are to continue with their fiscal spending, the emerging markets in this region should exploit the fiscal space available to them. These countries also need to apply some monetary stimulus if possible and enhance financial supervision and monitoring, Ahmed adds.

Economic outlook for the Middle Eastern region (MENAP)



Sorurce: IMF presentation

Last month's piece considered a credit card gripe...and it seems we hit a nerve. But enough about cards. This month, ***Allen Quaye*** *credit crunches naively.*

The irony of it all

What's interesting just now is how banks are reacting to what's still being called the "credit crunch" or "current financial crisis". While there's a real wait and see attitude, there's also a palpable sense of change in the air as we wait for the bailout packages to hit home and start to take effect. Can we expect new regulations – aside from salary caps and bonus limitations – in the US, Europe and beyond?

It does seem to me, however, that banks and financial institutions have already changed their tune. And not for the better, I might add. I have had a few less than friendly calls of late requesting payment of a credit card bill, which I can understand...were it actually due and were it a major amount. But a call to tell me to make a payment before it's overdue and when it's AED800 seems a little heavy-handed, to say the least.

A friend of mine told me the same. He's been with the same bank for nine years, has a number of accounts, gets his salary paid in each month and has a mortgage and a car loan with the bank. And is a pretty decent customer, I'd say, in that he pays his bills on time and pays his loans back as he's obliged to.

But his bank has been less than polite, shall we say, in its customer service approach of late.

It's an irony of epic proportions. To my mind (simple as it might be), isn't it better to treat your customers well at a time of financial crisis...or, dare I say it, during a recession? Perhaps offering them a little breathing space wouldn't go amiss.

I mean, banks aren't high on most people's Christmas card lists just now.

Let's consider what's happened in the US, for example. Times were good. Oil was sky-high. Credit was easily available. Loans were ten-a-penny. And little or no collateral was necessary to get pretty much whatever you wanted, mortgage-wise. So people borrowed. And borrowed. This mortgage debt is packaged and sold. It's good debt, we're told.

Don't even start me on how this is in any way logical. I still live by my grandmother's maxim of "don't spend more than you have". Which is naive, but it does me fine.

Anyway, this then becomes "toxic debt". What a tremendous phrase that is. Then, everything crashes and the taxpayer has to bail out the banks that, it could be argued fairly convincingly, caused the problem in the first place. Now there's another irony. Of course, the taxpayer has little choice...I mean, we're trying to avert a major financial crisis here.

Irony, anybody?

But back to the point. Surely it would make sense for the banks or financial institutions to try to salvage something from this by at least treating their customers with a little more respect and acting with a little more humility. What's the old saying? You get more with honey than with vinegar...

Or am I just being naive? Again.

If you have a gripe you'd like to air, a view you'd like to share or even a bug you'd like to bear, get in touch via info@moneyworks.ae, marking your mail 'The Soapbox'. Every email published will receive a limited edition MONEYworks money clip in return. If you're also concerned, for example, that some top international bankers get a nice fat bonus for the institution losing billions of dollars, why not blog online. Just look for the 'Topic of the Month' at www.moneyworks.ae.

News in Brief - Banking & Finance

Dubai government launches US$20 billion bonds

The Dubai government has launched a US$20 billion sovereign bond programme to secure funding for Dubai to meet its financial obligations.

The first issuance, amounting to US$10 billion, was fully subscribed by the UAE central bank.

The bond is an unsecured fixed-rate paper yielding four per cent per annum and has a five-year maturity, said the Dubai government's department of finance.

There has been concern surrounding Dubai's ability to pay its debts. The bond issuance gives Dubai the ability to refund its needs for this year, which are estimated at US$14 billion, according to research from Standard Chartered Bank.

NIB tops list of lead arrangers

Noor Islamic Bank has topped the 2008 Bloomberg list of leading Shari'ah-compliant lead arrangers in the UAE and has ranked third on the list of leading Islamic finance book-runners in the country.

The ratings were based on the total volume of funds underwritten by 24 banking institutions in the UAE that provided Shari'ah-compliant finance to the business sector in 2008.


Hussain Al Qemzi, Noor Islamic Bank CEO

Noor Islamic Bank arranged 10.4 per cent of the total financing in 2008. In the category of Islamic finance book-runners, the bank accounted for 10.9 per cent of the total volume transacted.

IDB undergoes transformation

Dubai Islamic Bank (DIB) has re-launched Jordan-based Industrial Development Bank (IDB) following the completion of a private placement of 26 million shares of IDB valued at US$100 million.

As part of the re-launch, IDB has been transformed into an Islamic financing institution to be known as Jordan Dubai Islamic Bank.

The parties involved in the private placement transaction include Jordan Dubai Financial, the investment arm of Jordan Dubai Capital, DIB and Dubai International Capital.

The private placement was valued at JOD2.750 per share. The strategic partner, Mesc Investment, covered the entire placement.

National Bonds achieves 7.07 per cent profit rate in 2008

National Bonds, the Shari'ah-compliant national savings scheme, said that its annual profit rate in the UAE was 7.07 per cent on saving schemes for its bondholders in 2008.

This figure can be compared to the annual profit rate of 6.03 per cent at the end of National Bonds' first financial year in 2007.

"The annual profit rate of 7.07 per cent is the highest return against any comparable savings scheme offered by any financial institution in the UAE," said Mohammed Qasim Al Ali, CEO of National Bonds.

The CEO added that the company registered a 152 per cent increase in sales in 2008 over the previous year.

National Bonds secured 10 per cent of the UAE's population as its market share in 2008, reaching half a million bondholders from over 91 nationalities. Its total sales reached AED4 billion for 2008.

Mohammed Qasim Al Ali

For more on this story, go to www.moneyworks.ae and search 'National Bonds'

Abu Dhabi banks receive capital injection

The Abu Dhabi government decided last month to inject additional capital into Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, First Gulf Bank, National Bank of Abu Dhabi and Union National Bank.

According to Hamad Al Hurr Al Suwaidi, undersecretary of the Abu Dhabi department of finance, the government views the capital injection into the banking system as an important step to allow Abu Dhabi financial institutions to remain strong and well-capitalised compared to their international peers.

The decision is also aimed at maintaining the economic growth of Abu Dhabi in the current global climate, said the undersecretary.

Under the initiative, the Abu Dhabi government will subscribe for Tier I capital notes issued by each of the above financial institutions, with a total aggregate principal amount of AED16 billion. The notes will be non-voting, non-cumulative, perpetual securities and will be callable subject to certain conditions.

Asset managment operations combine

Crédit Agricole S.A. and Société Générale have signed a preliminary agreement in order to combine their asset management operations. The new entity will combine the entirety of CAAM Group, the asset management arm of Crédit Agricole S.A., and the European and Asian activities of SGAM, Société Générale's asset management business, as well as 20 per cent of TCW, its asset management subsidiary in the US.

The combined entity will be the fourth largest asset manager in Europe and the ninth on a global basis. Ownership of the combined asset management businesses will be split between Crédit Agricole S.A. (70 per cent) and Société Générale (30 per cent).

The new entity will have EUR638 billion of assets under management (as at September 30, 2008), more than EUR1.8 billion of net banking income and EUR0.9 billion of gross operating income.

4% of Mashreq's workforce now redundant

Mashreq said last month that it had made four per cent of its workforce redundant.

"The redundancies reflect a lower level of market activity. The affected employees were selected due to either their role being no longer viable or as a result of performance assessments," commented Islam Shikoh, SVP of human resources at Mashreq. According to Shikoh, the bank provided compensation to the affected employees, as well as advice and counsel.

Financial results

Bahrain Islamic Bank reported a net income of BHD22.3 million for 2008, down from BHD25 million for 2007.

First Gulf Bank had a net profit of AED3005 million for 2008, an increase of 50 per cent over its 2007 results.

Khaleeji Commercial Bank recorded a net profit of BHD27.3 million for 2008, an increase of 31 per cent compared to BHD20.8 million for 2007.

Gulf Finance House reported a profit of US$291 million for 2008, a reduction of 14 per cent from 2007.

Dubai Investments had a net profit of AED1.56 billion for 2008, four per cent more than the previous year.

National Bank of Abu Dhabi said its net profit for 2008 was AED3019 million, a 20.5 per cent increase over AED2505 million in 2007.

RAKBANK recorded a net profit of AED635.98 million for 2008, an increase of 58 per cent over the previous year.

Credit Suisse Group reported a net loss of CHF8.2 billion for the year 2008.

Emirates Islamic Bank's net profit for 2008, excluding depositors' share, was AED401 million, an increase of 68 per cent compared to 2007.

SHUAA Capital recorded a net loss of AED948.5 million for 2008.

Khaleeji Commercial Bank reported a net profit of BHD27.3 million for 2008, an increase of 31 per cent compared to the year before.

Bahrain Financial Exchange to begin trading early next year

Financial Technologies (India) has launched the Bahrain Financial Exchange (BFX), regulated by the Central Bank of Bahrain.

The BFX has been given approval to list cash and derivatives instruments on multiple asset classes such as currencies, commodities, equity and debt-related products for trading and clearing by its brokers. The exchange will also list and trade Islamic finance instruments or Shari'ah-compliant products.

"The products offered on the exchange will enhance value addition and improve risk management in the sector, stimulating a virtuous cycle of investment and growth," said Arshad Khan, director of the BFX.

The BFX will be an international financial exchange providing access to its brokers from any part of the world to trade in multi-asset products through a single venue. It also aims to be a leading marketplace for regional and international businesses to raise capital by issuing and listing various types of financial instruments on its markets.

The exchange will offer full end-to-end automated trading with clearing and depository settlement services, providing low latency and low transaction costs.

The BFX is already registered with the ministry of industry and commerce and will begin trading in the first quarter of 2010.

Arshad Khan

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

The Dubai Financial Services Authority (DFSA) has entered into an MoU with its Swedish counterpart, the Finansinspektionen (FI), regarding cooperation and exchange of regulatory information.

The FI is the sole integrated regulator for Sweden covering banking, securities and insurance. Its role is to promote stability and efficiency in the financial system, as well as to ensure effective consumer protection.

The FI authorises, supervises and monitors all companies operating in the Swedish financial markets.

As a result of the signing, the DFSA now has a bi-lateral and multi-lateral MoU network with 70 regulators across the globe.

DME contracts migrate to CME platform

CME Group and the Dubai Mercantile Exchange (DME) have completed the migration of the DME's contracts to the CME Globex electronic trading platform.

The transition enables the world's three crude oil benchmarks – WTI, Brent and Oman – to trade on the same platform alongside CME Group products across all major asset classes.

The DME contracts are now accessible for trading. Clearing will continue to process through the NYMEX clearing house until it is integrated with CME Clearing.

Ahmad Sharaf, chairman of the DME, said that the reach offered by the CME Globex platform would dramatically increase the global exposure the DME Oman Crude Oil Futures Contract and the DME Oman Crude Oil Financial Contract.

The DME also said that it had gained recognition as a qualified board or exchange by the US Internal Revenue Service within the meaning of the Internal Revenue Code.

Commencing with DME contracts entered into on or after February 1, 2009, the IRS ruling allows US taxpayers to elect to treat the gain or loss recognised with respect to DME contracts as 40 per cent short term and 60 per cent long term.

Compact car attracts GCC consumers in current climate

When it comes to buying a car – especially in the current economic environment – it seems not everyone spends beyond their means. Indeed, in the land of Aston Martins and Lamborghinis, a compact car is making its mark.

In November 2008, the Nissan Tiida managed to top the sales charts as the bestselling car in the UAE market. It was also the best selling compact vehicle in the Qatari market.

"As the credit squeeze takes hold, we believe that the Tiida's appeal as an economical compact car makes it the perfect choice in the current economic climate," said Hirotaka Mima, passenger vehicle brand manager of Nissan Middle East.

From its launch in the Middle East four years ago, the Tiida became a bestseller in both sedan and hatchback versions. Global cumulative sales of the Tiida topped one million in March 2008.

Experts gather to discuss economic outlook for pearl sector

Experts from the pearl and jewellery industry gathered at the World Pearl Forum in Dubai last month to discuss the economic outlook for the pearl sector.

Delivering the keynote address at the event, Sultan Ahmed bin Sulayem, chairman of Dubai World, underlined the emirate's historical connection with pearls and expressed hope that synchronised industry effort would facilitate the revival of Dubai's pearl trade.

Princess Haya at the World Pearl Forum

The ensuing panel discussion on the economic outlook for the pearl sector highlighted opportunities to overcome the possible impact of the current economic climate on the pearl industry by increasing granularity and marketing focus.

The event was held under the patronage of HRH Princess Haya Bint Al Hussein, wife of HH Sheikh Mohammed Bin Rashid Al Maktoum, vice president and prime minister of the UAE and ruler of Dubai.

In a private meeting at the event, Princess Haya said that the forum would help Dubai regain its legacy as the leader of the pearling industry.

For more on this story, go to www.moneyworks.ae and search 'pearl sector'

DGCX to postpone plastic futures contract

The Dubai Gold & Commodities Exchange (DGCX) said last month that the launch of its plastics futures contract will be postponed.

The launch of polypropylene and linear low density polyethylene futures contracts for the Middle East and Southeast Asian markets was originally scheduled for February 5, 2009. The decision to defer plastic futures was based on feedback from key industry participants, according to the DGCX.

"Although the product is ready to launch, the plastics industry needs more time to prepare for trading the contracts, particularly in light of the current economic climate," commented James Bernard, executive director of plastics at the Dubai Multi Commodities Centre.

Malcolm Wall Morris, CEO of the DGCX, added: "The physical delivery nature of these contracts requires complete readiness and familiarisation. As such, we will continue to work in conjunction with participants to introduce the contracts when the industry is ready."

Borse Dubai signs term loan facility

Borse Dubai Limited has signed a US$2.5 billion term loan facility to refinance the aggregate US$3.8 billion term loan and guarantee facility used to fund investments into NASDAQ OMX Group and the London Stock Exchange.

The multicurrency syndicated facility matures in one year and carries a one-year extension option.

The facility has a conventional and Islamic tranche and pays 325 basis points per annum over the London interbank offered rate.

The participating banks include Bank of Baroda, Dubai Islamic Bank, Emirates Bank International, HSBC Bank, Industrial and Commercial Bank of China (Asia), ING Bank (London Branch), Intesa Sanpaolo (Dubai branch), National Bank of Abu Dhabi, Skandinaviska Enskilda Banken, The Bank of Tokyo-Mitsubishi and Union National Bank.

The majority of the banks are existing Borse Dubai lenders.

A report published by business advisory firm Deloitte highlights continued, albeit cautious, optimism for private equity (PE) activity in the Middle East and North Africa (MENA) region for 2009.

The report includes the results of a survey carried out for Deloitte by Arbor Square Associates, which interviewed senior executives of PE firms operating in the region.

Sixty per cent of respondents said that they expect PE investment activity to increase or at least maintain existing levels in the next 12 months, with consumer, power and healthcare expected to be the most active sectors.

The global downturn has not left the region unaffected, however, with 73 per cent of respondents expecting a decrease in exit activity and a further 83 per cent expecting entry multiples to decrease.

Seventy-five per cent of respondents expect an increase in investor appetite for MENA funds as a result of the continued underlying economic growth of the region, the significant financial resources available and the wealth of untapped opportunities in the region.

The ADCB Macquarie Infrastructure Fund (AMIF) has made its first investment since its launch. The US$188 million investment will give it exposure to government-commissioned infrastructure projects in the UAE. The investment will support industrial infrastructure developments commissioned by ZonesCorp, an independent government authority owned by the Abu Dhabi government through the department of planning and economy. The AMIF intends to provide equity capital for investments across the GCC and certain Middle East and North Africa countries in a range of infrastructure sectors.

Dubai's Palm Jumeirah prices plummet as crunch sets in

Property prices on the Palm Jumeirah have fallen by over 50 per cent since September 2008.

Four-bedroom garden homes on the Palm are now selling for as low as AED6.5 million, down from AED14 million in September 2008, according to sales agent PowerHouse Properties.

"We've seen a steady stream of bargain hunters in the market shopping for these prestigious addresses. Many end-users who previously could not afford to live on the Palm Jumeirah are also now turning their attention to the bargains currently on offer," says Ian Hainey, Palm sales specialist for Dubai brokerage at PowerHouse Properties.

According to Hainey, Palm signature villa prices have also fallen, with even the most popular styles that were selling for over AED30 million six months ago now appearing on the market for under AED15 million.

There was, however, a noticeable increase in Palm Jumeirah buying activity during the month of January, says Hainey. Sales are still being made on the island, with an upsurge in those buying to rent and capitalise on the high rental yields.

Garden homes on the Palm are renting at over AED400,000 and furnished signature villas are still commanding rents of up to AED1 million.

Reports show that property prices in Dubai dropped eight per cent in the fourth quarter of 2008.

Sales volumes also dropped by 45 per cent in the last quarter.

Middle East hotels achieve highest occupancy rate for 2008

Despite decelerating growth towards the end of the year, hotels in the Middle East region achieved the highest occupancy and average room rates in the world for the year 2008, according to Deloitte.

Middle East revenue per available room rose 18.3 per cent to US$148, a notable US$44 ahead of the next best performing region, Europe.

Much of this growth was driven by average room rates, up 17 per cent to US$215. Meanwhile, occupancy increased by 1.2 to 68.8 per cent, while all other regions apart from South America (up 1.7 per cent) experienced drops in occupancy.

In the UAE, Dubai and Abu Dhabi continue to share the league table for the highest occupancy, average room rates and revenue per available room in the region. Even though revenue per available room in Dubai only grew 0.8 per cent in 2008, the emirate still holds the title for the highest average room rates and revenue per available room at US$300 and US$237 respectively.

On the flip side, revenue per available room growth in Abu Dhabi is soaring and saw a 46 per cent rise in 2008 to US$230. Occupancy increased 8.9 per cent to 81.5 per cent – one of the highest in the Middle East.

But maintaining growth in 2009 will be difficult for UAE hotels, notes Deloitte. Forty-five per cent of hotel room bookings in the UAE come from European visitors, but with European economies in a recession, consumer confidence is in negative territory.

For UK travellers, who account for 15 per cent of hotel room bookings in the UAE, the UAE has become 30 per cent more expensive over the past three months as a result of the strengthening US dollar.

Tameer's 107-storey Princess Tower reaches 50th floor

The 107-storey Princess Tower, a luxury residential tower developed by Tameer and located in Dubai Marina, has now reached its 50th floor. The 414-metre-high Princess Tower will be the tallest all-residential building in the world once it is completed.

The tower will offer two-, three- and four-bedroom apartments, villas and penthouses. Amenities will include offices, swimming pools, a gymnasium, a children's day care nursery, a sauna club, a prayer area and a private car parking area for residents.

KSA companies to establish new real estate finance company

Al-Khabeer Merchant Finance Corporation has joined forces with Mutajarah Installments Company to establish a new real estate financing company in the Kingdom of Saudi Arabia.

The new company, called Dari Home Loans, will specialise in financing the construction and purchase of residential properties in accordance with Islamic Shari'ah principles.

The SAR1 billion capitalised Saudi joint stock company will initially operate in Riyadh, eventually expanding to cover the western and eastern regions of the Kingdom. It will not include property developers among its pool of clients.

Saudi's real estate finance segment is still in the early stages of development and has been collaborating with the public and private sectors in the development of rules and regulations governing the industry, said Mohammed Sheikh, COO of Dari Home Loans.

Sheikh added that around 70 per cent of Saudis under the age of 30 do not own a home.

Ahmed Ghouth, managing director of corporate banking at Al-Khabeer, and Sheikh Mohammed Abdullah Al Mohana, chairman and managing director of Mutajarah Installments Company

Saudi Credit Bureau introduces National Data Pooling Project

The Saudi Credit Bureau (SIMAH) and Standard & Poor's have launched the National Data Pooling Project (NDPP) and have signed a contract in Riyadh.

Nabil Abdullah Al-Mubarak, general manager of SIMAH, said that the project comes as the final step in the framework of specialised projects for measuring credit risks, which will enable all participating member banks to fulfill all requirements of Basel II capital adequacy issued in 2005. The Kingdom has already been implementing Basel II capital standards since 2006.

Al-Mubarak clarified that the idea for the project started more than two years ago when all Saudi banks came to comprehend the dire need to build a common national database accurately to meet the requirements of the minimum standard for capital adequacy of the Basel Committee on Banking Supervision in June 2004 (Basel II).

"SIMAH has been assigned by the banks to study the best possible options, revise them scientifically, submit them in the form of an integrated project and develop technical models that can be applied to all Saudi banks so as to measure risks," he said.

OFWs to benefit from new tie up

Xpress Money Services, a global provider of instant money transfer services, has tied up with Michael J. Lhuillier Pawnshops, a pawnshop network in the Philippines.

Through the association, overseas Filipino workers will be able to use Xpress Money to send money to the Philippines quickly and securely, while Michael J. Lhuillier will provide a round-the-clock collection point.

Michael J. Lhuillier has 1200 branches across the Philippines, covering all residential and commercial hubs. Around 150 of those branches work 24/7, while many others have extended business hours.

