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

The Gulf region's first personal finance and investment magazine

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FREE
'The Future of GCC Banking & Finance'
A MONEYworks supplement

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BPA WORLDWIDE CONSUMER

Now that oil has begun to pull back, we might be looking at a bit of a respite. One thing is for sure, though – given the high price, there has been some amount of demand destruction across the world, which translates into a slowdown in the pace of activities and, ultimately, the creation of wealth.

The rise in the price of oil during the past one year has been nothing short of dramatic. For producing countries in the GCC, while the tanking US dollar has been a cause of concern, the fast-rising price of oil has brought on the additional challenge of dealing with excess liquidity. Given the circumstances, one must give credit to the GCC countries for how their governments have been able to manage challenges resulting from hyperinflation without resorting to significant policy changes.

In this edition, we have specifically investigated the cause of the rise in the price of oil. It does look like speculation has been a major source of the volatility in energy prices, as has been pointed out by a few OPEC members in recent months.

The slowdown in the pace of global growth should be a cause of concern for GCC countries, as the credit crunch in international markets has begun to affect regional issuers. Tens of thousands of UK residents will lose their rights to their homes in the next few months as they default on their mortgages; this situation could also have an impact on UAE properties where non-resident Western European customers have bought properties for investment purposes. The delay in delivery of promised properties in the UAE is also a cause of concern for this section of investors, as they have to wait longer for their investments to pay back – unless they resort to flipping.

Before I sign off, I must mention that we are distributing a supplement on the future of GCC banking and financial services along with this edition. It is a summer project, pithy and yet comprehensive. Written by Matein Khalid, it looks at the past and present, drawing a broad picture of what the future could hold for the industry. A must read, the supplement is also meant for your library.

Utpal Bhattacharya
Editor

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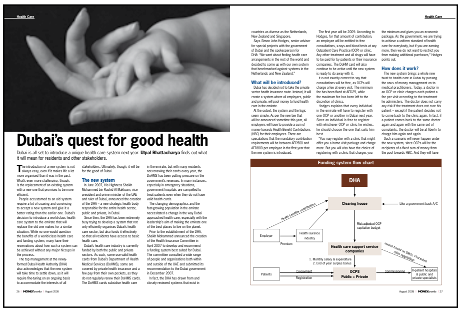

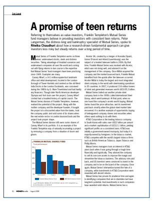

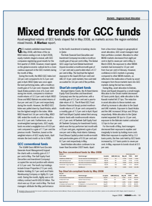

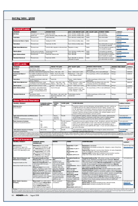

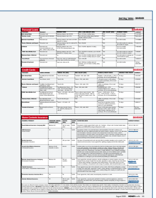

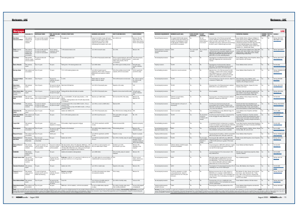

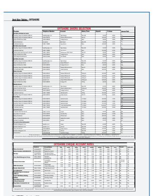

Markets

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Orhan Osmansoy

New funds from TNI by end of year

Abu-Dhabi-based The National Investor plans major activity in 2008. Apart from launching new investment funds, the company is set to raise capital in the debt market. There are also plans to tap the primary market in the near future. A **MONEY***works* report.

The National Investor (TNI) will launch four new private and public equity funds by the end of this year and early next year. The three private equity funds will together raise approximately US$400 million.

Orhan Osmansoy, CEO of TNI, said that the fourth fund will be a public equity fund targeting the entire Middle East and North Africa (MENA) market.

The first private equity fund will aim to raise US$250 million. Osmansoy said that it will be a second-generation growth fund and will be launched towards the end of the year. It will be followed by a US$50 million health care fund and a US$100 million real estate fund. The open-ended Pan MENA Fund, a blue chip fund, will be similar to the existing TNI UAE Blue Chip Fund (TNI BCF), Osmansoy added.

According to Osmansoy, TNI has started approaching investors for the Pan MENA fund. The company is also planning a road show in the next few months targeting investors across the region.

The TNI BCF was invested 46 per cent on the Abu Dhabi Securities Exchange and 41.3 per cent on the Dubai Financial Market as of the end of May. The fund was invested 9.5 per cent on the other GCC markets and two per cent on the Dubai International Financial Exchange. It also held 1.6 per cent in cash. The fund was 39.8 per cent invested in the real estate and construction sector and 31.2 per cent in the banking and finance sector, while 8.4 per cent was allocated to the telecom sector.

Osmansoy said that apart from launching new funds during the course of the year, the investment bank is also likely to tap the debt market to raise as much as AED400 million by the end of the year. The capital increase will help spruce up the bank's balance sheet for asset management and private equity, added the CEO.