Xpress Money has a presence in more than 85 countries across five continents and has extended its arm to all corners of the Philippines.

New joint venture to deliver card security and personalisation

Payment and processing service provider Network International and card-based solutions supplier Oberthur Technologies have inaugurated their joint venture, Obernet Personalisation Bureau, in Dubai.

The UAE facility will bring the world's most advanced card security and personalisation technology to the Middle East and North Africa (MENA) region, according to officials.

With a 10 million card capacity in the first year, the scalable site will capture between 30 and 50 per cent by year five, officials add. Current estimates place the MENA card personalisation market at approximately 40-50 million cards.

Obernet Personalisation Bureau will be used as a base for the joint venture and possesses Oberthur's technology software and personalisation infrastructure.

The centre marks a shift toward chip-based cards in the market and card schemes' stipulation for chips. To assist banks and financial institutions with this shift, the bureau will work closely with clients to maximise their return on investment and improve the overall card user experience.


Senior Oberthur and Network International officials

Omniyat Holdings launches full-service management company

Omniyat Holdings has launched Omniyat Asset Management (OAM), a full-service management company offering strata, facilities, property management and investment services.

OAM comprises Omniyat property services, Omniyat facilities management and Omniyat strata management. Omniyat property services will offer services including property management, leasing, turnkey fit-out, sales brokerage and mortgage and valuation services.

Omniyat facilities management will aim to help investors and tenants meet current specifications and international standards, set a maintenance strategy and ensure that concierge and reception services, as well as energy and car park management, are addressed in a prompt manner.

Omniyat strata management has been established to provide strata management services to owners associations including strata levy billing, accounting, insurance and current and future maintenance and repair.

BTMU plans Qatar sub-branch

The Bank of Tokyo-Mitsubishi (BTMU) said it plans to open a sub-branch in Doha, Qatar. It has acquired approval from the Qatar Financial Centre Regulatory Authority.

The BTMU aims to use the Doha sub-branch to further enhance the information gathering, financial services and other support that it provides to corporate customers active in the Middle East region.

In its operations, the Doha sub-branch will liaise with the BTMU's Bahrain branch, which opened in 1980. It will also draw on the BTMU's network in the Middle East, which comprises seven locations, the largest Middle East network of any Japanese bank.

UAE-based financial services company Dunia Finance is planning to launch a full range of MasterCard credit cards with customised benefits and features.

According to Rajeev Kakar, executive director and CEO of Dunia, the company's range of platinum, gold and silver cards will provide a host of benefits, multiple price points and features.

Dunia was established through a strategic partnership between Fullerton Financial Holdings, Mubadala Development Company, Waha Capital and A.A. Al Moosa Enterprises. It aims to provide a fully-functional product range including secured and unsecured loans, credit cards, financial planning services and deposits for non-individual customers.

Emirates NBD to raise US$50-100 million through sukuk fund

Emirates NBD expects to raise US$50-100 million through its newly launched Emirates Sukuk Fund No 1. The US-dollar-denominated sukuk fund is registered in Jersey and is managed by Emirates Investment Services (EIS).

The new fund will buy Islamic bonds, or sukuk, issued by companies and governments based mainly in the Middle East and North Africa.

The 48-month, close-ended, Shari'ah-compliant fund will target annualised returns of 12 per cent over the next four years. The fund requires a minimum investment of US$25,000 for individual investors and US$1 million for institutional investors.

The fund will take advantage of the high yields currently available in Islamic bonds following the steep price declines in the fourth quarter of 2008.

Keeping the names of the majority of sukuks in which the fund will invest under wraps, EIS officials mentioned that ALDAR Properties, JAFZA and Abu Dhabi Islamic Bank are among the seven to eight sukuks under consideration across different industries.

Deon Vernooy, senior executive officer at EIS, pointed out that investors in the fund could participate in the sukuk market at much lower minimums than those required from investors making direct purchases.


Emirates NBD and EIS officials

If the fund meets certain return targets, it will be called and gains will be locked in for investors, said EIS officials.

Emirates Islamic Bank (EIB) has opened two new branches, one in Abu Hail and one in Dubai Media City. Both branches will offer all of EIB's retail banking products and services and 24-hour ATM withdrawal and deposit services, as well as the bank's Ethmar priority banking services.

Asset management company Sarasin-Alpen & Partners Limited has launched its first fund, the Sarasin GCC Equity Opportunities Fund (US$). The fund aims to achieve long-term capital growth by investing in the equity markets of Saudi Arabia, Kuwait, the UAE, Qatar, Oman and Bahrain.

Paul Cooper, senior executive officer of Sarasin-Alpen & Partners, said that the GCC equity market is almost 70 per cent off its 2006 peak, losing 57 per cent in 2008 alone despite an excellent economic performance over the period.

HSBC Amanah offers new savings account

HSBC Amanah, the global Islamic finance arm of HSBC Group, has launched a new Islamic savings account in the UAE.

The account is structured on the Mudarabah principles of profit and loss sharing. It pays a monthly profit that is calculated according to the performance of HSBC's Islamic assets. The amount will vary from month to month and from year to year, according to market performance.

The account's features include a monthly payment of shared profit, a profit that is calculated on the average balance held in the account over the month (rather than the minimum balance), unrestricted access and unlimited transactions.

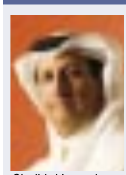
MSIEU gets licence to operate in Qatar

Mitsui Sumitomo Insurance Company (Europe) Limited (MSIEU) has acquired a licence from the Qatar Financial Centre, becoming the first Japanese insurance company licensed to operate in Qatar.

The company will provide support to both Japanese and Qatar companies by capitalising on its relationships with local insurers and brokers. MSIEU also wants to encourage more Japanese companies to move to Qatar.

MSIEU was established in the UK in 1972 and now has 11 offices in nine countries in the EMEA region (Europe, the Middle East and Africa). Qatar will be the 10th country the company operates in.

Appointments - February 2009


Sheikh Hamad Bin Faisal Al-Thani

Al Khaliji Commercial Bank has named Sheikh Hamad Bin Faisal Al-Thani its new chairman.

DST International has appointed Nash Subedar as sales director for the Middle East and North Africa.


Jean-Marie Péan

Jean-Marie Péan has become chairman of **Bain & Company** for the Middle East.

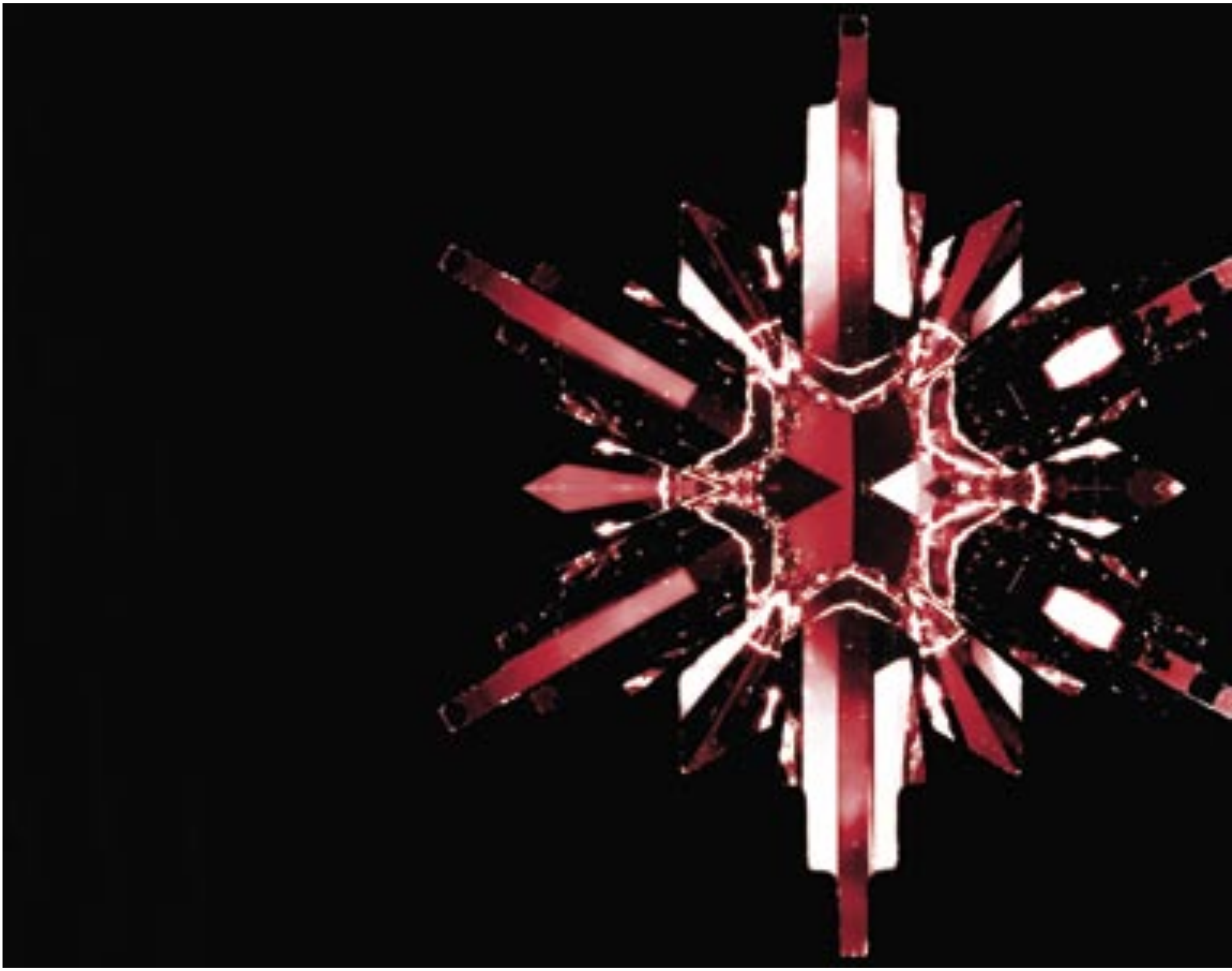
Barclays Wealth has named Sharad Nair director of its international private banking team in the Middle East.


Farah Foustok

ING Investment Management Middle East, the Dubai-based office of the international firm, has appointed Farah Foustok as CEO. She previously managed the asset management team at NBD Investment Bank.


Paolo Moscovici

J.P. Morgan has made Paolo Moscovici head of its private bank in the Middle East. He will be based in Geneva. His tenure with the company spans more than three decades with posts in private banking businesses.



Crystallising new ideas

Although doom and gloom surrounds us at the moment, there are some healthy processes taking place under the surface that could bring long-lasting prosperity to the Arab world. **Utpal Bhattacharya** highlights some of the change agents.

Economic cycles, booms and busts are real. When the bull runs hard, it's all exhilaration and free for all. We saw it last year and the year before, at home and across the world. Unfortunately, the result of unbridled greed and irresponsibility is now hitting the very core of our systems and financial engines. We are starting to accept the fact that regulators and regulations were just not good enough.

Even when there were regulations, the sheer intensity of belief in the bull-run was so great that regulators failed to come down hard enough on the implementation side to stem some of the excesses of the financial services industry. In many cases, there was a complete lack of understanding – even among institutional buyers of securities – of the risks involved in these transactions, especially of derivatives. Bernard Madoff's ponzi scheme is a classic example of how gullible investors, including institutional buyers, were led up the garden path to their doom.

Some blame the flood of petrodollars not only for fuelling asset inflation, but also for forcing banks into excesses and causing them to try to build up assets too quickly by lending out the liquidity that came to them easily during the run up of

the price of oil to US$147 per barrel. Of course, central banks across the world (barring probably a few) did not manage money properly. Even at home, one of the examples that keep popping up from analysts is the over-lending of banks vis-à-vis deposits under the central bank's very nose.

A recent research note from Standard Chartered reported that the UAE alone needs to inject in excess of AED100 billion in the form of deposit funds in order to bring advances-to-deposit ratios of the country's banks to below the required 100 per cent level. This factor is one of the reasons banks in the UAE are busy shoring up the liabilities sides of their balance sheets, offering very high interest rates to anybody who will save money with them. Banks have also stopped lending to correct their distorted asset-to-liabilities ratios – an approach that has caused tremendous difficulties for businesses and it is not helping the economy at all. In fact, it could lead to demand destruction across industries in the medium term, including retail.

The moot question here is why the UAE central bank did not foresee this problem coming. Or did officials at the bank just deliberately look the other way when banks were crossing the red line? It will be very difficult to find out why banks were allowed to lend more than their deposits in the first place. But will we have at least some accountability check, even if it is too late?

The undercurrents

Before getting into a discussion about where to go from the mess we are in today, it might be interesting to look at the US housing market, which triggered the current crisis across the world. In fact, a look at the Case-Shiller chart will easily explain what happened to the US housing market. Any analyst worth his salt should have seen disaster coming as the US housing market hit an all-time high. Although the index has been moving relentlessly south since hitting the top, it shows what sort of euphoria was built up in the housing market globally just a year ago. The same is also true for the UAE, the region's leading real estate market, as significant capacity-building was not ultimately supported by other factors. The downside now looks extremely vulnerable. Banks are now refusing to fund capacity growth, leaving developers, the industry and investors on the road.

There are many examples of small, medium and large companies that have been working in the realty industry suddenly becoming pariahs for banks that were falling over each other to woo these accounts just a couple of months ago.

Take one small construction and electromechanical group that has projects in prime locations in Dubai worth AED750,000. The group has been servicing its loans diligently. But the managing director of the group, whom this writer happened to bump into last month, says that he is facing tremendous pressure from banks to pay back loans at a time when his receivables are getting delayed. In fact, the pressure on him is so great that he is willing to sell out over a period of time.

The anecdotal reference above does indicate what's happening in the UAE market – especially Dubai – where perfectly healthy companies are suddenly facing financial problems because their credit lines are being squeezed by lenders. This situation is dangerous, as it could have negative consequences for the economy – unless much more is done on the policy front.

It is also time for consultants to come into the picture and advise policymakers, governments, big corporations and whoever pays to listen to them about what needs to be done. A presentation from the Boston Consulting Group last month seemed to suggest that the whole economic model of real estate, tourism and leisure and financial services that the GCC was building – which was somewhat based on Dubai's successes – is not going to be the hot thing for the region in the future.

Dr. Kamel Maamria, partner and head of the telecommunications, media and technology practice in the Middle East for the Boston Consulting Group, urges GCC constituents to carve out a position in the global economy using the downturn as an opportunity. He suggests that the GCC countries reprioritise their investments and focus on creation of competitive advantage platforms, while the regional sovereign wealth funds support local economies strategically and help create global players from the region.

Dr. Maamria notes that banks, construction and materials and travel and leisure have been the worst performers in terms of total shareholder return since June 2007, compared to sectors like food and beverages, health care, utilities and telecommunications. He argues that GCC economies should focus on some of these sectors that are able to hold their own during a recession.

Dr. Maamria also urges the Arab countries to start building knowledge-based economies, although he stops short of talking about the actual brasstacks regarding how to build these economies.

Abdullah M. Al-Subyani, president of the Gulf Venture Capital Association, is of the same view. While emphasising the need for investing in knowledge-based industries, he says that Saudi Arabia is putting a lot of effort and resources into creating educational infrastructure that will help boost such industries in the Kingdom. King Abdulaziz University, which is under construction, is one such initiative.

But what differentiation will knowledge-based investing create? It will create more jobs, answers Al-Subyani. He notes that investing in specialty chemicals, specialty plastics, healthcare solutions or the processing of primary resources and boosting the tertiary sector creates more employment than just investing in raw materials. Going up the ladder into secondary and tertiary sectors needs knowledge, and that's where Arab countries will need to invest their money in the future, he adds.

The future of Arab liquidity

Al-Subyani probably embodies the sentiments of the majority of Arab investors when he says that western companies looking to raise money for their funds to invest in the European and US markets may have to go back from the Arab world empty-handed in the future. There are two reasons for this discernible change in the Arab investor's mindset in the last few years: the big losses suffered in the western markets and an increasing willingness to invest in the home turf, the market that these investors know.

The present recession has only added fuel to the fire as far as new thinking is concerned and has, in fact, started a renaissance of sorts. Consultants and various governments are increasingly encouraging industrialisation and are boosting the service sector in the region.

"If you are an investor who wants to collaborate with us and invest in Saudi Arabia, we will listen to you, rather than if you are looking to take our money into a fund to be invested in the US or Europe," Al-Subyani says.

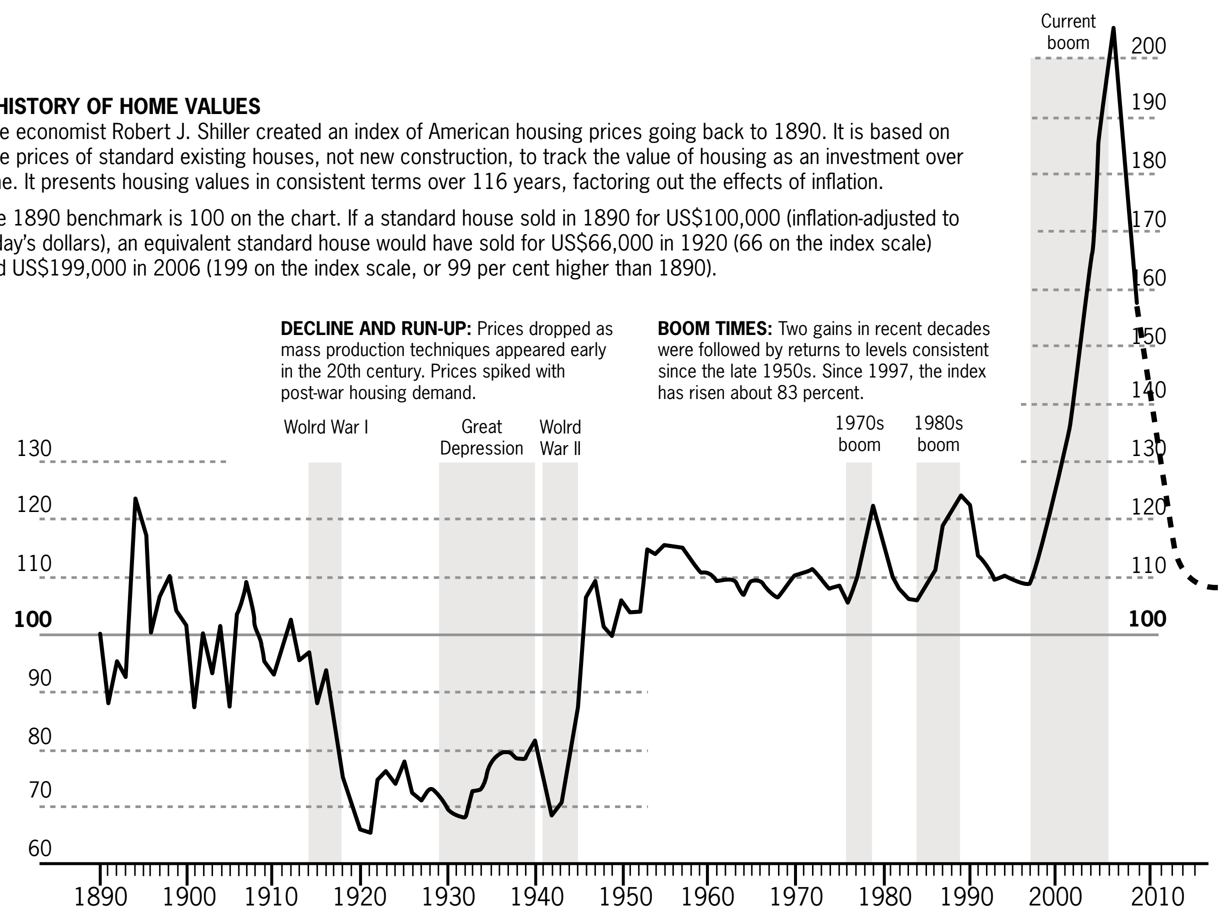
But can't investors lose at home, too? "Of course," says Al-Subyani, "but that's better than losing money investing outside your home."

While the new thinking crystallises, the immediate worry for many is when the situation will turn for the better. David Rhodes, global leader of the Boston Consulting Group, underlines a few trends for 2009. He says that the real economy will continue to deteriorate globally and that there will be negative earnings surprises. He is also of the opinion that there will

A HISTORY OF HOME VALUES

Yale economist Robert J. Shiller created an index of American housing prices going back to 1890. It is based on sale prices of standard existing houses, not new construction, to track the value of housing as an investment over time. It presents housing values in consistent terms over 116 years, factoring out the effects of inflation.

The 1890 benchmark is 100 on the chart. If a standard house sold in 1890 for US$100,000 (inflation-adjusted to today's dollars), an equivalent standard house would have sold for US$66,000 in 1920 (66 on the index scale) and US$199,000 in 2006 (199 on the index scale, or 99 per cent higher than 1890).



Source: "Irrational Exuberance" 2nd Edition, 2006, by Robert J. Shiller *Bill Marsh/The New York Times*

Global inflation to touch zero in 2009

It could take between two and three years for global recovery to begin, according to a top official at Merrill Lynch. ***Ehab Heyassat*** *finds out more.*

The GCC region is comparatively in a much better position to withstand the ongoing economic and financial crisis, according to Gary Dugan, chief investment officer of Merrill Lynch. Dugan expects the region to show positive growth in 2009, although he says the pace of growth will slow down considerably. One of the reasons for the slowdown is the falling price of oil.

Dugan predicts that Saudi Arabia, which is the largest GCC economy, will grow at a rate of 2.9 per cent in 2009, compared to 4.9 per cent in 2008. The Kingdom's pace of growth will further slow down to 2.3 per cent in 2010, he adds.

Dugan's predictions are in line with his views on how global growth is going to pan out in the next few years. According to him, global recovery is not expected to happen in the next two to three years. He thinks the world has started to witness a destruction of inflation, which will lead to a deflationary environment.

"We expect global inflation to reach zero this year with the fall in demand. You can see the dramatic decline of inflation in the US already," Dugan told **MONEY***works* on the sidelines of a press conference in Dubai last month.

Dugan also said that the UAE economy is expected to grow at 3.5 per cent in 2009.

Speaking about the price of oil, Dugan said it will be range-bound between US$40 and US$45, due to the fall in demand and the recession. He added that the price could go back to US$60-70 in the long term, depending on global recovery.

Dugan also cautioned that if OPEC fails to stick to its stated production cuts, then the oil price could slip below US$30. At these price levels, the production of oil becomes unfeasible and would lead to a further cut in supply, he noted. However, such a scenario is remote at this point in time, said Dugan.

On real estate, Dugan expects Dubai's property prices to fall further, following peers in London and Hong Kong.

Dugan said that gold could become the favourite investment for investors, while cash and bonds will also have a major share during the period of recession. He has not ruled out the possibility of gold hitting US$1500 an ounce in the near term.

be new troubles in the financial sector as companies and consumers default and deleveraging continues. There could also be a risk of deflation, he adds.

Rhodes also points to Yale economist Irving Fisher's debt-deflation theory, pointing out that over-indebtedness and deflation make a devastating combination. The first leads to the second and vice-versa, as deflation caused by debt reacts to debt.

At present, there is a global debate raging on about how the US's stimulus package is going to impact the global markets in the medium term. While some say that this package could boost inflation, others say that with the US becoming more indebted, it could spur deflation as consumption and demand fall, driven by falling employment.

Since the US contributes to the global GDP in the high teens, how its economy fares will have far-reaching consequences for the entire world, including Arab investors who still own significant US and other western assets. The growing Arab opinion that more petrodollars need to be invested at home could further impact foreign capital inflows into the US economy and thus have its own negative ramifications on the existing Arab assets in that market.

The current thinking, however, is more influenced by what needs to be done at home, rather than by what went wrong in the past and what needs to be corrected.

Opportunities

In an environment of uncertainty and a constant flow of negative news, it is easy to be part of the wait and watch brigade and wait for the nightmare to go away. But such an approach may not be the right one, cautions Jean-Marie Péan, Middle East chairman of consulting firm Bain & Company. Péan says that recessions hit some industries harder than others, so staying alert matters.

"Before the crisis, we had companies in the Middle East asking us to help them grow, but post-crisis, our mandate has been one of helping our clients weather the crisis and strengthening their operating platform," he explains.

Péan also feels that while the crisis requires companies to reduce costs and investments, increase revenue and margins, shift resources to core business activities and prepare for bold moves, it also opens up the market for mergers and acquisitions.

Bain & Company has published a booklet entitled "Winning in Turbulence" in which it recommends that companies act depending on where they stand on three critical dimensions. The booklet notes: "If your company has a strong financial position, for example, you may be able to out-invest competitors in marketing to increase customer loyalty. You may be able to attack or even acquire weaker competitors. If financial resources are scarce, you face a different set of possibilities. Depending on your strategic position and your industry's volatility, your best options may be to divest non-core assets and restructure the balance sheet, or to accelerate decisions around reducing cost and debt. You may need to seek alliances or merger partners and dispose of anything that is not essential to survival [during a sharp downturn]."

The performance of companies is very important to the health of economies, so we will have to see how some of our regional and local ones fare through the crisis. Consultants say that some will not survive. But surely those companies that do survive and do well through the crisis will be among the leaders when the next boom comes.

For both large and small individual investors, it will be important to keep a close watch and choose good companies that have strong revenue prospects and are not leveraged. While it is generally not possible to catch the bottom, it would be wrong to remain all in cash for a long time. Long-term bargain hunters should be getting ready to acquire some of the leaders of tomorrow in their portfolios. A large theme for regional investors should be local and regional equities, given the new thinking of boosting industrialisation and knowledge-based initiatives in the Arab world.

Don’t shoot the messenger

Basel II never regulated any of the institutions that packaged or sold subprime housing loans to gullible investors. **Dr. Markus Krall** argues that countries should focus on Basel II to bring more transparency and trust to the credit market.

Models in our minds that used to explain reality falter under the pressure of change. Assumptions that have long been taken for granted are not valid anymore. The ways we explain the world and thus make our decisions are put into question.

As people look in disbelief at how long-held convictions about the stability of our economic system, the wisdom of financial institutions and the workings of institutional setups are falling apart, they face an intellectual challenge. It can best be summed up with the sentence: “What can I still believe?”

In times like these, with certainties crumbling all over the place, people are looking for orientation and guidance. This situation is a dangerous one for several reasons. Number one: in turbulent times, every decision we make has long-lasting consequences. Number two: our analytical framework is damaged. Number three: it’s a big opportunity for people who, with hindsight, have known it all the time (but have not told us before) to throw half truth, flawed analytics and old prejudices at decision makers and actually get a hearing.

One of these flawed approaches has come to the surface in the recent discussion about Basel II. This framework has been developed in the last 10 years to introduce more transparency regarding risks taken on by banks, link those risks to the capital needed to make banks safer and encourage and incentivise these banks to improve their standards of risk measurement, management and control.

Substantial amounts of money have been spent to achieve this objective, especially by European banks, but also by many institutions in the GCC countries, emerging Asian economies and, yes, some American banks as well.

This is where people who always knew better jump in to say: “Basel II has been around for a while, banks have invested in it, yet it did not help prevent the crisis. So let’s give up on it and not continue. And, oh, by the way, the European bank regulators are not pursuing it anymore, so why should we?”

This refrain is common these days and is a good example of how a lack of information combined with a flawed analysis leads to an even more flawed conclusion with the potential to do damage to the banking system and the financial sector’s ability to prevent future crises. Why make such a strong statement?

The crisis vis-à-vis Basel II

Let’s take a brief look at the origins of the crisis. Who originated all those mortgage loans that turned out to be much riskier than anticipated? US mortgage banks.

Were they regulated by Basel II? No, they weren't, because driven by a strong lobby in the US political institutions, Basel II was not seen as relevant for them and they were not subject to the framework.

Who packaged those loans into ever-more-complex securitised papers, slicing and dicing them, leveraging them up, adding a bit of complexity here and there and then selling them to investors all over the globe? Investment banks, mainly from the US. Were they regulated by Basel II? No, because Basel II was introduced only for commercial banks over there (large international ones), not investment banks.

Who put a stamp of approval on those assets, called "investment grade", "AAA" and "AA"? Rating agencies like S&P, Moody's and others. Were they regulated by Basel II? You know the answer already.

You could now, with some justification, ask why all those commercial banks in Europe, Arab countries and other places, as well as investors from all over the place, were not able to spot the risk. Weren't they regulated by Basel II after all? Should they not have had tools in place to understand what they were doing? And why did it fail there?

This is a valid question and one that allows us to identify where the problem was. That is, if it was the Basel II framework, the lack of speed in its implementation or the gaps that were left in some places. It also helps to raise the next point: can the framework be improved going forward?

Looking at European banks, the picture that emerges is quite clear. Most banks introduced Basel II driven risk control infrastructure for those parts of the portfolio that they originated themselves. Loans handed out to small and mid-sized companies, corporate entities, real estate development and project and leveraged finance are all covered by this. Regrettably, they did not apply the same rigor on asset classes that were covered by external agency ratings, because those were deemed good enough to replace banks' own view on the risk of those assets.

In part, banks were encouraged to handle it in that fashion by their regulators who had put the same trust into the (unregulated) agency ratings as their clients, the banks. The Basel II framework itself never supported this. The rest is history.

Status of Arab banks

Looking at Arab banks, we can, with all due respect for the efforts recently undertaken, not state that there are many who claim to be compliant with a Basel II internal ratings based approach in terms of having implemented the infrastructure required. How can you claim that a tool you don't even have should have given you a warning signal on an asset class that was never subjected to the rigorous risk analysis that any mortgage loan to a home owner would have been subjected to? The argument is simply weak.

Even the large banks in the region do not claim to have moved their level of sophistication to what is called a Basel II internal ratings based advanced approach. Some investments have been done, but much is still missing. Many essential obstacles, like the lack of industry-wide data and credit bureau information on borrowers, are only now in the process of being addressed on a national level.

Much more work is needed to create risk transparency for banks. Everybody has an interest to create that transparency, although not everyone seems to understand the implications. Banks need this transparency to steer their portfolios, to control their risks and to be able to avoid future large losses of the kind and size that have left the world economy in this mess.

Regulators and governments need this transparency to understand systemic risk in the financial markets to make better and more targeted monetary and economic policy decisions. They need clarity, for example, on what is really necessary to stabilise the banking system. Does anyone really believe that this can be achieved with less transparency instead of more?

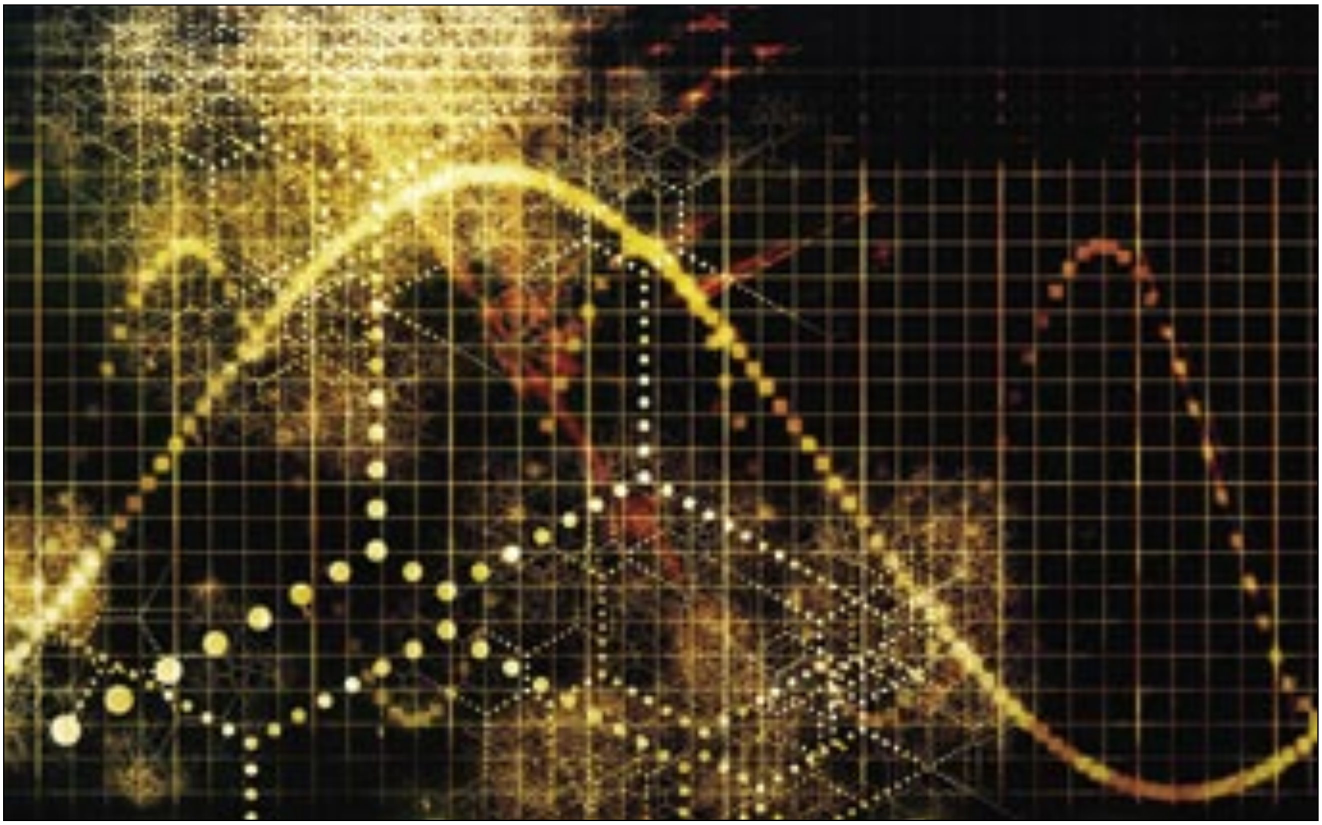
Investors and private savers need this transparency because they want to be sure that they entrust their savings with stable institutions that know what they are doing with their money.

Companies and firms need this transparency because banks will not be able to extend credit to them or even to each other if they cannot make a scientifically sound judgement on the risk that is involved with every loan they hand out.

It is a lack of trust that starves the credit market at this very moment. This lack of trust is ultimately the expression of a lack of information and transparency.

Basel II is far from perfect. But it is the best chance we have to improve the international banking system's transparency and get this crisis under control in the medium term. If anything, Basel II should not be stopped or delayed; it should be accelerated and existing gaps should be closed as quickly as possible. This is, by the way, exactly what European regulators are doing. More thought needs to be invested in how to strengthen the framework and what the government and supervisors can do to help banks move forward to improve their risk management capabilities. In times like these, leadership is required.

Dr. Markus Krall is the founding partner and managing director of KDB Krall Demmel Baumgarten, a leading risk and financial management advisory firm with a substantial presence in the GCC. He has been conducting risk management projects and assignments across the globe and has advised several of the global top 20 financial services firms, regulators, governments and supranational institutions.



Time to work on weaknesses

As volumes drop in the UAE's securities markets and investor sentiments dive to new lows, it is time for all stakeholders to refocus and come up with solutions to improve the investing environment. **Ritwika Chaudhuri** reports.

The best times to review, re-evaluate and re-think are when chips are down. Now more than ever, all stakeholders in the UAE's securities markets need to analyse what needs to be done to increase and sustain depth in these markets.

In recent years, these markets have seen an increase in institutional participation, but they have also been besieged by hot money that vanished as quickly as it came, leading to widespread losses. Local institutions and retail investors that have been the backbone of stock trading in the region suffered the brunt of it.

Experts say the securities markets in the country have progressed impressively within a short span of time and that it is unfair to compare their pace of development with that of stock exchanges in London, New York, India, Tokyo and Hong Kong that are centuries old and have gone through phases of development to reach their present levels.

"There is nothing to be ashamed of regarding the pace and stage of the development of the UAE's securities markets," says Arindam Das, regional head of custody and deputy head of HSBC securities services for the Middle East and North Africa at HSBC Bank Middle East.

Das adds: "In terms of regulations, fundamentals and infrastructure, there have been significant developments in these markets in the past few years. It would be naïve to compare these markets with developed markets, as it is not possible to start at the same level from day one."

Although a lot of effort has undoubtedly gone into creating regulations and trading platforms that are on par with global peers, these efforts have not been enough to bring depth or breadth to the local market. There is also a shortage of investment

DFM at a glance

Growth in	2004	2005	2006	2007	Q1 2008
The DFM general index	172%	131%	-44%	44%	-9.7%
Market capitalisation US$ billions	38	112	88	139	141
Total market value	1,177%	694%	-14%	6%	26.19%
Number of shares traded	1,470%	342%	75%	158%	27.36%
Number of new companies listed	29	46	52	56	59

Source: MAC Research

products and number of stocks listed, while too many brokers chase too few goods.

There are 59 companies listed on the Dubai Financial Market (DFM) and 65 listed on the Abu Dhabi Securities Exchange (ADX), while the total number of member brokers is 101. NASDAQ Dubai has 240 members, while the Dubai Mercantile Exchange (DME) has another 70 members.

Multiple regulators also create confusion, according to participants. They say that combined with multiple regulatory norms and procedural complexities, lack of transparency in the information available on listed companies, low level of foreign participation, poor communication from the regulators and lack of investor awareness all create a potent mixture that bodes ill health.

The current global and local environment is accentuating these weaknesses in the local markets, and investors today are a wary lot.

"Overall, there is huge reticence towards investment," observes Colm O'Donnell, compliance officer of National Bank of Abu Dhabi's asset management group.

Existing exchanges

The DFM, ADX and the Dubai Gold and Commodities Exchange are regulated by the Emirates Securities and Commodities Authority (ESCA), while NASDAQ Dubai and the DME are regulated by the Dubai Financial Services Authority.

Some question the logic behind so many exchanges, even when there are clear overlaps. Nevertheless, most experts feel that since the exchanges are already in operation, the solution lies in concentrating on the area of specialisation while ensuring more listing, more volume and, at the same time, trying to attract more investors, both retail and institutional, to make the markets vibrant. It is also important to ensure the consolidation of offerings from the different exchanges, experts add.

"Because all these exchanges have been already started, it will make sense to carry on improving their businesses. It may also be a good idea to look at merging complementary businesses," says Dhaheer Quraish, an expert on the UAE securities market.

Khaled W. Kurdieh, CEO of Mashreq Securities, has a slightly different point of view. He says: "One or more exchanges is not an issue, as investors in some of the international markets, unlike the UAE and other regional exchanges, are not required to have a direct relationship with each exchange through a unique investor ID. We can certainly simplify the operational process and eliminate redundancies for both clients and the brokers through basic consolidation."

Regulatory issues

Kurdieh also has reservations about the number of regulators in the country. He feels that it is not easy to have two regulators to work with, given the size of the UAE markets. Some alignment in regulations of similar products could definitely make things easier, he adds.

The other important issue is the effectiveness of the regulatory mechanism. Needless to say, while a liberal, efficient, investor-friendly and open regulatory mechanism can work wonders to help develop a securities market, stringent guidelines can be equally counterproductive.

So, are the regulators on the right track? Most market participants say yes, although they admit that a few areas need to be improved.

Kurdieh lauds the efforts put forth by the country's regulatory authorities. "Both ESCA and the DFSA have put in tremendous efforts to create a robust regulatory framework. We expect enactment of more rules based on best practices in the future, as these markets list new investment products," he says.

Sajith Kumar, vice president of JRG Metals & Commodities DMCC, agrees. He also points to ESCA's efforts to educate investors in the region about derivatives and futures products.

Arindam Das

In its efforts to beef up the regulatory framework, ESCA made a strategic plan last year covering the period up to the end of 2010. The plan includes amendments and adjustments of some of the existing regulations and provisions for the introduction of new ones to facilitate a better investment and trading environment.

These adjustments include regulations on margin trading, financial consultations and financial analysis and joint listing in the financial markets. ESCA has also introduced a number of legislative amendments to the existing regulations in the areas dealing with mediators, disclosure and transparency norms, regulations related to trading and clearing procedures, transfer of ownership and conservation of securities, Islamic bonds and the inclusion of debt bonds, fees owed to the board and arbitration.

The ESCA board has mandated mediation companies to separate customers' accounts from its own. With regard to information technology, the authority has accomplished a number of projects that were aimed at improving the internal electronic environment.

ESCA is also working on giving better

ADSM at a glance

Growth in	2004	2005	2006	2007	Q1 2008
The ADX general index	75%	69%	-42%	51%	0.1%
Market capitalisation US$ billions	56	139	81	124	122
Total market value	343%	541%	-33%	148%	113.83%
Number of shares traded	303%	773%	37%	361%	109.54%
Number of of new companies listed	35	59	60	64	64

Source: MAC Research

Dhaheer Quraish

accessibility to foreign participants, treating GCC nationals as national shareholders rather than foreign shareholders, expanding the foreign investment limit and including the UAE market in key emerging market benchmarks such as the MSCI EM Index.

"These are all important elements towards moving into a more open market climate. If we want to take part in the new era of globalisation in good times and bad, we must take the necessary measures towards it. Perhaps this is where regulators need to choose the right time for each initiative and lay down solid foundations in order to minimise the damage from an adverse financial event," Kurdieh notes.

Yet, several issues have disappointed the broking community. Capital requirement is one of the prime disappointments, brokers say. In the period from 2005 to 2007, authorities allowed the liberal entry of a number of brokers and then subsequently started increasing the minimum capital requirements from AED5 million to AED30 million.

"One must keep in mind that it is not a good practice in general to tighten norms when the going is great and let loose when market conditions are bad, as it might be too late for those regulations to work," Quraish argues.

Quraish further adds that, at least in the context of the current financial and economic crisis, the authorities have not been able to take adequate measures to keep markets like the DFM or ADX from freefall.