TNI plans to dilute 30 per cent of the company through an IPO once the regulations undergo certain changes.

The other major plan under consideration is to go public, subject to changes in the UAE regulations allowing the issuer to retain majority control in the business. TNI plans to dilute 30 per cent of the company through an IPO once the regulations undergo these changes.

As per the current regulations, private businesses must sell 55 per cent of their equity when they go public, while the founding shareholders are compelled to hold on to their shares for two years after the offering.

Walid Hayeck, senior vice president of the asset management division at TNI, said the firm is moving its funds offshore by the end of this year, as its institutional clients were not comfortable with the current local regulations in the UAE.

The moving of the funds is already underway, but TNI officials declined to say which country they were planning to move their funds to.

TNI was established in 1995 as a private joint stock company managing a number of strategic business divisions covering investment banking, private equity, asset management and investment research. It has offices in Abu Dhabi and Dubai and received approval in April of this year to operate in Saudi Arabia. Aside from the Kingdom, the company will also consider acquisition to enter other markets in the Middle East, most likely Qatar.

TNI saw its annual revenue grow 80 per cent for the fiscal year ending March 31, 2008 over the same period in the previous year to a record AED292.3 million. The consolidated net profit rose to AED113.6 million in the same period, up 43 per cent over the previous year.

The asset management division had a successful year, with assets under management up by 46 per cent. Revenues from asset management increased 300 per cent from the previous accounting year to a record AED37.1 million, and assets under management increased 29 per cent in the same period to AED1.3 billion.

Bahrain offers UK financial institutions Islamic finance know-how

Shaikh Mohammed bin Essa Al Khalifa, chief executive of the Bahrain Economic Development Board, praised the development of the UK's Islamic finance sector at last month's Euro World Islamic Banking Conference in London and encouraged further cooperation between the UK and Bahrain's already mature Islamic finance industry.

Shaikh Mohammed acknowledged the rapid and sustained growth of the UK's Islamic finance sector, noting that there are currently over 20 banks providing Islamic financial services – more than the rest of Western Europe combined. London is, moreover, home to Europe's only stand-alone Islamic institutions including investment banks, retail banks and a Takaful provider.

"Bahrain's knowledge, expertise and success within the Islamic finance industry are there to be used as a channel to facilitate the growth of Islamic finance globally, whether this means working with governments or in the wider context of financial centres like London as its institutions develop their Islamic finance expertise," said Shaikh Mohammed.

Shaikh Mohammed bin Essa Al Khalifa

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

Global retail banks are expected to spend US$9 billion on business intelligence technology by 2012, with investments on operational risk technology poised to witness a 12 per cent average annual increase from US$754 million in 2007 to over US$1 billion in 2010, according to independent market analyst Datamonitor. In the Middle East, financial institutions are also gaining strength on the technological front, as evidenced by the 15 per cent increase in the sector's IT investment, which is set to reach US$1.8 billion in 2008.

SG Hambros Bank (Gibraltar) Limited, part of SG Private Banking, has acquired 100 per cent of the Gibraltar-based private banking business of ABN AMRO Bank N.V.

The agreement was signed on June 26, 2008 and is expected to become effective in early September 2008. The deal follows SG Hambros Bank Limited's acquisition of ABN AMRO's London-based activities in December 2007.

SG Private Banking is developing its activities through both internal and external growth in key wealth management markets.

First Gulf Bank is to provide scholarships to ten UAE nationals. Under the scholarship, Emirati students will study for a Bachelor's degree in either banking or finance at prestigious international universities abroad.

GCC becoming global financial centre

A new report from Chatham House examines the prospects for the GCC states' economies and the potential development of the region as a global financial centre over the next decade.

The report states that the Gulf's global economic status is impressive, underpinning significant growth in the financial sector and potentially the rise of the GCC as a top-ranked global financial centre. In principle, the GCC could overtake both Australia and a weakened Japan over the next decade.

Economic growth and wealth creation will continue to provide the big punch behind the GCC 'brand'. According to the report, regional GDP will comfortably exceed the US$1 trillion mark in 2008, moving the GCC further up the top 10 in terms of global GDP rankings. Appropriate recognition of this status, however, is needed to support the GCC's aspirations in global finance.

To enable the GCC to leverage its position, an important development would be the creation of a larger, deeper debt market, whether based on western-style bonds or the Shari'ah model. GCC cooperation will be essential in achieving these goals, adds the report.

UGB transfers JKB ownership to Burgan

United Gulf Bank (UGB) has received the necessary regulatory approvals to transfer its ownership in Jordan Kuwait Bank (JKB) to Burgan Bank.

The JKB shares, representing a 43.86 per cent equity stake, were transferred at a price of JOD7.27 (US$10.25) per share and the transaction was executed on the Amman Stock Exchange. UGB will make a profit before expenses of approximately US$280 million on the transfer.