"Given the fact that the present condition started in September 2008, if the regulators had taken some drastic and intelligent decisions, billions of dollars in losses could have been avoided. Fine tuning the circuit breakers at the exchanges might not have resulted in such big falls in the indexes," he points out.

Investor awareness

Inadequate investor knowledge in terms of available products is also a cause of concern for the market, in addition to the restriction on foreign participation. But, above all, communications from the regulators to the different players in the market make a difference.

"It is also time to address areas like introducing codes of business ethics and introducing a cell for investor grievances and consumer complaints," suggests O'Donnell.

Kurdieh adds: "Challenges are interrelated. Dominance of the retail segment, percentage of foreign ownership allowed and the lack of market depth and breadth are some of the challenges faced by the UAE securities market."

Quraish also points to the lack of diversity in investment products and urges an improvement in market data and analysis for the benefit of investors. The liquidity lifeline also needs to be improved with finance from the banks, he adds.

Kumar notes: "It is time to introduce equity derivatives, short selling and margin trading in ADX and the DFM to give more options to investors. Also, these will eventually lead to more volume and liquidity in the market."

Margin trading is on ESCA's list, while ADX is seriously considering the introduction of exchange-traded funds (ETFs). NASDAQ Dubai has already introduced equity derivatives. But opinions regarding the introduction of new products are varied, as many question whether the markets are ready to handle these sophisticated products.

Quraish and Kurdieh are in favour of ETFs, due to their tremendous success in the US market. They are, however, not convinced about other products and say they need to be introduced with caution.

"Products like futures and options, equity derivatives, short selling and margin trading form the financial tools that are necessary for professional investors to maximise their returns. At the same time, some products can help minimise risk," Kurdieh says. "Banks already offer leverage based on UAE central bank guidelines. Brokers might soon be able to offer margin lending to their clients as per ESCA guidelines."

Kurdieh points out that some derivative products are already traded on NASDAQ

Market capitalisation – GCC equity markets

Major MENA markets	Market capitalisation (US$ bn)					Change from Dec 2008
	2005	2006	2007	2008	2009**	
Saudi Arabia	646	327	519	247	239	-3.1%
Kuwait	142	144	211	121	99	-18.7%
Qatar	87	61	93	77	61	-21.1%
Oman	13	13	23	15	14	-8.7%
UAE*	231	169	257	132	127	-3.8%
Bahrain	17	21	27	20	19	-5.0%

*Source: Bloomberg, Zawya & Global Research. *DFM & ADX ** As of January 19, 2009*

Sajith Kumar

Khaled W. Kurdieh

Dubai. But short selling, despite its principal objective to capitalise on market downturns or troubled companies, requires a market with much more depth and a greater institutional client base in order to be an effective investment tool, he adds.

There are other problems as well, as dominance by retail investors makes it difficult to control volatility. An increase in institutional market share can certainly create the right balance, but in order for institutional investors to become dominant, they demand sophisticated products and credible brokers.

Along with the introduction of products, it is important to create awareness and educate investors about the products and ensure their participation.

"NASDAQ Dubai has introduced equity derivatives, but there is no liquidity, no volume, due to low participation," a senior official of a broking firm points out. "The key to success, hence, is more regional participation and investor education."

Foreign participation

Another issue that needs to be addressed is post-trading settlements. Das says that the difference between delivery and payment needs to be as close as possible. While this concept is better practiced in NASDAQ Dubai, the same is not true with the DFM or ADX. The areas of operation of custodians are not very clearly defined, which is a deterrent to international institutional investing, Das adds.

Das points out that the market here started with retail investors, while local and international institutions came later. Although issues with retail investors can be solved only with brokers, the role of custodians becomes very important at the institutional level.

The other major area of concern is international participation – companies as well as foreign institutional investors (FII). Not all stocks are open to foreign participation (it depends on the company concerned), with a maximum limit of 49 per cent.

Even at the height of the market boom (starting late 2007 to mid-2008), only 25 per cent of transactions were from FIIs, while the remaining 75 per cent came from local investors. One of the primary reasons for less participation by FIIs is the lack of depth and breadth of investment options, Das explains. There are also a fewer number of listed stocks in the country's regional markets compared to market capitalisation.

"We need liquidity, transparency, product depth and maturity to deal with large international players. The entire financial and investment eco-system needs to be improved in this region," Quraish says.

One of the ways to improve the system, according to Quraish, is to encourage the listing of more companies in the exchanges by relaxing listing regulations and developing index-based stocks.

The risk-return trade-off is also being carefully considered by FIIs, especially after the market crash in recent months. FIIs have become even more cautious today, as the Gulf economy has shown how coupled it is with the global economy, leading to speculative money drying up.

"We need to demonstrate to global institutional investors our credibility and confidence in our own economy before we expect them to have a larger interest in our equity markets. This means that our domestic institutional investor base should be widened. Good candidates to demonstrate that for us are regional and domestic sovereign wealth funds," argues Kurdieh.

Some of the fundamental issues raised above are being addressed by concerned authorities, but a lot more needs to be done. Nevertheless, it is the right time to focus on these issues, as the slackening in market activity provides a lot of time and space to correct loopholes and work towards building a stronger market. It is also time to re-focus, consolidate, communicate better and enhance awareness and confidence among all stakeholders.

Challenges: UAE securities market

- Proactive measures from the regulators, rather than reactive measures
- Too many regulators; needs some alignment in terms of regulation for the ease of the investors
- Investment products need to offer diversity along with depth and breadth of investment options
- More transparent information on the listed companies
- Improved market data and analysis
- Market depth and breadth needs to be widened
- Foreign ownership allowances and participation
- Investor awareness and education
- Underdeveloped post-trading settlement
- Markets not attached to any benchmark index

Regional country-wise market cap to GDP ratio

Code

Markets	Market cap to GDP				
	2005	2006	2007	2008	2009**
Saudi Arabia	200.5%	89.8%	133.0%	52.7%	45.5%
Kuwait	160.5%	134.0%	211	78.2%	56.8%
Qatar	206.7%	108.1%	93	99.2%	65.8%
Oman	41.7%	36.6%	23	31.8%	25.2%
UAE*	174.9%	103.3%	257	57.8%	49.7%
Bahrain	130.7%	134.8%	27	92.2%	76.2%

*Source: Bloomberg, Zawya & Global Research. *DFM & ADSX ** As of January 19, 2009*

Bringing business home

Khaled Mohammed Al Badie, vice president of Al Badie Group for Trading & Investments, is a second-generation businessman from Abu Dhabi. Here he tells **Utpal Bhattacharya** why UAE businesses should focus on technology transfer and manufacturing at home.

Can you tell us how the group got started?

My father established the Al Badie Group in 1967 in Abu Dhabi. It was around that time when the late Sheikh Zayed bin Sultan Al-Nahyan started ruling Abu Dhabi. Sheikh Zayed had lots of big plans for Abu Dhabi and he was very supportive of young locals who were eager to do business. My father was one of those businessmen. He started very modestly in Abu Dhabi and grew by acquiring existing businesses in the UAE and neighbouring countries and trying to convince people to come to Abu Dhabi.

In the past, we went about building a portfolio of different products and services that were needed in the country. We got into different industries from selling carpets to luxury yachts and furniture. As the years passed, we started to focus. Instead of just sponsoring or becoming agents of companies, we became more active and became partners in joint ventures. In this phase, we also got into industrial activity and found out that there was more money in after-sales, so we got into servicing. We started by setting up one of the largest carpet manufacturing companies in Abu Dhabi. Then came one of the largest paper mills and other ventures. Today we have a successful medical disposable syringe venture with a German partner. The technology we are using is one of the few in the world. Our product is referred by UNICEF for the next five years.

You are a second generation businessman in the family. How have things changed for the family business?

These are times of more transparency. Also, the availability of new technology makes it much easier to do business. Today we have the 2030 Abu Dhabi master plan. We know where the country is heading, the type of projects that could happen and the budgets to be spent in the next few years. The business environment today encourages us to continue the good work that our parents and the government started in the early 1970s.

How important is experience versus formal education in business?

Experience is very important. Even with a very high level of formal education, you are exposed to serious business risks if you lack experience. When my father started, travelling used to be difficult and time consuming, while exhibitions, internet and email were not there. It's much easier now, but I am privileged that my father is a businessman from whose vast experience I can benefit and use in the modern context with new available tools.

What new ideas and strategies have you brought to the table?

Teamwork. I am against this one-man show. In a war, leaders depend on soldiers. But soldiers need tools to fight battles. My role today is to review existing managers and their requirements to help them do their jobs better. I am especially keen on helping our female managers, who have been with us for many years. I have been assessing their performance and evaluating their training requirements. Sometimes we make the mistake of comparing a newly-graduated person with somebody who has been in an area for 20 years. The comparison can be unfair, as an existing resource could equal or better a younger person with training.

We also got head hunters involved in the group six years ago. They helped us in recruiting excellent people. Of course, my experience and education allows me to deal with businesses in an updated manner. We have changed a lot in the group over the years. We have also learnt a lot from other successful family companies from all over the world.

Do you have a family holding company?

We established it a few years ago. All members of our family are partners in this company. We have highly skilled professionals running the company. They have been advising very successfully on projects, while the rest of the family has focused on strategic planning for the group.

Do you plan to take some of the holding in the group public?

No, but we might take some of the industrial divisions of the group public. We have been approached by other businessmen and banks that have been interested in becoming partners with us. Maybe in a few years we will dilute parts of these businesses. But these are very early stages, and we are yet to take any decision in that direction. Of course, if we do, it would be for strategic reasons to bring value to our businesses.

Your business interests are mainly in Abu Dhabi?

We are also in Dubai and other GCC and North African countries. However, it has been our policy that being an Abu Dhabi company, we would rather capitalise on our strong relationship and network in the emirate. Of course, if there is an opportunity outside the boundaries of the UAE, we are one of the first to look at it. We have been to Libya, Egypt, Sudan, Djibouti, Russia and so on. Business has no limits.

Abu Dhabi has remained conservative until recently.

People did blame us in Abu Dhabi for being slow in the past. But look at what is happening in some of the region today. Abu Dhabi was slow, but we proceeded more assuredly. We in the emirate learnt from others' mistakes. The emirate has big plans, but it is focused on getting qualified people and addressing market needs.

I do not think it was a challenge for Abu Dhabi to embark on aggressive property development or other mega industrial projects. But the leadership has always questioned if there was a market for such developments. The approach has been one of only building something that is manageable. I think very few in our neighbourhood really understood the value of this approach.

Abu Dhabi has been focused on developing a strong regulatory infrastructure that today gives a lot of confidence to investors. We have zero corruption in the emirate. Our political ties with everybody are strong and we have no enemies. We have a liberal society and all nationalities can live happily in the emirate. There is no racism and all religions are welcome. There is a long list of positives that make Abu Dhabi a very healthy environment for business.

How do you view the economic downturn for your group?

Crisis also brings opportunities. We believe that the property sector can get sick but will not die. Our only worry right now is to get it right, meaning we want to buy property when the market has bottomed out. We are getting professional advice now and are looking at property both in Dubai and Abu Dhabi. We have a long-term approach in property. We are already exposed to this industry and we are now seeking to expand our asset reach.

"We know where the country is heading, the type of projects that could happen and the budgets to be spent in the next few years. The business environment today encourages us to continue the good work that our parents and the government started in the early 1970s."

Khaled Mohammed Al Badie

"It is very important to change from showrooms to factories now. It is time for Emiratis to be part of the learning curve and manufacture their own products. We should stop bringing products from all over the world and showcase them in our showrooms." *Khaled Mohammed Al Badie*

We are also studying downstream petrochemical projects, particularly in Libya. We are looking at alternative energy and could get into manufacturing wind turbines. We are undertaking feasibility studies on this particular project. If we find it to be right, then we will go and set up a facility in Australia.

How are you coping at a time when banks are not lending to businesses globally?

You cannot blame banks for not lending. Banks are short of liquidity, while big global names have become bankrupt. The UAE central bank has been dealing with the issue on a priority basis.

We do have a problem in the country, where the property sector has been hit badly. On one hand, you have all these projects that developers want to sell, but on the other hand, mortgages are not available. This creates an unbalanced economy. But then, it is a global issue, a global crisis.

For us, as a business, we have had relationships with most of the local and international banks located in the UAE since the late 1960s. Most of these banks have already written to us that they are still willing to do business. Even as this crisis rages on, they are not changing any of our credit limits. This is an honour for us, and the reason for this is my father, who has always been a very conservative man. His approach has been one of managed risk; he believes in sharing risks with partners and does not go into business alone. He likes to invite other partners; elite businessmen in Abu Dhabi sharing the same vision. We do not want to be greedy and eat the whole cake, but at least if there is a risk or a downturn, you will not carry it alone. You will share it with others.

How long do you think the downturn will continue?

I wish you could tell me. People are saying between a year and two. Some are asking the government to invest money now to prop things up. This is not a solution; it is temporary aid. We should allow the market to heal itself from the excesses.

From our experience and relationship with decision makers in the UAE, I think that all the major infrastructure work undertaken will be completed as per the plan. What might be curtailed or postponed are some of the large hotel projects or big developments, as it will take some time before demand can come back.

What has happened is a lesson for everybody. We should learn from it and think through things before building capacity. It is also a time for companies to review and revise their plans. I think we will see companies merging to create large, new entities. It is only healthy if two strong companies merge and create a stronger asset book.

Where do you see mergers happening?

Banking and aviation are two strong candidates. Even if mergers do not happen, the very fact that a dialogue is taking place is a good thing. We do not need competition within the country; we should not compete with each other.

What should businesses do now?

It is very important to change from showrooms to factories now. It is time for Emiratis to be part of the learning curve and manufacture their own products. We should stop bringing products from all over the world and showcase them in our showrooms. Why don't we manufacture suits and furniture? There is nothing to stop us.

We need partners from all over the world, but we need to move the technology from overseas to the UAE. This needs time, but that's the way to go.

Recently, I participated in an exhibition in Dubai on plastics. I was surprised when I found out how many factories in Dubai and Abu Dhabi were buying from Abu Dhabi's Borouge to manufacture products like pipes, cables, etc. Why don't we apply the same model to other industries?

Are you focusing on manufacturing too?

We are. We are also talking to a number of companies that want to create manufacturing or assembly lines in Abu Dhabi. We are looking at heavy vehicles, and if we do go ahead with the renewable energy project, we will have part of the factory in Abu Dhabi and part in Australia.

What are the benefits of manufacturing in Abu Dhabi?

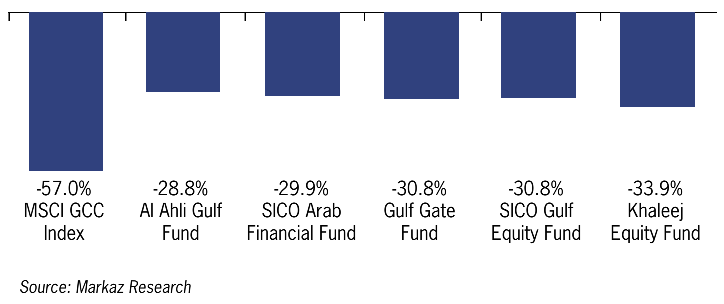
The location of Abu Dhabi is an advantage, while energy and labour prices are cheaper. We also have access to water near factory locations, and that makes logistics cheaper. Besides, our government supports local manufacturing. There is a law that even if prices from a local manufacturer are higher by 10 per cent, government clients are to buy from local manufacturers.

What is your view on the GCC common market?

It will help to stabilise prices across the GCC markets. Competition is always healthy. We have already seen that monopolies cannot take the lead in any market. A GCC common market would help businesses to learn from each other across the region. For us, it would mean that we will be able to sell our carpets in Saudi Arabia and other GCC countries.

GCC equity funds see assets halve

The assets under management of GCC equity funds declined fast in 2008, shrinking 46 per cent between April and December. A **Markaz** report.



The GCC markets experienced a rollercoaster ride in 2008. The first half of the year was characterised by a boom in property markets and record high prices of oil, as well by other commodities that fuelled concerns of high inflation. But the second half of the year provided a contrast, with commodity prices cooling down and crude prices plummeting 70 per cent from their highs of US$147 per barrel in July. Property prices also crashed as the global credit crisis engulfed financial markets. Consequently, investor sentiment turned negative, fund managers began hoarding cash and investors began redeeming.

The aforementioned circumstances caused the assets under management (AUM) of both country-specific and pan-GCC funds to contract 46 per cent from April to December. The most contraction was witnessed among Bahraini funds, with AUM plunging 75 per cent in the nine-month period. UAE funds saw a 62 per cent decline in AUM. The country with the least contraction was Kuwait, where AUM declined 26.6 per cent from US$6.37 billion in April to US$4.7 billion in December.

The AUM of conventional funds declined 46 per cent from US$13.7 billion in April to US$7.4 billion in December, while the AUM of Islamic funds shrank 45.6 per cent to US$4.4 billion in this period. It comes as no surprise that fund performance suffered. Any gains made during the first half of the year were subsequently reversed, causing all funds to end 2008 with losses, most of which were in the double digits.

Top five conventional funds (2008)

Performance (%)							Geographic equity asset allocation (Dec-08)						
Fund name	Fund manager	Inception	AUM (US$ mn)	2008 (%)	2007 (%)	LTM risk (%)	Saudi Arabia	Kuwait (%)	UAE (%)	Qatar (%)	Oman (%)	Bahrain (%)	Other MENA (%)
Al Ahli Gulf Fund	Al Ahli Bank of Kuwait	Nov-03	75	-28.76	29.57	23.97	12	44	15	9	1	20	0
SICO Arab Financial Fund	Securities & Investment Company	Aug-07	16	-29.90	20.72	23.81	13	18	0	0	18	33	18
Gulf Gate Fund	Kuwait and Middle East Financial Investment Co.	Aug-06	NA	-30.78	24.00	20.10	24	41	11	19	4	0	0
SICO Gulf Equity Fund	Securities & Investment Company	Mar-06	35	-30.80	37.30	26.15	0	35	16	8	30	11	0
Khaleej Equity Fund	Securities & Investment Company	Mar-04	70	-33.90	44.13	27.56	45	16	11	11	7	9	0

Source: Markaz Research

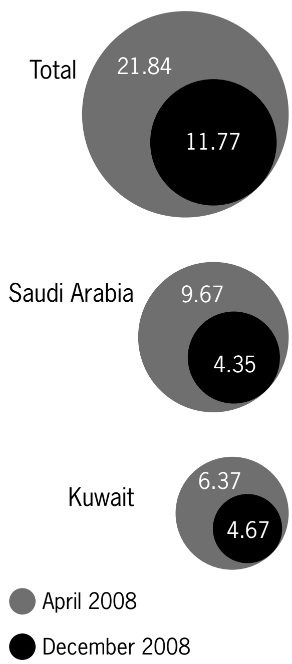
Top five Shari'ah-compliant funds (2008)													
Performance (%)							Geographic equity asset allocation (Dec-08)						
Fund name	Fund manager	Inception	AUM (US$ mn)	2008 (%)	2007 (%)	LTM risk (%)	Saudi Arabia (%)	Kuwait (%)	UAE (%)	Qatar (%)	Oman (%)	Bahrain (%)	Other MENA (%)
Al Aseel Islamic Equity Fund	Securities & Investment Company	Sep-05	6	-38.10	35.21	28.73	42	1	8	6	0	14	29
Global GCC Islamic Fund	Global Investment House	Jul-07	36	-38.84	12.97	36.01	64	0	7	28	0	0	0
Jadwa GCC Equity Fund	Jadwa Investment	Jun-07	11	-40.79	42.11	35.28	NA	NA	NA	NA	NA	NA	NA
Jadwa Arab Markets Equity Fund	Jadwa Investment	Jun-07	12	-41.12	42.19	34.61	NA	NA	NA	NA	NA	NA	NA
AlBasha'er GCC Equity Fund	Kuwait Finance and Investment Company	Jan-06	84	-42.20	53.07	26.65	10	49	30	6	0	5	0

Source: Markaz Research

Conventional funds

The top five conventional funds outsmarted their benchmark, which recorded a loss of 57 per cent. The Al Ahli Gulf Fund (Al Ahli Bank of Kuwait) closed out the year with the best performance, reporting an annual loss of 28.76 per cent. The fund had its worst performance in October, losing 18.56 per cent. The fund sat on cash in December, with an allocation of 38.04 per cent. Kuwait had the highest geographical allocation (27.4 per cent), followed by Bahrain (12.1 per cent) and the UAE (9.1 per cent). The fund's top holdings included SABIC, Agility, Emaar Properties, Gulf Finance House, Qatar National Bank and BankMuscat (detailed percentage holdings were not provided).

AUM contraction from April to December (US$ billion)



Source: Markaz Research

Shari'ah-compliant funds

All top five Islamic funds outperformed the benchmark MSCI GCC Islamic Index, which plummeted 60 per cent in 2008. The Al Aseel Islamic Equity Fund (Securities & Investment Company) topped the charts with an annual loss of 38.10 per cent. In December, the fund hoarded cash with an allocation of 65.9 per cent, with the highest equity allocation going to the Saudi market (42 per cent). In terms of sectors, the fund had an 11.3 per cent exposure to telecoms, followed by nine per cent to industrials. The fund's top three holdings in December were Saudi Telecom (3.1 per cent), EPICO (3.1 per cent) and El Sewedy Cables (2.8 per cent).

Fund managers

The ever-worsening turmoil in the global market sent fund managers into panic mode in December, where managers held 29 per cent of their assets in cash compared to four per cent in July, which was the lowest level in 2008. During the month, exposure to equity fell to 71 per cent from 92 per cent in September

Within equities, exposure to Saudi Arabia and Qatar increased at the expense of Kuwait and the UAE. There was a slight increase in allocation to Saudi Arabia, from 33.5 per cent in September to nearly 36 per cent in December. Exposure to the Kuwait market fell markedly from 22.7 per cent in September to 18.8 per cent in December. The decreased confidence was even more apparent in the UAE, where allocation dropped from 21.3 per cent in September to 15.7 per cent in December.

Disclaimer: This is an excerpt from the research published by Kuwait Financial Centre (Markaz). Please visit www.markaz.com in order to access this report and others. Queries can be addressed to M.R. Raghu, head of research, at rmandagolathur@markaz.com.

BankMuscat: riding it out

Prudent credit management and strong capitalisation will allow BankMuscat to get through the current crisis without having many of its feathers ruffled. **Serkan Altay** lists the bank's positives.

It was not long ago that many were predicting GCC banks to withstand the financial turmoil and escape relatively unscathed compared to their international peers. Yet, with disastrous earnings releases and CDS spreads for certain banks shooting through the roof (remember Global Investment House and Gulf Bank?), that belief has proven to be largely unfounded.

While inflation was the dirty word in 2007 and mid-2008, more attention has been given to equally ugly words like impairments, write-downs and, of course, bailouts. Until mid-2008, the region was awash in both liquidity and optimism. Unfortunately, this attitude led many to ignore real life realities like a declining business environment and job losses. The taste of reality has been difficult for most investors and bankers to swallow.

The central issue for banks remains one of leverage. Leverage on a bank's balance sheet (as measured by assets/equity) shows us the amount of impairments and write-downs that can be absorbed by the bank's capital. If a bank's assets are written down, the equity portion ultimately absorbs this decay. If the amount of impairments is greater than the amount of equity, it ultimately spells disaster.

For example, if we consider the real life examples of Bear Sterns and Lehman Brothers, we can see that their leverage ratios were over 30x equity before going bankrupt. This meant that a mere three per cent decline in assets would have been enough to completely wipe out their equity. Ultimately, the write-downs were considerably more than three per cent and the results are now history.

Thankfully, the GCC doesn't have a leverage problem to the same degree. The average range is generally 9x equity, meaning that assets need to decline by c11 per cent before equity is destroyed. Central banks, however, have minimum capital adequacy ratios (CAR) that all local banks must follow (a central bank will not wait until the equity is wiped out as in the above example). As such, banks must be wary of their leverage ratios and ensure that they do not exceed the critical value of 10x equity. If the Lehman Brothers and Bear Sterns sagas taught us anything, it is that we can never neglect or downplay the role of leverage on a bank's balance sheet.

We have so far seen the first stage of the crisis – that is, the effect of write-downs in the portfolios of banks. The critical juncture will be the effect of bad loans on the balance sheets. This stage will, however, take time. It takes roughly 90-180 days for banks to recognise loans as impaired.

While we believe that the picture still remains difficult for most banks in the region, we believe that there are banks out there that can withstand the storm due to prudent credit management and strong capitalisation. One such bank is BankMuscat.

Company description

BankMuscat is the dominant bank in Oman with loan and deposit market shares of 47 per cent and 36 per cent respectively. The shareholder structure consists of the Omani government (25 per cent), Dubai Financial Group (15 per cent) and the remainder in free float. The bank achieved its scale and leading position through mergers and acquisitions with the likes of Commercial Bank of Oman (2000) and Industrial Bank of Oman (2001). As a result, assets grew at a CAGR of 21 per cent between 2003 and 2007.

Investment summary

Despite the recent financial turmoil and the squeezing of liquidity, the Omani government realised the need to diversify revenue sources away from the energy sector, which accounts for more than half of total government revenues. BankMuscat will be one of the main beneficiaries of increased governmental spending (projected at US$26 billion over the next few years). Evidence of the strong contribution of corporate spending is found by examining BankMuscat's loan book, where corporate loans account for over 60 per cent of total loans.

Loans and customer deposits will be driven by growth in infrastructure and corporate spending going forward. Given the environment of tight liquidity, we believe that deposit growth will outpace loan growth for the next few quarters. For the year, however, loans and deposits grew at a similar rate of 38 per cent. This brings the all-important loan/deposit ratio to 117 per cent, but the loans/stable resources ratio still stands at c70 per cent, which is lower than most peers. We expect the loan/deposit ratio to decline going forward, as funding will be a major source of competition between local banks.

Despite our expectation of the rising cost of funds, we believe the bank will be able to pass on the majority of the increase in the form of a higher yield on loans (net interest income for the fourth quarter of 2008 was up 16 per cent, which was the highest quarterly increase that year.) This indicates that the yield on loans grew at a stronger pace compared to the cost of funds. As a result, net interest margins rose from three per cent to 3.6 per cent for the year.

The financial crisis that is plaguing the region has taken a toll on banks' investment portfolios in the form of changes in fair value (which reduces equity) and P&L impairments (which reduce earnings). Ultimately, however, these revaluations have the same effect on a bank's CAR ratio, regardless of whether the loss is unrealised or realised. What is important to remember is that this crisis will come in two stages and will impact different components of a bank's assets (their investment portfolio and their loan portfolio).

Up until now, we have seen the impact of revaluations on the investment portfolio side. It will take time before we see the second stage of the crisis (bad loans) hit the P&L, as it takes time before loans are classified as bad (90-180 days). Write-downs to the loan portfolio will be equally painful. Those banks with conservative lending policies whose loan books are dominated by investment-grade borrowers, corporates and government entities will be in a relatively better position than more aggressive lenders.

BankMuscat was not spared the write-downs that other banks experienced. In BankMuscat's case, the impairments were related to its ill-timed investment in Saudi PakBank (which is classified as an associate on the financials) by OMR14 million, which we view as a conservative accounting practice and in line with high corporate governance. In terms of the bank's investment portfolio, its available-for-sale securities took a downward revaluation of OMR13 million, which also hit the P&L. In terms of the loan portfolio, the bank provided an additional OMR25 million in provisions on the P&L. This brings the coverage ratio to 107 per cent, which is down from c114 per cent a year earlier.

Capital adequacy

The leverage factor for BankMuscat (equity/assets) is 8.4, which is lower than the average of 9.1 for the GCC region. In this case, the lower the ratio, the better the capital position of the bank. The leverage multiplier can be viewed as an approximate reciprocal of the CAR ratio and indicates the level of capital on hand that can absorb asset impairments and write-downs. The lower the leverage factor, the higher the capitalisation.

The CAR ratio for BankMuscat comes to c13 per cent, which is in line with regional peers and higher than the required level of 10 per cent by the Oman central bank. The reclassification of Centurion Bank of Punjab from an associate to an AFS investment has also helped to boost capital adequacy, as the original investment still commands a fair value gain of OMR69 million.

Valuation

The ability to weather the financial storm is clearly the biggest question mark for banks in the region. Adequate capitalisation, efficient management, diversified loan portfolio, a conservative investment portfolio and strong profitability are among the key factors to consider when answering this question.

In the last year, BankMuscat's stock has tumbled 71 per cent, which is roughly in line with stock prices of UAE banks. Yet, Omani banks have lower loan/deposit ratios and stronger CAR ratios without resorting to government intervention. The bank was able to raise OMR48 million in certificates of deposit for the year (although this was done at rates higher than its cost of funds).

At the moment, the stock is trading at a PBV of 1.0x, which is at a premium compared to many UAE banks. But we view BankMuscat as a conservative, adequately capitalised, top-tier bank whose contribution will be vital for the development of Oman.

The announcement of a 20 per cent cash dividend and 30 per cent mandatory five-year convertible bonds (worth OMR32 million) should be greeted with optimism, as the convertible nature of the seven per cent interest-bearing convertible bonds will be classified as equity and will ultimately boost the bank's CAR to more comfortable levels.

The writer is an equity analyst with EIS Asset Management.

GCC, Regional and World Benchmarks - Conventional

As of February 16, 2009

All data courtesy of MSCI Barra, correct as of date indicated.

MSCI data on these pages have been selected to show comparative returns in the GCC for the financial/telecoms and real estate sectors against the overall GCC countries index.

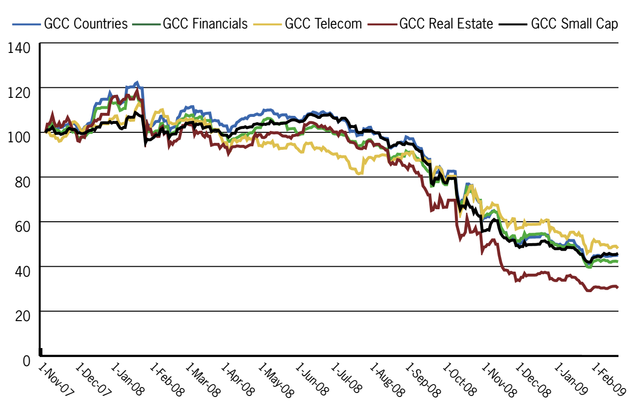
World Comparative Returns and Valuation Ratios contrast the MSCI World, the Emerging Markets, the GCC Countries, the Jordan+Egypt+Morocco and the Arabian Markets indices.

The Performance Values table takes into account eight regional/international and sector-specific indices to show month, quarter and year-to-date performance levels.

GCC: Comparative Returns

Comparative returns for four MSCI GCC indices

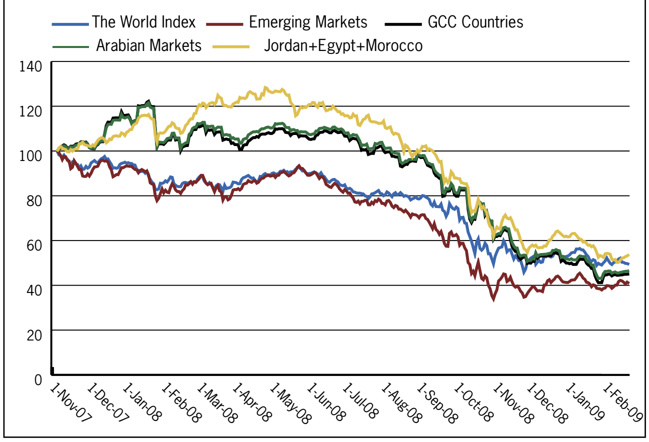
(Period: October 31, 2007 to February 16, 2009, rebased to 100)



WORLD: Comparative Returns

Comparative returns for five MSCI indices

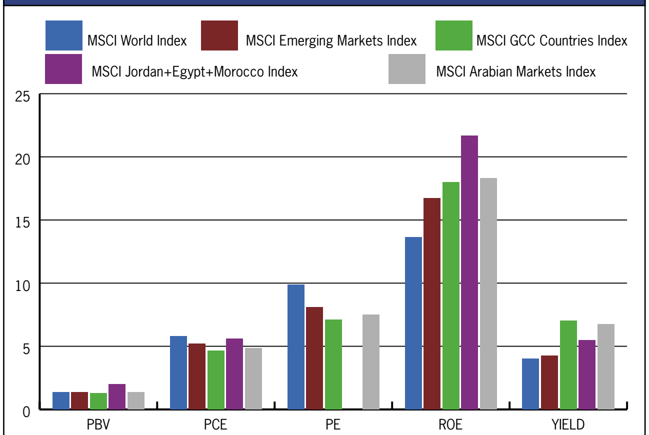
(Period: October 31, 2007 to February 16, 2009 rebased to 100 on October 31, 2007)



Valuation Ratios

November month-end valuation ratios

(Five MSCI indices PBV, PCE, PE, ROE and YIELD)



Performance Values

QTD, MTD, YTD performance in US$

(Eight indices as of February 16, 2009)

Index	Performance in % US$ (MTD) this month	3 month performance in % US$ (3M)	Performance in % US$ (YTD)
MSCI Arabian Markets Index	-0.16	-9.64	-9.64
MSCI Emerging Markets Index	3.40	-3.44	-3.44
MSCI GCC Countries Index	-0.21	-8.67	-8.67
MSCI GCC Financials Index	-1.75	-13.49	-13.79
MSCI GCC Real Estate Index	-0.89	-10.01	-10.01
MSCI GCC Telecom Services Index	-5.63	-10.10	-10.10
MSCI Jordan+ Egypt +Morocco Index	-.043	-15.10	-15.10
MSCI World Index	-0.93	-9.69	-9.69

GCC, Regional and World Benchmarks - Islamic

As of February 16, 2009

All data courtesy of MSCI Barra, correct as of date indicated.

MSCI data on these pages have been selected to show comparative returns in the GCC for the financial/telecoms and real estate sectors against the overall GCC countries index.

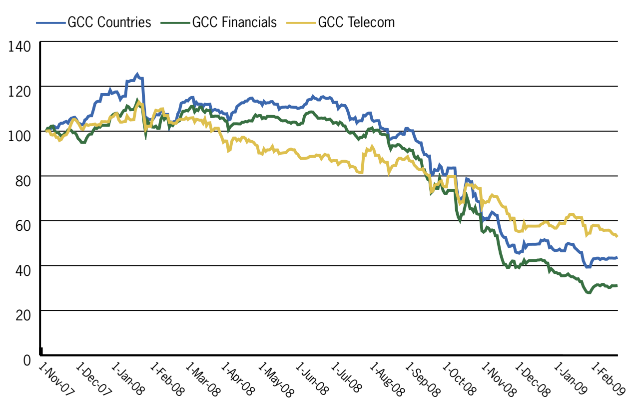
World Comparative Returns and Valuation Ratios contrast the MSCI World, the Emerging Markets, the GCC Countries, the Jordan+Egypt+Morocco and the Arabian Markets indices.

The Performance Values table takes into account eight regional/international and sector-specific indices to show month, quarter and year-to-date performance levels.

GCC: Comparative Returns

Comparative returns for four MSCI GCC indices

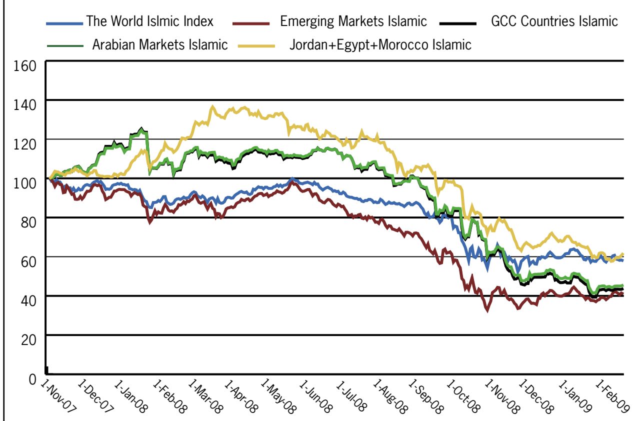
(Period: October 31, 2007 to February 16, 2009, rebased to 100)



WORLD: Comparative Returns

Comparative returns for five MSCI indices

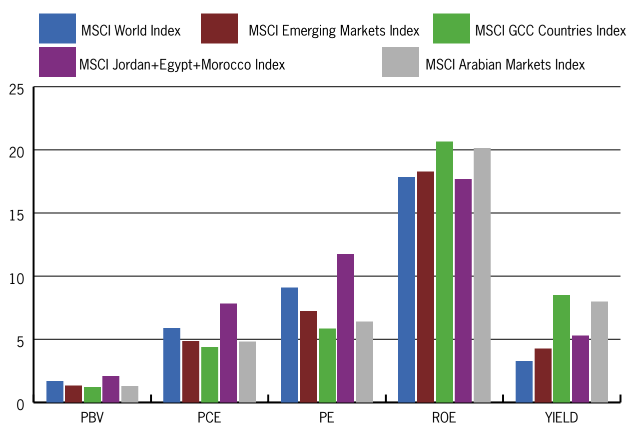
(Period: October 31, 2007 to February 16, 2008 rebased to 100 on October 31, 2007)



Valuation Ratios

November month-end valuation ratios

(Five MSCI indices PBV, PCE, PE, ROE and YIELD)



Performance Values

QTD, MTD, YTD performance in US$

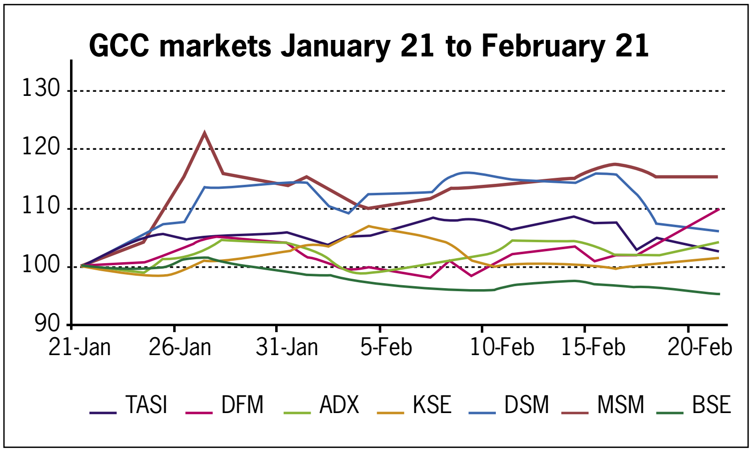
(Eight indices as of February 16, 2009)

Index	Performance in % US$ (MTD) this month	3 month performance in % US$ (3M)	Performance in % US$ (YTD)
MSCI Arabian Markets Islamic Index	0.92	-26.95	-7.12
MSCI Emerging Markets Islamic Index	5.19	-3.13	-0.94
MSCI GCC Countries Islamic Index	0.77	-28.50	-6.32
MSCI GCC Islamic Financials Index	-.091	-45.16	-12.30
MSCI GCC Islamic Telecom Services Index	-8.39	-22.67	-10.06
MSCI Jordan+ Egypt +Morocco Islamic Index	0.59	-15.82	-12.48
MSCI World Islamic Index	0.18	-7.51	-6.00

Buy low and sell high to profit

Snehdeep Fulzele writes that the majority of investors book losses because they do not follow the basic principle of investing – buy low and sell high.

Making money in the market is assured, provided that investors stick to the basic principle of investing: buy low and sell high. However, the majority of investors book losses because they get carried away by the circumstances and end up buying high and selling low.



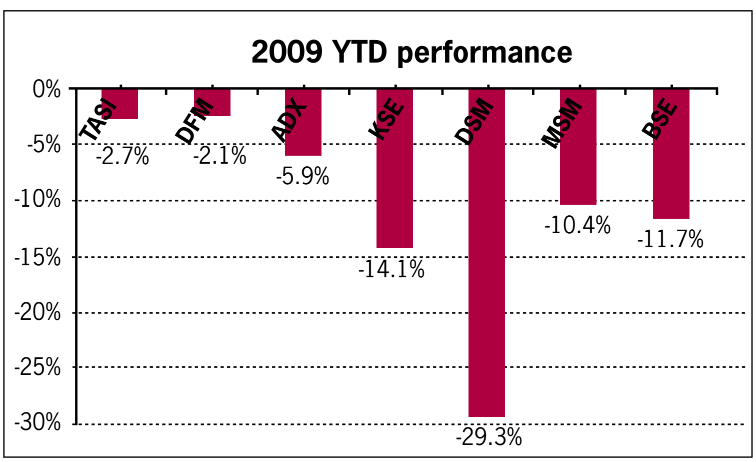
Corporate results from the fourth quarter of 2008 were disappointing. Looking to limit the damage from the domino effect, countries and companies alike are searching for ways to protect their turf.

In the GCC, the Saudi government has committed to record spending. The Kuwaiti government has assured the safety of deposits with banks. In Oman, the government has created a stability fund. In the UAE, the government and the central bank have announced a stimulus package. On the other hand, inflationary pressures are easing and oil prices are showing no signs of an imminent bounce back.

Inflation in Saudi Arabia touched 7.9 per cent in January, down from 9.9 per cent in December. The Saudi king has announced major changes in the government with a female deputy minister for the first time.

Six months have passed since the opening of the Gulf's largest bourse to foreign investors, but few investors have bitten the bullet. Those who have stayed away are fortunate, as the fall in market value has been sharp. Saudi British Bank and Saudi Hollandi Bank have announced stock dividends. Thirty-seven companies have announced cash dividends. The Tadawul All Share Index is down three per cent for the year, but opened the New Year with a nominal gain in January.

SHUAA Capital, based in the UAE, announced a loss of AED577.4 million for the last quarter of 2008 and warned of a difficult year ahead. In Kuwait, the Kuwait Investment Authority will own 16 per cent of troubled Gulf Bank after the commercial bank's capital increase.