UGB plans to invest the proceeds of the transfer by acquiring up to 20 per cent of Burgan Bank's shares at a price around the market value of KWD1 (US$3.75) per share. UGB currently owns approximately 0.7 per cent of Burgan Bank shares.

Emirates NBD has started integrating its network of ATMs, which will result in one aligned platform. The network includes 234 Emirates Bank ATM machines, 60 Emirates Islamic Bank ATM machines and 180 National Bank of Dubai ATM machines.

Financial results

Emirates Islamic Bank has recorded a net profit (excluding the depositors' share) of AED320 million for the first half of 2008, an increase of 321 percent over AED76 million for the same period last year. Shareholder equity reached AED1.5 billion at the end of the period, recording an increase of 25 percent compared to the end of June 2007. Meanwhile, return on capital reached 68.5 percent per annum.

Qatar Islamic Bank has reported profits of QAR854 million for the first half of 2008, compared to QAR502 million for the same period of 2007, indicating a growth rate of 70.2 per cent.

Arcapita Bank has recorded a net income of US$362.2 million for the fiscal year ending June 30, 2008, representing a 90 per cent increase on the annualised figure of US$190.5 million recorded in the fiscal year 2007. A cash dividend of US$90.2 million for the period has been proposed for shareholders' approval at Arcapita's annual general meeting, representing a return of 40 per cent on the bank's paid-in capital.

Bahrain Islamic Bank has issued a net profit of BHD26 million for the first half of 2008, up 144 per cent compared to BHD10.6 million made during the same period of 2007. Khalid Abdulla Albassam, the bank's board chairman, said the performance is mainly due to growth in the bank's business activities. He added that the bank's assets have not been affected by the financial shocks the world experienced last year and early this year.

First Gulf Bank has recorded a net profit of AED808 million for the second quarter of 2008, an increase of 70 per cent over the same quarter of last year and 20 per cent up on the first quarter of this year.

Gulf General Investment Company has reported a profit of AED505 million for the first half of 2008, a growth of 94 per cent over AED260 million for the same period last year. Revenue also increased 54 per cent to AED4.3 billion for the first six months of 2008, in comparison to AED2.8 billion for the same period last year.

NBAD and Bank of Tokyo-Mitsubishi conclude AED2.3 billion financing deal

National Bank Abu Dhabi (NBAD) and The Bank of Tokyo-Mitsubishi (BTMU) have concluded an AED2.3 billion syndicated term-loan facility to finance the acquisition of a 20 per cent shareholding in Cosmo Oil.

Cosmo Oil is a leading Japanese oil refinery and sales conglomerate, listed on the Tokyo Stock Exchange. The deal will enable Cosmo Oil to carry out its mid- and long-term growth strategy.

NBAD's main office

NBAD and BTMU acted as mandated lead arrangers. NBAD acted as facility agent and BTMU as documentation bank.

Ernst & Young survey looks at CFO roles; calls for financial reality check

A new study by Ernst & Young suggests that the world's CFOs are under ever-increasing demands.

The report looks at how CFOs' roles in the US, Europe and Asia have expanded dramatically over the last decade, increasing conflict related to varying demands. The report says that in a rapidly-changing environment driven by increasingly global markets, global competition, financial regulation and the outward movement of capital from east to west, CFOs in the Middle East will also find themselves at a turning point.

"If CFOs want to concentrate on their strategic roles, they need to streamline their scorekeeper and custodian roles, focus more on integrating financial and non-financial information and build talented teams to share the workload. Based on the strategic objectives of the company and the nature of the regional markets, the CFO has to take the lead in defining his role," says Omar Bitar, managing partner of advisory services at Ernst & Young Middle East.

The survey showed that 20 per cent of respondents attributed the expansion of their role to globalisation. Ninety-seven per cent of respondents acknowledged that CFO roles have grown broader, but nearly a third believed that they did not have enough understanding of the wider issues their businesses faced.

DIB signs up with Emcredit for credit information

Emcredit will now provide credit information and risk assessment services to Dubai Islamic Bank (DIB). Under the terms of the agreement, Emcredit will initially offer reporting solutions in the area of cheque payment defaults by individuals and companies in the UAE.

Ali Ibrahim, managing director of Emcredit, and Fahad Bin Fahad, executive VP of DIB

New company Naseej to list on Bahrain Stock Exchange this year

Bahrain-based Ithmaar Bank has led a consortium of regional institutional investors to launch Naseej, a fully-integrated infrastructure and real estate development company with an authorised capital of BHD2 billion and a paid-up capital of BHD300 million.

As the first fully-integrated infrastructure and real estate development company in the Middle East, Naseej is planning to carry out such activities as development and construction services, manufacturing and importing building materials, facility management services, mortgage services, real estate planning and consultancy services and marketing services.