We are already towards the end of the second month of the first quarter. Companies are facing the credit crunch. Banks are unwilling to lend despite monetary measures to ease liquidity. The whole situation suggests that governments need to be more proactive. The announcement of policies alone will not work. Implementation has to be more visible and impact has to trickle down to the level of companies and consumers.

First quarter results are not going to be encouraging, although they may not be as disappointing as the fourth quarter of last year. Overall, IPO activity in the region is abysmal. But in Saudi Arabia, Saudi Hollandi Capital handled the first IPO of the market in 2009. Newly licensed Al Atheeb Telecommunication Company offered its shares on par from January 24 to February 2. The issue was covered 3.5 times, with nearly 1.3 million investors applying. These figures are a good indication that investors' appetites for sound business models have not evaporated.

It is expected that corporate bottom lines will remain under pressure for the next two to three quarters. The oil price, the fodder of the GCC economies, is still languishing at the lower end of expectations. But they have ceased to be a driving force of stock prices since January 2006. Budget surpluses of the last few years should keep the local economies in good stead until the oil market turns buoyant again.

Right now, conditions do not seem rosy for corporate performance. As such, stock prices have sunk to levels not seen in the last few years. If we just alter the time of buying and selling, we will end up making profits instead of losses. After all, for making money, we need to buy low and sell high.

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

A global crisis of confidence

Even drastic measures may not be enough to improve confidence in the market and nudge the global economy towards positive, writes **Sachin Patki**.

It's a situation akin to Columbus discovering the New World, where the then established economies went through a sharp change due to the complete shift in the basis of their growth. Today, we stand at a similar fork in the road. Global finances, economies, regulatory bodies, laws and regulations, trade restrictions and government systems will change with the latest global events.

Will the concept of laissez-faire that drove the concept of a free economy in post-Keynesian economics now be a byword for greed at the cost of social development? Will governments be forced to put society ahead of individual profits? Will social economics make an unannounced entry? In the end, it's going to be all about confidence in governments – their policies and goals being for the benefit of all, their desires being to protect the weakest and make the future better than it is today.

There are big ramifications in a world where governments own financial institutions and don't just regulate them; where government bodies own real estate and don't just sponsor and fund institutions to provide the framework for a large mortgage market; where indirectly the credit to corporations is balanced with the government's long-term objectives of growth for the greater good.

The currency market, along with the commodity, bond and equity markets, works on the concept of all prices being reflective of the market-agreed value of the supply and demand forces at that point in time. This model has now changed with the new global economic matrix. One of the biggest victims of this situation may be the global tariff barrier system, which needs more protectionism by each political body to ensure that its constituents are least impacted.

The current strength of the US dollar has been partly based on it being the most used currency in the world. At present, many are looking to maintain the value of their funds by buying gold and keeping cash positions. The exit from many of the corporate credit issuances around the world and from the region has led to a sharp drop in bond prices at a time when the US yield curve clearly reflects market perception of an economic slowdown this year. The US unemployment rate rose to 7.6 per cent in January and is expected to touch 10 per cent this year, with the GDP expected to contract by around two per cent. Positive growth is expected only in 2010.

The retail level impact of the new stimulus package from President Obama is a key factor in improving the confidence of the market. The opportunity lies towards the end of the year for the US dollar to find buyers again, with the interim period seeing a corrective phase. If the impact of the tax cuts, tax incentives, waiver of levies, Medicaid benefits and public spending projects are enough to nudge the economy towards the positive, then we may see the rally in the US equity market and see asset-backed and corporate bonds take the US dollar higher.

The Eurozone is also on the defensive, with the usually inflation-vigilant European Central Bank (ECB) now looking to bring interest rates to new lows as a solution to the falling growth rate across the region. Many of the countries within the group have already slipped into a recession, with the month-on-month inflation rate going negative last December. The unemployment rate has already hit eight per cent, and the consumer confidence index dipped to -31 in January 2009.

The market has already priced in a further cut in interest rates and sees the ECB having to push member governments to undertake fiscal measures to drive growth, akin to President Obama's just-approved stimulus package. The euro has slipped into a trading range between 1.3200 and 1.2500, and we may see continued weakness up to the lower end of the range. A clear break on a weekly close below the 1.2500 level sees the potential to go back to the previous low of 1.2350, last seen in October 2008. The euro/yen has tested the lows near 112.20 and now looks to test the 121.40 levels again; a failure to break this level will indicate continued range trading, while a clear break indicates a move towards 125.80.

Of all the developed economies, the most susceptible seems to be the UK economy, where growth has largely been driven by cheap credit terms, ebullient real estate prices and high levels of consumer credit. The economy is now officially in a recession with a consumer confidence index rating of -37. Although the UK Chancellor of the Exchequer was the first to take measures of public funding to rescue financial institutions and corporations, enough has not yet been done to reverse the negative sentiment of retail level consumers. Unless they see the future getting better, they are not going to spend and the economy is not going to grow out of a recession.

Tax breaks, public spending and increased money supply (literally printing notes) may be some drastic measures needed for a turnaround, as interest rates are at their lowest since 1693. However, such measures are not seen as doing enough to support growth. The sterling has recently attempted to rise from the lows at 1.3550 to 1.4970, but this has not held up, as the sterling has slipped to the 1.4350 area. Another attempt at 1.3550 seems possible, and if this level holds, we may see the currency make another attempt towards 1.4650, 1.4785 and 1.5010. A break of 1.5010 would mean the currency is not ready to test 1.5360 and 1.5785 on the upside.

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 February 15, 2009.

Tough times for Eastern Europe

Dr. Oliver Stönner-Venkatarama explains why investors will be more cautious on Eastern Europe than some of the other emerging markets, even when markets start to come back.

With the New Year still in its infancy, investors should stick to a broad regional perspective on global markets in order to figure out appropriate investment strategies. Because the deteriorated global cyclical outlook may prevail, at least for the first half of the year, investors may prioritise risk avoidance instead of betting on higher risk and return positions. In this context, Eastern Europe is probably the region that investors will watch most cautiously on the backdrop of a more pronounced risk profile.

Cyclical risks arise from the region's very close trade and investment relations with the euro area, which has already entered a recession. In contrast, the global economic climate may begin to recover first in the US, where it all started. Therefore, regions such as Latin America and Asia should be better positioned for an economic outlook improvement, owing to strong trade and investment linkages with the US.

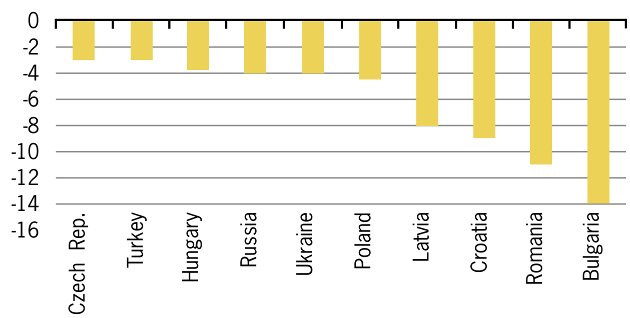
A more detailed, high vulnerability of Eastern Europe arises from higher current account deficits and external debt levels. Thus far, most of the current account deficits have been financed by foreign direct investment inflows, but these flows are likely to dry up in times of corporate belt-tightening. Therefore, governments and central banks are under pressure to pursue restrictive policies. Otherwise, there is a risk of stronger exchange rate adjustments to country-specific current account imbalances. Countries with higher deficits and external indebtedness, such as Hungary and Ukraine, already received support from the International Monetary Fund (IMF). Negotiations about financial support are also ongoing with Turkey and Latvia, while Bulgaria and Romania remain focused on a close dialogue with the IMF for the time being.

The biggest challenge for the region this year will be to keep up the reform momentum, despite pressure from a very weak economic environment. Countries within the enlarged EU are probably better positioned to stay on the reform track, due to EU institutions that pose a policy anchor. Hungary provides a good example, since the combined stabilisation efforts of the IMF and the EU press the government to implement more unpopular reforms, although 2009 will be a pre-election year.

Turkey should also benefit from its close cooperation with the IMF and economic integration with the EU. During these turbulent times, Turkey recognises the concrete benefit of two reliable anchors. However, investors should bear in mind that Turkey's financial markets still largely reflect global market sentiment.

Russia, the biggest economy and key market in the region, is troubled by the impact of global financial turbulences, the decline in energy prices and a higher leverage of corporate investments. These critical factors made Russia's stock market one of the worst performing markets this year. With little relief in sight, particularly from global energy prices, the outlook for Russian stocks in 2009 remains muted. Furthermore, the stance of Russia's exchange rate policy appears to have shifted towards less intervention, which means continuous pressure on the ruble over the next twelve months.

Eastern Europe: Current account balance for selected countries 2009, % of GDP



This analysis leads to the conclusion that investors may be better positioned in economies with a strong domestic growth momentum that benefits from lower global energy and commodity prices. Furthermore, fiscal and monetary policy should be growth supportive without exacerbating external imbalances.

In Asia, China and India should provide attractive opportunities, according to the outlined restrictions. In terms of political factors, elections in India, which are due by May, might result in a positive surprise. The current crisis provides an opportunity for the government to sharpen its economic policy profile.

In Latin America, investors should also focus on domestically-driven and diversified markets such as Brazil and Mexico. Both economies will promptly reflect an improvement in the US. In Eastern Europe, Turkey should be the main beneficiary of a US-led improvement in global market sentiment.

The writer is an emerging markets investment strategist with Cominvest.

Global markets still vulnerable

Early indications for the start of the first quarter suggest that the economic environment has become even more challenging, notes **Peter Hensman**.

The inauguration of Barack Obama and the opportunity to set out the detail of his economic and financial policy agenda stood out as the biggest hope as a catalyst for change and rejuvenation of market prospects in the early months of 2009. But, as often occurs, it appears to have been better to travel than to arrive. The expectation that a new policy initiative could break the gridlock provided a more favourable environment than the actual announcement of the initiatives could support. While Obama may be maintaining high opinion poll ratings, markets have been less favourable in their early assessment of the performance of the new administration.

Two events stand out. First, there was the discord over the fiscal stimulus package. Although President Obama hoped to gain cross-party consensus on the scale and structure of the public sector effort to boost the economy, only three Republican senators could be persuaded in the end to back the plan to spend nearly US$800 billion of taxpayers' money. The bipartisan effort to stem the economic crisis has not lasted.

Second was the Financial Stability Plan announced by Treasury Secretary Timothy Geithner. Despite his acknowledging that the response to the crisis under the previous administration had been reactionary rather than proactive and had consistently underestimated the scale of the problems faced, the plan set out on February 10 seemed to represent a continuation of past efforts.

Instead of taking the opportunity to 'kitchen-sink' the problems exposed by the credit crunch and completely removing bad assets from bank balance sheets at the expense of severe dilution of existing capital holders, efforts continue to centre on attempting to forestall the impact of market illiquidity in the hope that some sort of recovery will kick in. Further disappointment was evident in the lack of detail in the proposals that were announced.

What remains clear is that the hyperactivity among policymakers looks set to continue as efforts are made to prevent the downturn from becoming more severe. The bewildering array of new and ever-larger policy initiatives, as well as the associated explosion in acronyms, can only be expected to increase.

Investors will need to continue to monitor these efforts closely. As has been the case in Japan in the last 19 years, it is possible that aggressive, short-term cyclical rallies will occur. However, it seems unlikely that a sustainable recovery will occur until the longer-term problems of the over-leverage of economies are tackled.

One theme that has entered the psyche of the market has been the perception that the economic problems in China are not as significant as elsewhere, especially as the more centralised (and less democratic) regime is able to act decisively to stimulate activity. The short-term focus of some is that the Chinese A-Share Index has risen some 24 per cent in the year to February 20 and is thus the best performing equity index by some margin. The National Bureau of Statistics Purchasing Managers Index for China rose to 45.3 against 41.2 in December, while loan growth accelerated to 18.8 per cent year on year in January. These factors (data sourced from Bloomberg) have created a cacophony of noise that the US$586 billion fiscal stimulus package announced in November has already led to a recovery in activity in China.

While this idea is possible, there is reason for caution. First, the rally in the A-Share Index so far this year appears to lag that of the Hong Kong China Enterprises (H-Share) Index. Measured over the last three months, the returns on the indices are nearly identical. Also, there is the suggestion that the pressure placed on banks by the government to lend to businesses has encouraged managers to speculate in financial markets, rather than use the funds in their businesses, as was perhaps intended.

Furthermore, several banks have indicated that much of the increase in lending is the result of discounting of trade bills that companies were previously able to finance in markets. But is this not similar to the re-intermediation of financial transactions being witnessed in the rest of the world? If so, is there really a reliable indication that the fiscal stimulus is feeding rapidly into a reacceleration of the Chinese economy?

Unfortunately, markets are likely to continue to be the best lead indicators of their own future trends, as the failure of the monetary transmission mechanism means that the traditional markers of changes in market fortunes are not working properly. Given that policy efforts seem focused on preventing market mechanisms from clearing, it seems appropriate to remain cautiously positioned while recognising that market sentiment could change very rapidly were a significant policy initiative to be unveiled.

The writer is director of investment management, global strategy, at Newton Investment Management.

Yellow metal is flying high

Gold continues to soar. In the meantime, some of the other metals continue to languish as global consumption declines further. An **MF Global** report.

Will the recession in the world's dominant consumer of natural resources, the US, be U-shaped or L-shaped? This question is being strongly debated by economists across the globe. When it comes to the stimulus packages in the US, there are concerns about how much is enough, as well as uncertainty about how these gigantic packages will be implemented and how they will be beneficial.

There are concerns about the EU, too. Western European banks could suffer because of their inordinately large exposure (at US$1.4 trillion) to Eastern European banks. Eastern Europe has witnessed a sharp slump in growth, as well as a rise in defaults. There are fears that these defaults will only rise, plunging Western European banks into deep losses.

The US, the EU and Japan, as well as many of the emerging economies, have slipped into a recession. This circumstance means more pain for commodities (base metals and energy). On the other hand, the rising uncertainty has heightened the need for capital protection and has left investors with a very low risk appetite, brightening the outlook on precious metals.

In the precious metals complex, gold has soared and is nearing the US$1000 per ounce mark. Gold has defied its traditional inverse relationship with the US dollar, and there have not been significant developments on the geopolitical map for us to flock to gold. It's been said that gold's allure has increased because of a heightened global economic risk (read meltdown). According to recently released World Gold Council statistics, identifiable investment demand (through gold bar hoarding) increased slightly in the fourth quarter of 2008 at 399 tonnes, but was up 192 per cent from the same period in 2007.

Near-month gold futures have gained 16 per cent on month to US$978 per tonne. Silver, which had been struggling from its 'industrial metal tag' earlier, has seen an even sharper jump, with near-month futures gaining 27 per cent to US$14.24 per ounce.

In the base metals complex, gloom continues. Copper (LME three-month forwards) has slid three per cent on month to US$3255 per tonne. In the same period, aluminium is down eight per cent to US$1338 per tonne, nickel is down nine per cent to US$9850 per tonne, zinc is down 10 per cent to US$1120 per tonne and lead metal is down nine per cent to US$1067 per tonne. A sharp drop in global car sales and construction activity continues to plague the base metals.

Meanwhile, the global mining giants that were planning aggressive mergers and acquisitions in the early half of 2008, when base metals touched new highs, are now burdened by huge debts. In an effort to buy each other at very high valuations and on the subsequent slump in base metal prices, mines have been saddled with billions of dollars in debt. Such is their plight that they have been forced to sell some of their family silver in the form of stakes of their various mines to service their debts.

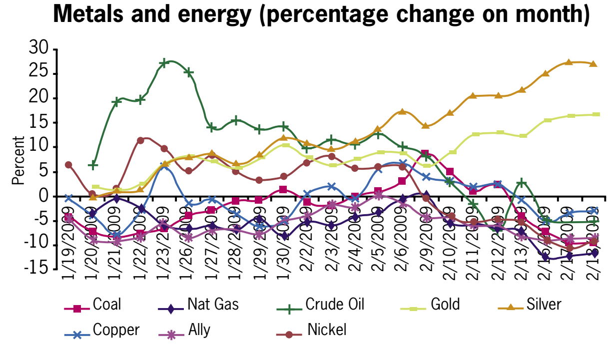
In the energy space, natural gas futures have seen the sharpest decline on month. Near-month natural gas futures have dropped 11 per cent on month to US$4.24 per mmBtu [million British thermal units] and have corrected nearly 70 per cent from their high of around US$13 per mmBtu.

A sharp slump in demand due to stalling industrial production in the US, Europe and Northeast Asia (Japan and South Korea), along with higher supplies, has pressured natural gas. According to the US Energy Information Administration, gas inventories in the country are now nearly one per cent above the five-year average at 2.020 trillion cubic feet and two per cent higher over last year.

Coal (ICE near-month futures) has seen the second largest decline in the energy complex, dropping nearly 10 per cent to US$68.50 per tonne. Increasingly, coal miners are under pressure from steel companies to renegotiate contracts at lower prices. Some steel companies have demanded a 50 per cent cut in contract prices. On the brighter side, coal miners could see a window of opportunity in the form of improved exports if the month-long standoff between Chinese coal miners and power companies drags on. Chinese monthly imports, after falling sharply last November to 2.16 million tonnes from 3.48 million tonnes, have been increasing marginally. January 2009 imports stood at 2.88 million tonnes, compared to the previous month's 2.67 million tonnes in the world's largest coal consumer.

Moving ahead, the base metals and energy complex is expected to remain under pressure as global consumption declines further. The focus will be on how the Eastern European banking situation unfolds and its resultant impact on consumption in the EU.

Metals and energy (percentage change on month)



Source: Bloomberg, MF Global Commodities

*The information in this column is provided by MF Global. For further details, write to: contactdubai@mfglobal.ae or call +971 4 332 5052. **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						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Access	None	$5,000	2.00%	fiYly
Skipton (Guernsey)	01481 727374	International US Dollar	None	$25,000	1.00%	Yly
Halifax International	Via website	International Web Server	None (W)	$25,000	0.90%	Yly
Irish Permanent International	01624 641641	Instant Access	None	$100,000	0.75%	Yly
Nationwide International	01624 696000	Tracker Premium	None	$50,000	0.50%*	Yly
No Notice Euro Accounts						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Access	None	€5,000	3.50%	fiYly
Skipton (Guernsey)	01481 727374	International Euro	None	€25,000	2.50%	Yly
Zurich Bank International Limited	01624 671666	Euro Reward	None	€5,000	2.25%	Yly
Bank of Scotland International	05134 613500	Base Rate Tracker	None	€35,000	2.25%	Yly
Halifax International	Via website	International Web Server	None (W)	€25,000	2.20%	Yly
No Notice Accounts						
Irish Nationawide (IOM)	01624 673373	Instant Quarterly	None	£25,000	4.25%	Yly
Alliance & Leicester International	www.alil.co.im	eSaver Offshore 2	None (w)	£15,000	3.76%	Yly
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Access II	None	£5,000	3.75%	fiYly
Skipton (Guernsey)	01481 727374	Sterling Access Plus	None	£25,000	2.90%	Yly
Scarborough Channel Islands	04181 712004	Lifestyle Reserve	None	£25,000	2.50%	Yly
Notice Accounts						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege 90	90 Day	£5,000	4.00%	Yly
Irish Nationawide (IOM)	01624 673373	Instant 90 Day	90 Day	£50,000	4.00%	Yly
Anglo Irish Bank Corporation (International)	01624 698000	Privilege 7 II	7 Day	£5,000	3.95%	Yly
Anglo Irish Bank Corporation (International)	01624 698000	Privilege 30 II	30 Day	£5,000	3.95%	Yly
Alliance & Leicester International	www.alil.co.im	eSaver Offshore Notice 50	50 Day (w)	£25,000	3.95%	Yly
Monthly Interest						
Alliance & Leicester International	www.alil.co.im	eSaver Flexible Income 1	60 Day (w)	£25,000	3.88%	Mly
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Income II	7 Day	£5,000	3.75%	Mly
Scarborough Channel Islands	04181 712004	Lifestyle Notice 90	90 Day	£25,000	3.40%	Mly
Irish Permanent International	01624 641641	International 30	30 Day	£10,000	2.72%	Mly
Yorkshire (Guernsey)	04181 724353	Global 15	15 Day	£10,000	2.57%	Mly
Fixed Rates						
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Fixed Interest	12 month Bond	£5,000	4.60% F	OM
Irish Nationwide (IOM)	01624 673373	3 Month Fixed Rate Bond	3 month Bond	£50,000	4.50% F	OM
Irish Nationwide (IOM)	01624 673373	6 Month Fixed Rate Bond	6 month Bond	£50,000	4.30% F	OM
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Fixed Interest	3 month Bond	£5,000	4.25% F	OM
Anglo Irish Bank Corporation (International)	01624 698000	Privilege Fixed Interest	24 month Bond	£5,000	4.20% F	Yly
Current Accounts						
Royal Bank of Scotland International	01534 724365	Royalties Cheque	Instant (A)	£10,000	1.25%	Mly
Clydesdale Bank International	01481 711102	Current	None	£2,500	0.98%	Mly
Royal Bank of Canadad (CI)	01534 283000	Executive Plus	None	£250,000	0.305%	Mly
Standard Bank	01534 881188	Optimum	None	£3,000	0.10%	Qly
Fairbrain Private Bank	01624 645000	Reserve	None	£5,000	0.10%	Qly
Accounts for Non UK Residents						
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eAccess 2	None (W)	£1,000	2.00%	Yly
Standard Bank	01534 881188	Expatriate Savings	90 Day	£10,000	1.00%	Yly
Abbey International	01534 885000	Tracker Term 8	05-05-09	£10,000	0.90%	OM
Lloyds TSB Offshore Banking	01624 638000	International Savings A/C	None	£100,000	0.75%	Mly
Lloyds TSB Offshore Banking	01624 638000	International Savings A/C	None	£50,000	0.50%*	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: February 19, 2009 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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Qly	Yes
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Mly	Yes
Barclays	01534 880550 01481 723176	International Cheque International Premier Chq	0.00i 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Qly Qly	Yes Yes
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	0.00 0.00e	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	No No
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	0.10 - 0.10	0.10 - 0.10	0.10 - 0.10	0.10 0.50 0.10	0.10 0.75 0.10	0.10 1.00 0.10	0.10 1.15 0.10	0.10 1.25 0.10	On Closure On Closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Premier Offshore Banl	0.10 0.10	0.10 0.10	0.10 0.10	0.10 0.10	0.10 0.10	0.10 0.10	0.10 0.10	0.10 0.10	Mly Mly	Yes Yes
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	0.05	0.05	0.05	0.05	0.05	0.05	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
Lloyds TSB Offshore Banking	01624 638000	International Sterling	0.05	0.05	0.10	0.10	0.15	0.35	0.35	0.35	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	-	-	-	0.08	0.13	0.555	0.555	0.555	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	0.10k	0.10	0.10	0.10	0.10	0.10	0.10	0.10	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: February 06, 2009 Source: Moneyfacts

€URO ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	€5K	€10K	€25K	€50K	€100K	€250K	Int paid	Chq. Book
Abbey National	01534 885100	The Monthly Offshore Saver Offshore Euro Call Offshore Gold	10.00 0.00 -	10.00 0.00 0.00	10.00 0.00 0.00	- 0.00 0.00	- 0.00 0.00	- 0.40 0.00	OM Yly Qly	No No Yes
Alliance & Leicester Intl. Ltd	01624 663566	Euro Savings	2.43	2.43	2.43	2.43	2.43	2.43	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	3.50	3.50	3.50	3.50	3.50	3.50	Half Yly	No
Bank of Ireland (I.O.M.) Limited	01481 720609	Easy Access Euro	1.15	1.15	1.15	1.15	1.15	1.15	Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Reserve International Savings	- 0.01	- 0.01	- 0.01	2.25h 0.05	2.25 0.10	2.25 0.10	Yly Yly	No No
Barclays	01534 880550	International Cheque International Tracker	0.00 -	0.00 -	0.00 0.45e	0.00 0.45	0.00 0.75a	0.00 1.25b	Qly Qly	No No
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	- 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	No No
Clydesdale Bank International	01481 711102	Instant Savings Current Instant Savings	- 0.88 -	1.90 0.88 1.88	1.90 0.88 1.88	1.90 0.88 1.88	1.90 0.88 1.88	1.90 0.88 1.88	Yly Mly Mly	No No No
Fairbairn Private Bank	 01624 645000	Accumulation High Interest Accumulation Reserve	- - -	0.10 - 0.10	0.10 - 0.10	0.10 - 0.10	0.10 1.00a 0.10	0.10 1.25a 0.10	On closure On closure Qly	Yes No Yes
Halifax International	01534 846501	International Web Saver	2.10	2.10	2.20	2.20	2.20	2.20	Yly	No
HSBC International	01534 616000	Offshore Bank Online Saver Premier Offshore Bank Premier Online Saver Premier Serious Saver Serious Saver	0.00 - - - - -	0.10 - 0.10 - 0.86 0.36	0.10 1.89j 0.10 2.33j 0.86 0.36	0.10 1.89 0.10 2.33 1.51 1.01	0.10 1.89 0.10 2.33 1.51 1.01	0.10 1.89 0.10 2.33 1.91 1.41	Mly Mly Mly Mly Mly Mly	No No No No No No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10a	0.10	Qly	No
Irish Permanent International	01624 641641	Instant Access Instant Access	1.40 1.39	1.40 1.39	1.40 1.39	1.40 1.39	1.75 1.74	1.75 1.74	Yly Mly	No No
Lloyds TSB Offshore Banking	01624 638000	Euro Intl. Account (Expatriates only)	0.10	0.10	0.20	0.30	0.30	0.60	Half Yly	No
Nationwide International Ltd	01624 696000	Euro Savings Euro Tracker Premium	0.50 2.05	0.50 2.05	0.55 2.05	0.55 2.10	0.55 2.10	0.60 2.10	Yly 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	-	-	-	-	0.38	0.43c	Mly	No
Royal Bank of Scotland Intl.Ltd	01534 286850	Royalties International	0.20	0.30	0.40	0.60	0.85	1.00	Qly	No
Skipton (Guensey)	01481 727374	International Euro	-	-	2.50	2.50	2.50	2.50	Yly	No
Standard Bank	01624 643643 01534 881188	Offshore Reserve Optimum Offshore Moneymarket Call	0.15 0.10 -	0.15 0.10 -	0.15 0.10 -	0.15 0.15 1.50	0.15 0.10 1.60	0.15 0.10 1.60	Half Yly Qly Mly	No No No
Woolwich Guernsey	01481 715735	Euro International Gross	-	-	0.10j	0.10	0.10	0.10	Qly	No
Zurich International Ltd	01624 671666	Zurich Euro Reward Call	2.25 0.75	2.25 0.75	2.25 0.75	2.25 0.75	2.25 0.75	2.25 0.75	Yly Qly	No No

a = Rate applies from €75K. b = Rate applies from €150K. c = Rate applies from €200K. e = Rate applies from €15K. h = Rate applies from €35K. j = Rate applies from €20K.

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: February 06, 2009 Source: Moneyfacts

US$ ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	$5K	$10K	$25K	$50K	$100K	$250K	Int paid	Chq. Book
Abbey National	01534 885100	The monthly Offshore Saver Offshore US$ Call Offshore Gold	6.00 0.00 -	6.00 0.00 0.00	6.00 0.00 0.00	6.00 0.00 0.00	- 0.00 0.00	- 0.00 0.00	OM Yly Qly	No No Yes
Alliance & Leicester International Ltd	01624 663566	US$ Savings	0.25	0.25	0.25	0.25	0.25	0.25	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	2.00	2.00	2.00	2.00	2.00	2.00	fi Yly	No
Bank of Ireland (I.O.M.) Limited	01481 720609	Easy Access Dollar	0.10	0.10	0.10	0.10	0.10	0.10	Yly	No
Bank of Scotland International Ltd	01534 613500	Base Rate Tracker International Savings	- 0.00	- 0.00	- 0.00	0.25 0.00	0.25 0.01	0.25 0.01	Yly Yly	No No
Barclays	01534 880550	International Cheque International Tracker	0.00 -	0.00 -	0.00 0.00u	0.00 0.00	0.00 0.10	0.00 0.10	Qly Qly	No No
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	- 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	Mly Mly	No No
Clydesdale Bank International	01481 711102	Instant Savings Current Instant Savings	- 0.00 -	0.10 0.00 0.10	0.10 0.00 0.10	0.10 0.00 0.10	0.10 0.00 0.10	0.10 0.00 0.10	Yly Mly Mly	Yes Yes Yes
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	- - -	0.00 - 0.00	0.00 - 0.00	0.00 - 0.00	0.00 0.00 0.00	0.00 0.00 0.00	On Closure On Closure Qly	Yes No Yes
Halifax International	01534 846501	International Web Saver	0.00	0.00	0.90	0.90	0.90	0.90	Yly	No
HSBC International	01534 616000	Offshore Bank Online Saver Premier Offshore Bank Premier Online Saver Premier Serious Saver Serious Saver	- - - - - 	0.00 - 0.00 - 0.00 0.00	0.10 0.00u 0.00 0.00u 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00 0.00	Mly Mly Mly Mly Mly Mly	No No No No No 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 Instant Access	0.25 0.25	0.25 0.25	0.25 0.25	0.75 0.75	0.75 0.75	0.75 0.75	Yly Mly	No No
Lloyds TSB Offshore Banking	01624 638000	US International Acc.(Expatriates only)	0.00	0.05	0.05	0.05	0.05	0.05	fi Yly	No
Nationwide International Ltd	01624 696000	US Dollar Savings US Dollar Tracker Premium	0.10h 0.30	0.10 0.30	0.15 0.30	0.20 0.50	0.25 0.50	0.25 0.50	Yly Yly	No No
NatWest	01534 282300	Advantage International	0.05	0.05	0.05	0.05	0.05	0.05	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	0.02	0.04x	Mly	No
Royal Bank of Scotland Int Ltd	01534 286850	Royalties International	0.05	0.05	0.05	0.05	0.05	0.05	Qly	No
Skipton (Guernsey)	01481 727374	International US Dollar	-	-	1.00	1.00	1.00	1.00	Yly	No
Standard Bank	01534 881188 / 01624 643643	Offshore Reserve Optimum Offshore Moneymarket Call	0.15 0.10 -	0.15 0.10 -	0.15 0.10 -	0.15 0.10 0.25	0.15 0.10 0.25	0.15 0.10 0.25	Half Yly Qly Mly	No No No
Woolwich Guernsey)	01481 715735	US$ International Gross	-	-	0.00u	0.00	0.00	0.00	Qly	No
Zurich Bank International Ltd	01624 671666	Zurich US Dollar Reward Easy Access Deposit	0.25 0.00	0.25 0.00	0.25 0.00	0.25 0.00	0.25 0.00	0.25 0.00	Qly	No

h = Rate applies from $1K. 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: February 06, 2009 Source: Moneyfacts

EXPATRIATE MORTGAGE TERMS - MARCH 2009

LENDER	INTEREST RATE%	MAX.% ADVANCE	ARRANGEMENT FEE	SPECIAL FEATURES
Bank of Scotland Intl.	Bank base +1.89%	70	1%	GBP100,000 minimum. Early Redemption Charge 3% - 36 months
BM Solutions	5.49% 3 year tracker 4.99% 3 year fixed	75 60	0 2.5%	Applicant must work for Govt Agency or Multi National Company. Rental calculation 125% at payrate.
Cheltenham & Gloucester	4.29% 2 year fix 4.69% 3 year fix 5.29% 5 year fix 4.09% 3 year tracker	75 75 75 75	995 895 995 895	Limited offers via IMP Every case has to be agreed with an underwriter before submission. Will not lend to Self employed expat applicants. Employed applicants need to work for large companies. Available for main UK residence only. Free property valuation and low cost legal fees for remortgages. Different terms available for loans between £1 million and £5 million
Dresdner Kleinwort Benson	Cost of funds +1-1.5%	Purchase 60 Remortgage 50	Up to 0.75%	Minimum loan GBP500,00 Minimum income GBP150,000
Fortis Bank Group	Sterling mortgage LIBOR + 1% Foreign currency mortgage Cost of funds +1.25%	70 70	GBP500 GBP500	Minimum Loan £150,000 - 75% owner/family occupation. Loans to offshore companies and trusts.
Halifax PLC	5.09% 2 Year Fix Max GBP500K 4.39% 5 Year tracker Max GBP500K	75	GBP999 GBP799	Very restrictive terms. No capital raising allowed. Must be returning to the UK within 2 year period. 6 months bank statements required. Redemption Penalties Fixed rate 2% in first 3 years
HSBC	Under review	70 Repayment basis only 65% Interest only	Varies	Many existing expat HSBC bank customers come to us after being told that they will not have a problem obtaining an expat mortgage for a UK property with the bank and then find that the bank is unable to lend to them. The London office can only deal with "FSA regulated loans" where a family member will be resident in the property. Applicants need to be in salaried employment or professional occupations such as Dr's, Dentists, Solicitors or Accountants
Ipswich Building Society	4.49% two year discounted rate	75	GBP695	IMP exclusive expatriate buy to let scheme No early repayment penalties at anytime Will only lend on houses including new build
Irish Permanent (Isle of Man)	Temporarily withdrawn	75	1%	Loans to offshore companies and trusts.
Natwest Bank	Base rate + 2.79	60	1%	New build flats maximum 80%
Royal Bank of Scotland International	Base + 2.79% 2 year tracker Base + 2.99% 2 year tracker	60 65	1% 1%	Minimum GBP100,000

This table is supplied by IMP, 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 six months interest in the first five 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 0.25 per cent subject to a minimum of GBP250 and a maximum of £700 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 4/4.5%. Bank rate @ 05/02/09 - 1.0% 3 month LIBOR 2.071%, 19/02/09. IMP are authorised and regulated by the Financial Services Authority (302775) for mortgage advice and hold Consumer Credit Licence No: 592583.
www.international-mortgage-plans.com

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/Gold/Laki for Women/Qassit - 275 Mini Visa - 100 Internet card - Free	Nil for purchases 18.5% on cash withdrawals from the bank, otherwise 27.5%	45 days for Visa/ MasterCard (Silver, Gold) Laki for Women and Internet card. Qassit card - 5% or SAR100 whichever is higher then the amount due with no increse or profit.	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
Al Rajhi Bank	National Programme for Personal Finance	Up to 15 times of salary	2,000	Up to 60 months		800 124 1222 www.alrajhibank.com.sa
Arab National Bank	Personal Finance Al Arabi Mubarak Finance Al Tawaruq Finance	Up to 1 million	2,000	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	Up to 16-17 times of salary	3,000	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)	Up to 15 times of salary	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	Murabaha or Tawaruq	Depends on salary	2,000	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 for Nationals, 350,000 for expats	3,000 for nationals, 5,000 for expatriates. At least 3-5 months service	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	Up to 16 times of salary for Nationals and 13 times for expats	5,000	Up to 60 months for Nationals, 48 months for expats	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	5.2% 10.5%	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	4.70%	Up to 60 months	None	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 or Tawarruq	3.5-4.5%	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	Murabaha	9.15% 6% for Murabaha 3.15% for Insurance	Up to 60 months	10%	Minimum salary: 3,000 for Nationals. 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 5.5% yearly	Up to 60 months	10%	Minimum salary: 2,500 At least three months with current employer	800 124 2020 www.riyadbank.com
Saudi Hollandi Bank	Murabaha	4.99% for Nationals in public sector; 6.49% for expats; 5.99-6.49% for companies	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 February 2009. 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
Bahrain Islamic Bank	Classic, Gold, Platinum	Classic-600, Gold-1200, Platinum - 2,400	Classic-300, Gold-800, Platinum-3000	Nil	25 days	17515151
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 February 2009. 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 of 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	6.75%	Depends on salary	350 for nationals 600 for expats	60 to 72 months	1812000
Burgan Bank	Consumer Loan	6.75%	Up to 70,000	400	Up to 12-60 months	1804080 www.burgan.com
Commercial Bank of Kuwait	Personal Loan for nationals only Consumer Loan	6.75%	Up to 70,000 for Nationals Up to 10 times salary for expats	250 for nationals 400 for expats	Up to 24-180 months	1888225 www.cbk.com
Gulf Bank	Consumer Loan Al Afdal Loan for Nationals	6.75%	Up to 70,000 for Nationals For expats, depends on salary and end of service benefits	350 for nationals 400 for expats	Up to 60 months Up to 180 months	1805805 www.e-gulfbank.com
National Bank of Kuwait	Consumer Loan Expatriate Loan	6.75%	Up to 70,000 for Nationals Up to 50,000 for expats	400. At least five years service with the company	Up to 60 months	1801801 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 20, Gold 40, Platinum 75, CyberSmart 5	Classic - 250 Gold - 1,000 Platinum - 1,000+	1% 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	1812000
Burgan Bank	Visa/MasterCard (Classic, Gold)	Free for first year, afterwards Classic 20, Gold 40, Platinum 60	400	Nil on purchases, 4% on cash withdrawals	35 days	Photo-sign card, online banking, can earn rewards, discounts and promotions every time card is used	1804080
Commercial Bank of Kuwait	Visa Classic, MasterCard (Classic, Gold, Platinum), StarNet Card	Classic – 30, Gold – 40, Platinum - 60, Infinite card - 100	350	Nil on purchases, 4% on cash withdrawals	35 days	Emergency funds if card is lost or stolen, ongoing promotions for prizes, travel benefits, STAR assist insurance coverage	1888225
Gulf Bank	Visa/MasterCard (Classic, Gold) MasterCard Platinum, MTC Co-branded MasterCard (Classic, Gold), Visa Infinite, Visa Internet	Free for the first year, thereafter, Classic - 25, Gold - 40, Platinum - 100, Visa Infinite - 100 Visa Internet - 5	350	1.23% 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	1805805
National Bank of Kuwait	MasterCard/Visa (Classic, Gold, Platinum), Visa Internet Shopping card	Free for first year. Classic - 30, Gold - 40, Platinum - 100 Internet Shopping Card - 5	Classic - 250 Gold - 600 Platinum - Upon request	Nil on purchases, 5% 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	1801801

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 February 2009 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 world-wide *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 February 2009. 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 February 2009. 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 and Gold) e-Tijari Web Card, MasterCard (Gold)	Classic-200, Gold-400, e-Tijari Web Card-100, MasterCard Gold - 400	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) (Card issuance stopped temporarily)	Free for life	1.5% on purchases, 2.99% on cash withdrawals	45 days	Toll-free: 800 224 www.cbiuae.com
Dubai Bank	Visa Covered Cards (Gold, Platinum)	Free for life	0% profit rate for first three months. Afterwards, 1.5% on purchases and 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, Gold Plus, Platinum, Platinum Plus)	Classic - 100, Gold-200, Gold Plus - 250 Platinum-300, Platinum Plus-350	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/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, afterwards 200	2.49 to 2.99% on purchases and 2.99 to 3.49% 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
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) British Airways Barclaycard (Priority & Prestige)	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	Emirates-Citibank Credit Cards (Ultima/ Ultimate/ Gold/ Silver) Citi Travel Pass, Citibank Credit Cards (Ultimate/ Gold/ Silver)	Emirates-Citibank Credit Cards - 3,000/ 1,000/550/300 Citi Travel Pass - 400 Citibank Credit Cards - Dh 1,000/ 500/250 5 Supplementary Cards - Free (Special promotional rates also apply)	Unlimited Skywards Miles/Citi Travel Pass points/CitiDollar rewards.Double miles with Miles Accelerator.Upto 15% airticket discounts.Special offers across UAE and Citibank World Privileges worldwide at over 40,000 establishments.Loans as low as 0.91%.Exclusively for Ultima/ Ultimate customers-25000 signup Skywards Miles(Ultima),free Priority Pass Membership,International Concierge, upto 3 Free nights stay in Marriott Paris/ME&A, and much more.	04-311 4000 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-NBD	**EBI cards:** Visa, MasterCard (Silver, Gold), OPTIONS Instalment Card, MasterCard foreign currency card (Silver, Gold), MasterCard meNETPAY, Visa meUNI, Infinite Credit card	**EBI cards:** 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 - 1,500	**EBI cards:** 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.	04-3160316 www.me.ae
	NBD cards: Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold), NBD-Dnata MasterCard (Classic, Gold), WebShopper MasterCard	**NBD cards**: Classic - 100, Gold - 300, Platinum - 700, NBD-Dnata MasterCard - Classic-250, Gold-500, WebShopper MasterCard - 50	**NBD cards**: 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, 2% cash back on all retail purchases.	Toll-free: 800 4444 www.nbd.com
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
RBS	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, RBS Weekend Card & RBS Williams Platinum Card	Free for life	All cards: Free Wild Wadi, Ski Dubai and Cinema; chip card for enhanced security; purchase protection; access to utility bill payment, smart cash loan. Visa Classic & Gold: dining discounts; reward points redeemable in many outlets. MasterCard Smart Traveler Gold: 10% cashback on travel. Jumbo Card: discounts and extra reward points at all Jumbo stores; easy payment plan 36 equal instalments at 0.99%. NRI card: points redeemable for domestic flights in India, 5% cash back on flights to India, discounts domestically; Al Ameera: dining discounts; reward points redeemable in many outlets. Weekend Card: 2% cashback on all spend Thurs-Sat, 1% all other times; discounts in many outlets; Williams Platinum monthly prize draw to win a weekend at one of the 2009 Grand Prix.	04 4266000 www.rbsbank.ae

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 bank/provider; listings are simply in alphabetical order and updated during February 2009. 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 below is freely available and was obtained directly from bank/provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider/bank direct for further information.