Sixty per cent of Naseej's initial paid-up capital will be contributed by the company's founding shareholders. The shareholders will raise the remaining forty per cent of Naseej's capital through an IPO that will be listed on the Bahrain Stock Exchange later this year. Shares will be set at 100 Bahraini fils per ordinary share.

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

Drake & Scull International's IPO of 1,197,777,778 of its ordinary shares closed last month and was 101 times oversubscribed. Around 45,600 subscribers applied for the shares, investing funds of approximately AED124 billion. The shares were priced at AED1 each, plus an offering cost of AED0.02 per share, with a minimum subscription of 20,000 shares.

Total trading volumes on the Dubai Gold and Commodities Exchange touched a record high of 14,066 contracts on July 11, registering the exchange's highest overall daily value of above US$978 million.

Takaful Emarat PJSC has listed on the Dubai Financial Market (DFM). Trading of the company's shares has begun under the trading symbol "Takaful-Em" and the company will be classified within the DFM's insurance sector stocks. The company's authorised, issued and paid-up capital is AED150 million, with each share valued at AED1. "Takaful Emarat is one of the leading insurance providers in the UAE, and this listing will support the company's financial performance and help develop the insurance services in the market," commented Sheikh Faisal Bin Khalid Sultan Al Qasimi, chairman of Takaful Emarat.

High net worth individuals still spending

Despite rising costs and financial market turmoil, high net worth individual and ultra high net worth individuals spent considerable amounts of their wealth on investments of passion last year, according to the 12th annual World Wealth Report issued by Merrill Lynch and Capgemini. Investments of passion include tangible luxury items such as fine art, expensive automobiles, private yachts, sports teams and jewellery. They also include intangible investments such as experiential vacations.

"Even as financial market turmoil impacted the US during the second half of the year, luxury goods makers, high-end service providers and auction houses all found ready clients in the emerging markets of the world – most notably China, India, Russia and the Middle East – thereby sustaining their own ground," said Jonty Crosse, resident director of Merrill Lynch's global wealth management business in the Middle East.

Private jets, custom yachts, high-end automobiles and other luxury collectibles accounted for 16.2 per cent of passion investments among high net worth individuals as a whole, followed closely by fine art at 15.9 per cent. Jewellery held third place at 13.8 per cent, while luxury/experiential travel ranked fourth at 13.5 per cent.

Analysts suggest that new wealth and growing consumer demand in Asia, Eastern Europe and the Middle East will continue to outweigh the pressures of the economic slump in western markets.

Asia is fairly well positioned, says expert

In the credit contraction environment that exists today, Asia is fairly well positioned because it is quite debt adverse, according to Catherine Yeung, investment specialist at Fidelity International Hong Kong.

Speaking to MONEYworks, Yeung said that both private and public sector debt levels were decreasing and that debt to equity ratios have declined over the past 20 years. Low levels of debt provide unhindered support for capital expenditure plans in Asia.

The savings rate, a key driver of economic growth in Asia, has risen sharply over the past five years. Average household savings rates are 30 per cent in China, while they are one per cent in the US, three per cent in the UK and 10 per cent in Germany.

China has shown a robust growth of 10 per cent, but the contribution of exports to GDP has dropped to 1.6 per cent from 3.2 per cent last year and inflation still continues to be a major concern. In the refinery sector, although oil prices continue to rise, gasoline prices are under control.

Morgan Stanley has downgraded its rating of the Dubai Financial Market (DFM) to underweight, due to what it calls the "disappointing trading pattern witnessed in the second quarter of 2008" and the "belief that the market is still optimistic on the stock".

With the average daily traded value of the market now close to the bank's forecasted bear scenario of AED1.5 billion, Morgan Stanley has lowered its DFM traded value forecasts for 2008 and 2009 by 39 per cent.

"The market remains too optimistic in our view, with earnings forecasts implying 65 per cent year-on-year growth in trading values, in contrast to our forecast of 17 per cent. Bearing in mind the special circumstances that drove the strong Q4 2007 figures, we see further downside risk to the DFM's price," says Tammam El Barbir, Morgan Stanley banking analyst for the Middle East and North Africa region. El Barbir does feel that the potential remains for the DFM to improve its performance in the second half of 2008 and into 2009. In order for that to happen, though, there will need to be a sustainable pick-up in market activity, he says.

Esdarat Holding Company, with an authorised capital of around US$377 million, has launched a private placement of 600 million shares. The private placement is expected to raise over US$300 million and an IPO of the company is expected to take place within 12-18 months.

How to deploy US$10 trillion of wealth

Investcorp's president and COO, Gary Long, has predicted that several emerging investment trends will shape how an estimated US$5-9 trillion in cumulative GCC oil revenues generated over the coming decade will be invested. Speaking in New York last month alongside Ramzi AbdelJaber, head of Investcorp's business development unit, Long estimated that the oil boom would translate into an investable asset pool in excess of US$10 trillion by 2020.

Long and AbdelJaber outlined the main emerging investment trends as increased onshore investments in Asia and the MENA region, a shift in allocation to alternative investments, the increased sophistication and institutionalisation of the Gulf region, a booming demand for Islamic products and the rapidly-growing importance of sovereign wealth funds. They also emphasised the new and increasing tendency of GCC investors to make local investments.

Gary Long

Fuelling these trends are the predicted record figures for the region's oil revenues, which are set to far outstrip the region's current GDP of US$800 billion. Long and AbdelJaber said to expect the Gulf region to soon take a place among the 10 major global economic powers, moving up from its current 16th place ranking.

For more on this story, go to www.moneyworks.ae and search key phrase 'emerging investment'

SICO funds up during first half of 2008

Bahrain-based Securities & Investment Company (SICO) says that its first half of 2008 performance results for its GCC equity funds have outperformed market indices.

Most of the regional markets continue to face pressure, with the overall GCC market losing 9.4 per cent during the year. Saudi Arabia, which is down 15.3 per cent, leads the losses.

According to SICO, its funds have generated positive returns to their investors during the year. For example, SICO's Khaleej Equity Fund is up 14.3 per cent for the year to date and up 181.8 per cent since its inception in March 2004. The SICO Selected Securities Fund is up 11.5 per cent year to date and 247.7 per cent since its inception in May 1998.

Data shows rise in UAE monetary supply

UAE Central Bank data has shown a huge rise in the UAE's monetary supply with an increase of over AED187 billion during 2007. Over this period, the figure rose from AED505.64 billion to AED692.4 billion in a move considered to be the fastest monetary growth rate experienced by the country in five years.

Economics expert Dr. Ahmed M. Al-Samerai, chairman of SAHARA Group, comments: "The expansion of the industrial, logistical and real estate sectors coupled with huge economic and real estate progress in the region, in addition to ascending trade revenues and rising current accounts due to commercial transactions, has contributed enormously to the huge liquidity flow into the country."

Dr. Al-Samerai also points to the addition of several different foreign capitals for investment that exceeded US$19 billion in 2006 alone. He adds, however, that few of these excessive funds are invested in legitimate, profitable investments due to investment opportunities being narrow and mostly exclusive to the real estate and financial sectors.

Dr. Ahmed M. Al-Samerai

Inflationary pressures in the GCC have increased the cost of building materials, leading skilled and unskilled labourers to leave the country. This circumstance has resulted in a labour shortage that has fuelled soaring building costs in the region.

According to developer Al Mazaya Holding, the costs of building in the Gulf region increased at an estimated rate of 30 per cent in 2007 and 50 per cent in the first half of 2008.

Al Mazaya says that contractors are trying hard to offset rising building material prices fuelled by local and global forces and record oil prices. The labour shortage, the developer continues, is caused by the deportation of hundreds of thousands of illegal Asian workers in a bid to solve the demographic imbalance and put an end to continuous strikes by labourers who are unable to cope with the rising cost of living.

"Several contractors are seeking alliances with real estate developers in an attempt to work together to control construction costs. This method may alleviate the pressure placed on contractors somewhat, as they are apparently unable to bear the burden of rising costs alone," says Eng. Salwa Malhas, executive vice president of Al Mazaya Holding.

Malhas adds, however, that the problem can't be solved solely by the forging of alliances between developers and contractors. Support is needed from both the private and public sectors in order to create a balance between supply and demand in the long term.

GCC needs affordable residential projects

The number of luxury residential towers and high-end projects is growing rapidly in the GCC property market to meet the needs of affluent buyers, while only a few developers are developing residential and commercial projects that cater to the growing needs of limited and middle-income groups.

Calls are multiplying for the development of affordable residential projects to bridge the gap between supply and demand for low-cost apartments. More affordable projects would also help restore a balance to the market following skyrocketing property prices driven by soaring oil prices and high building material prices, which have increased rent and led to inflationary pressures.

According to Saleh Sorayai, chairman of SNASCO and Sharjah Investment Centre, developers and financers should focus on low and middle-cost projects to ensure a steady return on their investments.

Saleh Sorayai

"It is important for middle-income earners to be able to own their apartments, which should be of high quality and reasonably priced. Most middle-income earners in the GCC countries are allocating a large portion of their monthly income for residence. Therefore, the need to provide the convenient apartments for these groups is urgent," he said.

For more on this story, go to www.moneyworks.ae and search 'low-cost apartments'

The Dubai Mall is to open a new ice rink that will feature a diverse calendar of events. Boasting Olympic-sized measurements, Dubai Ice Rink will look to host figure skating competitions and ice hockey matches with its NHL-certified professional hockey dasher boards and glass. The rink will also serve as a multi-purpose venue for various activities and private functions, with the ability to convert into a concert or festive hall.