Know of a better offer? We'd like to hear from you. Fax us on 00971 4 391 2173 or email info@moneyworks.ae

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 5.5%, used cars staring at 5.9% (Showroom charges are not included)	Depends on type of car	Nil	60 months	5,000	No
Abu Dhabi Islamic Bank	Sahel Murabaha	Profit rate - 4.5% for new cars, 5.5% for used cars	Up to 400,000 with salary transfer, up to 350,000 otherwise	Used cars: 5-30%	New cars: up to 72 months Used cars: up to 60 months	4,000	No
Bank of Baroda	Car Loan	New cars: 4.5% Used cars: 5%	New cars: up to AED500,000 Used cars: up to AED50,000	10 - 30%	New cars: up to 48 months Used cars: up to 36 months	4,000	No
Dubai Bank	Markaba Auto Finance	4.75% for new cars, 5 to 5.25% for used cars	Up to 250,000	Depends on the car	Up to 60 months	8,000+	No
Emirates Islamic Bank	Intaleq	New cars: with salary transfer 4.8%, otherwise 5.35% Used cars: with salary transfer 5.5%, otherwise 5.75%	Up to 250,000	New cars: with salary transfer - Nil, otherwise 20% Used cars: with salary transfer - 10%, otherwise 25%	Up to 48 months	10,000	No
Emirates-NBD	Car Loan	New cars: 5.25% Used cars: 6.25%	Depends on salary	10%	New cars: with salary transfer 72 months, otherwise 60 months Used cars: 24 to 60 months (depending on age of car)	With salary transfer - 7,000 otherwise 10,000	No
Mashreqbank	Mashreq Auto loan	New cars: 5.49-6.25% Used cars: 5.75-5.99%	Up to 250,000	Nil downpayment option.	48 - 60 months	5,000 for account holders, otherwise 7,000	No
National Bank of Abu Dhabi	Sayyarati	New cars: 4.75% Used cars: 4.75% for 2 years; 5.5% for 3 years	New cars: up to 350,000 Used cars: up to 250,000	15%	New cars: up to 48-84 months Used cars: up to 24-36 months	7,000 for account holders, otherwise 10,000	No
Noor Islamic Bank	Noor Drive	5.5% Finance available for new cars only.	Up to 500,000	10%	Up to 60 months	7,000	No
RAKBANK	Auto Loan	New cars: 5.25% Used cars: 6.25%	Up to 250,000	Nil	Up to 60 months	4,000 for account holders, otherwise 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 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	3,000	Yes
Barclays	Personal Loan	Depends on salary and length of service	Without salary transfer: 100,000 otherwise company listing	No	With salary transfer up to 72 months, otherwise 60 months	12,000 for non-listed companies, otherwise 8,000	No
Dubai Bank	Sanad Personal Finance	7.00%	Depends on company listing	Yes	With slary transfer up to 48 months, otherwise depends on salary	8,000	Yes
Emirates NBD	Personal Loan	10% Reducing balance basis	250,000	Yes	Up to 156 months	7,500 for Nationals, 10,000 for expats	Yes
Emirates Islamic Bank	Goods Murabaha	Profit rate: 7 - 7.5%	AED10,000 - AED150,000	Yes	Up to 72 months	10,000	Yes
HSBC Amanah	Amanah Personal Finance	Profit rate: 6.9% for listed (different packages) 8.84% for not listed companies (subject to bank approval)	Up to AED250,000	Yes	Up to 84 months	20,000	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	20,000	Yes
Sharjah Islamic Bank	Goods Murabaha	10% for Ijara 8% for Goods	Depends on salary	Yes	Up to 48 months	12,000	Yes
United Arab Bank	Consumer Loan	10% onwards	Up to AED250,000	Yes	Up to 84 months	8,000	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 2003 model or newer	Yes	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 2002 model or newer for German and Japanese cars 2005 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
Along with the usual documents, copy of ID freezone and quotation of the vehicle	No	Nil	Islamic Takaful insurance offered	No processing fee	Toll-free: 800 5555 www.dubaibank.ae
Post dated cheques required along with usual documents	No	Nil	Free EIB account	No processing fee	04 316 0101 www.emiratesislamicbank.ae
Depends on the model of the car and the company should be listed	No	4% of the outstanding loan amount.	100% finance for the first year. Fully comprehensive auto insurance (3.95%)	1% processing fee	Toll-free: 800-4444 www.nbd.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.	AED250 charged as processing fee	04 424 4444 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	5% of the outstanding loan amount.	Free RAKBANK credit card, insurance	No processing fee	04 213 000 www.rakbank.ae

Criteria: Interest rate of 6 per cent or less on new cars

UAE

CONDITIONS/RESTRICTIONS	EARLY REDEMPTION PENALTIES	VALUE ADDED	OTHER	CONTACT
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
Passport copy, three months bank statement and salary certificate are required.	2%	Top-up loan benefit and personal finance advisor available	AED750.00 processing fee	Toll-free: 800 22725297 www.barclays.ae
Approved companies only. Need to provide salary certificate, bank statement and passport copy with valid residence visa. Minimum age - 25 years	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.	5%	Credit Life Insurance offered	1% processing fee	Toll-free: 800 4444 www.nbd.com
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
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

Criteria: Interest rate of 10 per cent or less 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 February 2009 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	10-15%	Up to AED250,000 for expats and upto AED500,000 for Nationals Loan-to-value (LTV): Up to 90% with salary transfer otherwise 85%	Up to 65% for all	Nil
Amlak (Shari'ah compliant) *****NOTE***** ***On November 20, 2008 Amlak froze all new mortgage lending.***	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	LTV: 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	8.5% reducing balance rate	Up to AED5 million LTV: up to 85%	65% for salaried employees with salary transfer, 60% for salaried employees without salary transfer, 55% for self-employed	15%
Bank of Baroda	UAE nationals, expats	Up to 15 years	65 years	10%	Up to AED3 million	Up to 50% of gross monthly income	50%
Barclays Bank	UAE residents and non-residents	Up to 25 years	70 years	7.45 to 8.55%	Minimum is AED500,000 and maximum is AED10 million LTV: up to 90% of market value for villas and 80% for apartments	50% of the monthly income for UAE residents, 40% for non-residents	20% for apartments and 10% for villas
Dubai Bank (Mulki Property Finance)	UAE nationals, expats	Up to 20 years	65 years for nationals 60 years for expats	8 to 9.5%	Up to AED1 million	Depends on the salary	5 - 10%
Dubai Islamic Bank (Al Islami Home Finance)	UAE nationals, expats	Up to 25 years	70 years for nationals 60 years for expats	Depends on criteria	Up to AED2.5 million	Depends on loan amount and the salary	10% with salary transfer, otherwise 20%. Depends on property
Emirates-NBD	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 - 3.75% for 6 months Without salary transfer - 4% for 6 months	AED250,000 to AED10 million	Residents: up to 60% Non-residents: up to 50%	Completed property:20% Incomplete property: 25%
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	8%	Minimum 500,000, maximum up to AED4.5 million	Not more than 50% of the salary	15-25%
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	2.5 - 3.75% based on criteria	Up to AED5 million	Maximum 60%	10%
Habib Bank AG Zurich	UAE nationals and expats	Up to 15 years	60 years	8.5%	Up to 50% 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 year period or up to the age of 65 years, whichever comes first	65 years	Apartments - 8.5% Villas - 9.5%	Up to AED10 million	60% overall debt on all regular commitments	30 - 40%
Lloyds TSB	UAE nationals, expats	Up to 20 years	60-65 years, depends on company	Financing available for VILLAS ONLY 8.5%	50%		50%
Mashreqbank	UAE residents and non-residents	Up to 25 years	65 years for salaried 70 years for self-employed	5.87%	Up to 48 times monthly salary	55% including all loans	10% - completed properties, 20% - Incomplete properties
Mawarid Finance	UAE residents and non-residents	Up to 25 years	60-65 years	8.5 - 9.5% on reducing balance	AED100,000 to AED10 million Financing available only for completed properties. LTV: 80%	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	9.1%	For Abu Dhabi - AED250,000 to AED8 million. Other emirates AED500,000 to AED5 million	Up to 50% of monthly salary for expats	Primary properties up to 25% in Abu Dhabi and other emirates 50%
RAKBANK	UAE nationals, expats and non-residents	25 years	60 years unless specified	8.3 - 10%	Up to AED100,000 to AED8 million LTV: Upto 85%	60% of monthly salary for salaried individuals	Up to 25% 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: 12% for incomplete properties and 1% for completed properties	Up to AED5 million	50%	50%
Standard Chartered	UAE nationals, expats	25 years	65 years	3.75 - 4%	Up to AED10 million	Depends on the salary	Minimum 25%
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	8.4%	Up to AED5 million LTV: Up to 75%	55% of salary	25%
Union National Bank	UAE nationals, expats	Up to 25 years	65 years for UAE nationals, 60 years for expats	7.5 - 8.5%	Up to AED10 million for villas Up to AED7.5 million for apartments	Up to 65% of monthly salary	5-10%
United Bank Limited 'Baitna'	UAE residents and non-residents	Up to 20 years	65 years	8%	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	3,000	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	20,000	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	15,000	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	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	National - 5,000 Expats - 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	National - 20,000 Expats - 25,000	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	**Abu Dhabi:** ALDAR, Sorouh **Dubai:** Emaar, Nakheel and Dubai Properties	No	Yes	04 310 0222 www.nbd.com
Life and property insurance	25,000	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	12,000	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	15,000	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	25,000	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)	9,000	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	15,000	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	20,000	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	No	No	Loan processing fee of 1% on loan amount. 1-5% early settlement fee	**Abu Dhabi:** Aldar and Sorouh **Dubai:** Nationals-open, Expats-Emaar properties, Dubai Properties, Nakheel	Yes	Yes	04 213 0000 www.rakbank.ae
Life and property insurance	30,000	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	10,000	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	15,000	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	12,000 - 40,000 for nationals with atleast 12 month service 26,000 - 40,000 for residents with atleast 18 month service	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 February 2009 for MONEYworks 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.

Independent Financial Advisers — UAE

Licence: The UAE Central Bank

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
Elfina Financial Investment Consultancy	P O Box 29706, Dubai	+971-4-3551587	+971-4-3551606	info@elfina-invest.com	www.elfina-invest.com
Financial Consultancy Services Company	P O Box 7825, Dubai	+971-4-2663313, +971-4-2972222	+971-4-2663383	fcs@fcsdubai.com, fcs@emirates.net.ae	www.fcsdubai.com
InvestOne Financial Advisory - Abu Dhabi	P O Box 2970, Abu Dhabi, UAE	+971-2-6666760	+971-2-6668861	info@alsahel.com	www.alsael.com
Mondial (Dubai) L.L.C. (FPI)	P O Box 50060, Dubai	+971-4-3310524	+971-4-3314817	administration@mondialdubai.com	www.mondialdubai.com www.financial-partners.biz/dubai/Intro.asp
PIC (DeVere)	P O Box 75464 P O Box 6315, Abu Dhabi	+971-4-3433878 +971-2-6765588	+971-4-3433644 +971-2-6765558	dubai@pic-uae.com abudhabi@pic-uae.com	www.pic-uae.com
Synergy Financial L.L.C.	H.O: P O Box 47286, Abu Dhabi Dubai Office: P O Box 58032, Dubai	+971-2-6221121 +971-4-3431300	+971-2-6221120 +971-4-3431373	info@synergyfinancial.ae	www.synergyfinancial.ae
Union National Financial Consultancy LLC	11th Floor, UNB Head Office Building, Salam Street, Abu Dhabi, UAE.	+971-2-678-2822	+971-2-678-2825	unc@emirates.net.ae	www.unfc.ae/

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
Joie De Vivre International Insurance Brokerage LLC	M 03, Al Abbas Building, Khalid bin Waleed road, Dubai, UAE	+971 4 352 3351	+971 4 352 7884	mgmt1@jdvinsurance.ae	www.jdvinsurance.ae
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	info@pioneerwealth.a	www.pioneer-wealth.com

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 February 2009. 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.

I'm really disturbed by everything I'm hearing about the credit crunch and the global economic crisis. I don't see how we can be confident about anyone's ability to drive recovery. I'm also really afraid to invest my money. It seems like stocks are down and there are few returns to be made, especially for a beginner like me. I work hard for my money and I don't want to lose it. Will things ever get better? Will there ever be a good time for me to invest or grow my money?
SMP, Dubai

It is impossible to predict when markets will turn. But for any investor – a beginner or a veteran – it is important to define the objective of investments. If the objectives are those of long-term investments, any time is a good time to come in. Of course, the best times are when markets are down. It is never easy to catch the absolute bottom in a falling market or the peak in a rising market. It is also not a bad idea to take competent professional advice from financial advisors before making any investment decisions. It is important for all investors to keep on following market-related information published or broadcasted every day in various formats. Always remember, an informed investor is in a better position than an uninformed investor when it comes to investing hard-earned money.

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.*

Weathering the economic storm

James Thomas looks at ways to re-balance your portfolio in the changing economic conditions.

How should I allocate my investments going forward, especially in a recessionary market? This is the question I am being asked by most of my clients. Now that the world has generally accepted that we are in a global recession, with some debate continuing about the depth and length of the recession, the questions being asked are how best to weather the conditions and what plans should be made to adjust to the changing economic conditions.

The first and most important concern for a lot of people in the current climate is to keep their jobs and a roof over their heads. Anything else is of secondary importance. But if you are able to move on from this concern and are in a position to invest or re-balance your existing portfolio, what areas should you look at?

As with any investment, there are a number of questions that should be considered before doing anything. First, how long are you planning to invest for? With any stock market or property investment, the timescale is important and should really be a minimum of five years.

The next issue to consider is your attitude to risk. If you are a cautious investor, I would suggest that equities may not be the best place to invest. But if you are willing to be more adventurous, equities may well be a good place to invest, since prices are already so low. Just remember that it could well be a bumpy ride for the next year or so.

For a lot of investors, cash is king. Even though there is little or no interest to be earned, the security and capital protection that cash can offer is attractive and can outweigh the lure of growth elsewhere. However, with the current financial crisis affecting banks around the world, it is ironic that what is generally viewed as a safe haven could be more risky if something were to happen to the bank that your money was placed with.

There have been a lot of guaranteed products available in the market offering a guaranteed rate of growth, a guaranteed rate of income or a combination of the two. However, when the guarantees are looked at in more detail, they often require very precise criteria to be met for the guarantee to be honoured, effectively making the product much more risky than it first appeared.

This was further compounded by the collapse of AIG and Lehman Brothers, which underwrote a huge amount of the guaranteed products. As such, it is still unclear as to what investors may get back from their investments.

Property could now be seen as an attractive investment in some parts of the world. It has recently been reported that Gulf residents have been buying large amounts of property in London, taking advantage of the reduced prices and the better exchange rate.

All equities are now trading at a much reduced price from a year ago and could be viewed as a buying opportunity if you are willing to accept that the markets may fall further before they recover. But with a five-year view, I believe there is growth to be had.

Commodities have also been hit extremely hard over the past year, with oil down by over US$100 a barrel. Iron ore, copper and nickel have halved in value. With the decreased price investment, the discovery of new sources of material will slow down, causing the price to increase when the world's economy recovers.

Another area that can be invested into is currencies. With the large and rapid fluctuations in currencies, it is possible to make considerable gains by buying and selling the right currency at the right time. However, the opposite is also true, and you can quickly lose a lot of money if the currencies move against you.

All investments should be thoroughly considered and investigated before you commit to placing your money into them. You should be prepared to accept the falls as well as the rises and be happy to commit to them for the medium to long term.

As with all aspects of your financial affairs, you should regularly review your financial situation to make sure it continues to reflect your wishes and requirements.

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.*

Finding value stocks in the GCC

This month, **Sheikh Sultan bin Saud Al Qassemi** argues in favour of a list of GCC stocks he prefers more than others.

Despite the troubling issues facing investors in the Gulf such as corruption and incompetence, which have been exasperated by the global financial crisis, there is still a case to be made for finding value stocks in the region.

The option becomes even more attractive during uncertain times when defensive stocks can offer higher yields than treasury bills in the US, especially in these times of record low interest rates. Usually, one would advocate investments in listed bonds – for example, those listed on the Dubai Financial Market – but their battered prices reflecting investors' possible lack of confidence in their repayment or valuations, along with their almost nonexistent trading volumes even in the best of times, make them an unattractive option.

Note the success of McDonald's during the current global financial crisis – the company's sales grew by seven per cent last January.[1] The closest thing we have in the GCC is Americana, also known as Kuwait Food Company. There is a reason why Gulf countries have some of the highest rates of diabetes and blood pressure in the world – we love our junk food.[2] Anyone strolling through a shopping mall in the Gulf these days will notice that most consumers are forking out money in the food courts. Cinnabon, McDonald's and Starbucks are especially popular, despite the latter's dwindling sales worldwide.

The only firm listed in the region that offers exposure to the diabetes market is Americana. It owns the franchise and distribution rights in the region and operates over 900 restaurants including Baskin Robbins, Pizza Hut, KFC, Hardee's and Krispy Kreme.[3] The fact that the stock has seen a sharp decline in recent months only makes it a more attractive equity to invest in, especially in light of its expansion in countries such as Kazakhstan, Ukraine and Turkey.[4] The company's increased sales and profits from its core activities have only been offset by decreasing income from "investments", a habit that one hopes the company will refrain from pursuing in the future.[5]

Many people don't realise that much of the food mentioned above, as well as other consumer goods and products, make it to restaurants and supermarket shelves by sea cargo. Many also don't realise that DP World, the world's fourth largest container port operator and the region's largest terminals operator, is responsible for handling most of these shipments. In fact, it is estimated that up to 90 per cent of global trade is carried through container ships with 6.8 billion tonnes of goods valued at US$7.4 trillion.[6] As such, DP World is in a prime position to take advantage.

Although the so-called trade slump is forecasted to last until 2011[7], the strategic ports that are managed by DP World ensure that it will be among the first to bounce back. A stock price of US$0.18 (recorded on February 5, 2009) is a much more realistic valuation than the ridiculous listing price of US$1.20 in the fall of 2007 that will go down in GCC equity history as one of the most disastrous valuations cooked up by regional and international investment banks. Proof of which was the Dubai Financial Services Authority fining SHUAA Capital almost US$1 million last fall because it had "artificially inflated" the stock price earlier in the year.[8]

Other transport companies that may benefit from the global credit crunch and the so-called exodus in the GCC labour market are Sharjah's Air Arabia and Kuwait's Jazeera. One of my favourite quotes from Richard Branson goes: "The easiest way to become a millionaire is to start out a billionaire, then go into the airline business." No-frill airlines in the region such as Air Arabia and Jazeera could yet scoop away business from ultra-luxury carriers like Etihad, Qatar Airways and Emirates. Jazeera's strategic coup in gaining a foothold at Dubai International Airport (the world's sixth busiest airport handling over 37 million passengers in 2008, according to Airports Council International[9]) as the sole no-frills airline would give it a much sought-after advantage.

The recently announced delay in operating FlyDubai from Dubai World Central "for a year" due to pushing back Al Maktoum International Airport's operations[10] will only bode well for Jazeera. Moreover, Air Arabia was quick to establish a second hub in Morocco to serve the European markets, which is mystified by the beauty of the North African kingdom. The country attracted over seven million visitors last year[11] and is 30 per cent cheaper than its European rivals to holiday in.[12] If Air Arabia capitalises on that market, it may be able to weather the crisis. Having said so, please remember that this article reflects solely my biased opinions and is not to be taken as advice to invest.

Finally, I must mention that a minor problem with the above stock picks is actually finding money to invest. MW

(Footnotes)

1 http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/4346799/McDonalds-sales-soar-as-diners-trade-down.html
2 http://abcnews.go.com/Health/DiabetesResource/story?id=4044952&page=1
3 http://www.zawya.com/cm/profile.cfm/cid5085/Kuwait%20Food%20Company/ricFOOD.KSE
4 http://www.zawya.com/story.cfm/sidZW20080417000052/Kuwait%20Food%20To%20Expand%20In%20Kazakhstan%2C%20Ukraine%2C%20Turkey%20-%20Report
5 http://kse.com.kw/PORTAL/A/Stock/StkFI.aspx?stk=704&V=4
6 http://www.fpif.org/fpiftxt/5827
7 http://www.inquirer.net/specialfeatures/thefinancialcrunch/view.php?db=1&article=20090206-187836
8 http://www.zawya.com/story.cfm/sidZW20080925000021
9 http://www.thenational.ae/article/20080429/BUSINESS/400804065
10 http://www.khaleejtimes.com/biz/inside.asp?xfile=/data/business/2009/February/business_February56.xml&section=business
11 http://www.iht.com/articles/ap/2008/10/16/business/AF-Morocco-Weathering-The-Crisis.php
12 http://www.sundayherald.com/international/shinternational/display.var.2436858.0.0.php

Sheikh Sultan bin Saud Al Qassemi is the chairman of Barjeel Securities. He can be reached at www.sultansq.blogspot.com. Opinions expressed in this article are those of the author and do not necessarily represent those of the MONEYworks group of magazines. This article should not be misconstrued as financial advice.