Emaar's fountain-naming contest for UAE residents kicks off

The contest announced by Emaar Properties inviting the public to suggest a name for the fountain being developed in Burj Dubai Lake began last month and will run until September 15, 2008.

The winner will be selected by a panel comprising Emaar's senior management, architects and brand consultants, and a cash prize of AED100,000 will be awarded. UAE residents can suggest one name, which must be submitted on-line through a dedicated web page on www.emaar.com.

The fountain, which will be operational in 2009, is over 275 metres in length. Water nozzles shoot water sprays to heights of over 150 metres, and over 6,600 lights and 50 colour projectors create a visual spectrum of over 1,000 different water expressions. Different combinations of water forms perform to selected musical pieces.

Emirates NBD adds new card; plans consumer finance company

Emirates NBD has released the Emirates Business Credit Card in partnership with Visa and Emirates Airline's business rewards programme. The new card is targeted specifically at the small and medium enterprises sector.

Besides access to airport lounges (Dubai and Abu Dhabi), merchant discounts and dining privileges, the card offers its members one business reward mile for every US$1 spent on the card. The reward miles can later be redeemed for flights on Emirates. As an introductory offer, customers will get 25,000 bonus business reward miles, as well as double miles for all their spending on the card until December 2008.

Cardholders are entitled to zero per cent interest per month for the first 90 days and 1.49 per cent interest per month thereafter. Cardholders will also automatically be entitled to free office content insurance of AED100,000.

Emirates NBD is also preparing to launch a new consumer finance company under the name of Emirates Money Consumer Finance LLC. According to Jamal Bin Ghalaita, Emirates Money's chairman of the board and Emirates NBD's general manager of consumer banking, the new company will offer superior quality and more innovative products and services. "Over the coming weeks and months, we'll be launching a range of loan products under the Emirates Money name that we know, through in-depth consumer research, will meet a current gap in the market," he said.

For more on this story, go to www.moneyworks.ae and search 'Emirates Money'

Schroders launches gold and metals fund

Schroders has launched the Schroder Alternative Solutions Gold and Metals Fund, a new fund aiming to offer investors a pure exposure to gold and other metals in a long-only, unleveraged, actively-managed, index-unconstrained fashion.

The fund has a return objective of outperforming the performance benchmark consisting of 75 per cent of the Rogers Metals Total Return Index and 25 per cent of the Rogers Gold Total Return Index, with lower volatility. This performance benchmark has a weighting of 50 per cent base metals and 50 per cent in precious metals, with gold having a weighting of 35 per cent.

"Gold has a lack of correlation to many other asset classes, which makes it an important component of any diversified portfolio. Furthermore, after more than two decades of not having to worry about a sustained uptrend in inflation, the world is once more in an inflationary era. Gold has, in the past, been considered as offering protection against rising inflation," commented Schroders.

Barclays Global Investors (BGI) has opened an office in the Dubai International Financial Centre to provide investment banking and investment management solutions. BGI says the new office will principally address the growing needs of the region's institutions, including government-sponsored pension and social security funds, sovereign wealth funds, central banks and high net worth individuals and families.

A team of five is to focus on the region, with further growth already planned. The team includes specialists in money market funds, iShares, exchange-traded funds and institutional services and products.

Standard & Poor's introduces new investable index for Gulf equity markets

Standard & Poor's has introduced the S&P GCC 40 Index, which will provide tradable exposure to 40 of the largest and most liquid companies on the primary exchanges of Bahrain, Kuwait, Oman, Qatar and the UAE.

The S&P GCC 40 Index has been designed to provide diversified exposure to Gulf markets and is dominated by companies from the financial, materials, telecom and industrial sectors. The UAE has the largest country weighting, followed by Kuwait and Qatar.

On a historical basis, the S&P GCC 40 Index has recorded returns of 10.82 per cent year-to-date and 39.22 per cent annualised on a three-year basis.

Dubai Islamic Bank has opened a new full-service retail branch in Dubai, increasing its total UAE-wide branch network to 49. The new branch is located in the Dubai Marina area of the emirate and will offer such services as current, savings and investment deposit accounts, Murabaha and trade finance.

Standard Chartered has opened a dedicated project finance office in Abu Dhabi as part of its ongoing expansion strategy to strengthen its country capability.

Noor Islamic Bank has opened a representative office in Tunisia to offer banking services in the North African countries, making it the bank's first overseas operation. The regional office is located in the capital of Tunis and will focus mainly on investment and corporate banking. It will also channel investment opportunities from the GCC into North Africa.

Du is offering monthly plan subscribers the ability to save up to 50 per cent on incoming calls while travelling outside of the UAE this summer. The offer is available until September 25, 2008.

UBS Investment Bank is to open an equity research office in Dubai to cover stocks both in the UAE and across the broader GCC region. The bank plans to significantly expand its Middle East operations to accelerate growth.

UBS' on-the-ground presence in Dubai will be complemented by coverage of local stocks by its European sector research teams in London including telecoms, transport and chemicals.

The Bank of New York Mellon is expanding its business in the region and is opening an office in the Dubai International Financial Centre.

Cunningham Lindsey has received a licence from the Qatar Financial Centre Authority to provide insurance services in Qatar. This move represents the latest step in the strategic development of its network of offices in the Middle East, where Cunningham Lindsey International is already present in nine countries.

Citibank unveils new card for travellers

Citibank recently introduced Citi Travel Pass, a new Visa credit card. Travel Pass cardholders can earn points on card spend and redeem them for free tickets on numerous airlines operating in the UAE with no blackout period conditions. Cardholders can also top up their Citi Travel Pass points with cash and fly for less.

A cardholder must spend at least AED2,000 to qualify for the first free flight voucher and AED30,000 within the first twelve months of membership to qualify for the second voucher. Other travel benefits offered on the card include ticket discounts of up to 15 per cent on select airlines and preferential rates on resorts, hotels, holiday packages and cruises.

For more on this story, go to www.moneyworks.ae and search 'Travel Pass'

QFC Authority to establish technology-based insurance trade platform

The Qatar Financial Centre Authority said that an agreement has been reached to establish the Qatar Insurance Platform (QIP), a technology-based insurance trade fulfillment platform.

The QIP will provide an electronic trading service, facilitate transaction workflow, deliver trade documentation and provide effective management information. It will also bring together international insurers/reinsurers and brokers to conduct insurance trading activities through the platform.

The first phase is set to go live in a pilot operation by the end of this year.

HSBC launches EIBOR-based mortgage

HSBC Middle East Limited is introducing an EIBOR-based mortgage, which guarantees to follow the Emirates Interbank Offered Rate for the life of the loan.

The new mortgage from HSBC will be benchmarked to the three-month EIBOR plus a fixed margin depending on the loan to value. For loans of up to 60 per cent loan to value, rates start from the three-month EIBOR plus four per cent. The new mortgage guarantees a rate review every quarter and the rate will be automatically re-set in line with the actual current three-month EIBOR rate.

Bank of Baroda plans new products

Bank of Baroda, in its first step towards offering wealth management services, has entered into an agreement with Reliance Mutual Fund (RMF) for the distribution of RMF's scheme through its UAE branches.

"We plan to offer a number of products that are part of wealth management. These include portfolio management, various mutual fund products, life and non-life insurance products, high-yield derivative products, investments in bonds and securities and online trading of equities," said Ashok Gupta, Bank of Baroda's CEO for the GCC region.

Swicorp (UAE) Limited has received authorisation from the Dubai Financial Services Authority to operate from the Dubai International Financial Centre as a financial advisory firm. Swicorp plans to expand further in the UAE based on the new licence.

New UAE finance company developed

Mubadala Development Company, Waha Capital, A.A. Al Moosa Enterprises and Fullerton Financial Holdings have signed an agreement to incorporate a new finance company headquartered in Abu Dhabi to be called Dunia Finance.

Dunia Finance will have a nationwide presence across the UAE and will focus on the retail and small business segments in the UAE to provide a range of loans, credit cards and financial planning services, as well as deposits for non-individual customers.

The company plans to deploy a customer-centric approach through investments in state–of–the-art technology and capabilities, as well as through partnerships with various service providers.

Introducing the SHK Alpha MENA Fund

Hong Kong's Sun Hung Kai Financial plans to launch the SHK Alpha MENA Fund in August through a strategic partnership between SHK Fund Management Limited and Dubai-based Algebra Capital. The fund will seek to provide professional investors with greater exposure to the growing Middle East and North Africa markets.

Developed as a long-only absolute return fund that aims to tap a growing base of high net worth investors in the Asia region, the SHK Alpha MENA Fund will feature research services targeting hundreds of companies not currently included in the MSCI.

Featuring a low correlation to traditional markets, the fund will aim to achieve long-term capital growth through a diversified investment strategy focussing on listed equity securities in the MENA region including the UAE, Saudi Arabia, Bahrain and Kuwait.

Maples Finance has opened a new office in Dubai. The company says the move is in response to increasing client demand and structured product and investment funds activity in the region.

Maples Finance (Dubai) Limited is based in the Dubai International Financial Centre and offers fund administration, incorporation, fiduciary, company administration and accounting services to investment funds and structured finance companies.

Dow Jones Indexes has launched the Dow Jones GCC and the Dow Jones Islamic Market GCC indexes. The new indexes measure the performance of conventional and Shari'ah-compliant stocks of Bahrain, Kuwait, Oman, Qatar and the UAE.

The Dow Jones GCC and Dow Jones Islamic Market GCC indexes are weighted by float-adjusted market capitalisation and represent approximately 95 per cent of the float-adjusted market capitalisation of the five countries.

Appointments - July 2008


David Smoot

Dubai International Capital has appointed **David Smoot** as managing director of private equity.


Rami Sidani

Rami Sidani joins **Schroders** as head of MENA portfolio management. Sidani will co-manage the Schroder ISF Middle East Fund.


Eiji Aono

EFG-Hermes has appointed **Eiji Aono** as the firm's new head of research. **EFG-Hermes Private Equity** has named **Hazem Shawki, Kashif Siddiqui and Walid Zein** managing partners based out of Dubai and Cairo.


Alan Jones

Alan Jones has joined **Royal Bank of Scotland International** as the mortgage development manager in the Middle East.

Complinet has promoted **Leas Bachatene** to managing director of its operations in the Middle East and Asia Pacific.


Abdulla Nasser Abdulla

Tamweel has appointed **Abdulla Nasser Abdulla** as deputy group CEO of the company.


Christopher Laing

Christopher Laing will relocate to Dubai as the co-head of equity capital markets for CEEMA at **Deutsche Bank**.

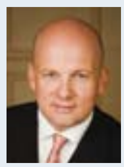

Dr. Adnan Chilwan

Dubai Islamic Bank has appointed **Dr. Adnan Chilwan** as chief of retail and business banking. **Mohamed Al Nahdi** has also been appointed chief of central operations to spearhead the bank's operations within the UAE.


Per E. Larsson

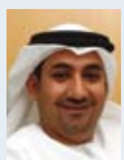
UBS has named **Per E. Larsson** the new CEO for the Middle East and North Africa. He will also be a member of the group managing board.

Nassef Sawiris is now a board director of the **Dubai International Financial Exchange**. Sawiris is the chief executive of Egypt-based Orascom Construction Industries.


Christoph Mares

Emaar Hospitality Group has appointed **Christoph Mares** as COO of the company.

Jeffrey Culpepper is joining **Credit Suisse** as managing director and vice-chairman of the investment banking department in the EMEA region. He will be head of the investment banking department in the MENA region.


Shaker Zainal

HSBC Bank Middle East Limited has appointed **Shaker Zainal** as head of branch management and has promoted **Samira Abdulrahman** to senior manager of the HSBC Jebel Ali branch.


Samira Abdulrahman

HSBC has appointed **David Lepper** as head of UAE equity research, covering the MENA region.

Unicorn Investment Bank has appointed **Sebnem Kalyoncuoglu** to head its Turkey operations.

A crude reality

The spike in the price of oil has been furiously debated around the world. **Ritwika Chaudhuri** tries to explain what could be behind the spike, as well as where the market is headed.

The global oil price has reached an unprecedented level defying the expectations and predictions of various power groups, experts and economists related to the energy sector. From US$61 a barrel in March 2007, oil went up to US$145 at end of June 2008. Theories attempting to elucidate the spike in oil prices abound, while explanations flow from all of the crucial parties involved – producers, exporters, the World Energy Association, the trading fraternity, the financial sector, experts and even consumers.

Although commonly-cited causes such as ravenous demand from the BRIC (Brazil, Russia, India and China) countries, refining bottlenecks at western oil-consuming nations, geopolitics, the weak US dollar hit by falling interest rates and bearish US growth prospects have added a

broad dimension to the recent oil price surge, there are other issues that have fuelled the rise in price per barrel. Among those issues are the apathy of OPEC (Organisation of Oil Exporting Countries) to increase production capacity and the excessive speculation in the major energy exchanges in the world. Needless to say, the effects of a seemingly routine amount of civil unrest in oil-producing regions such as Iraq, Iran and Nigeria remain a constant factor, in addition to the above.

While all of these factors are working in conjunction, two observations remain crucial at this point in time: that oil price movement does not seem to be following the dynamics of regular market mechanisms and that the current situation, to a large extent, points toward speculative trading.

Indeed, the third oil crisis (after 1973 and 1979) is actually unique in its nature and is clearly not following the classical theory of supply and demand.

A different nature

Despite the two oil crises that occurred in the 1970s, the international price of crude oil was relatively stable in the 1980s and 1990s. Since 2003, however, it has begun to move north in a consistent manner, albeit with minor fluctuations once in a while. In 2006, the oil price fluctuated in the range of US$60-80 a barrel. Even during mid-2007, it hovered around US$70-75 a barrel. But the third quarter of 2007 saw the price of oil take off, and there has been no stopping it since then.

Past rises in the price of oil were caused mainly by political instability and limited oil supply, due to accidents or military conflicts in and around the energy supply facilities of oil-producing countries. The resulting price rise was thus only temporary. In addition, past oil price rises caused global oil consumption to shrink, so the price of oil fell after some time when supply reverted to a normal level. In the past two oil crises, the rise in the price of oil was considered a major factor in inflation. Moreover, the increase in energy expenses due to the price rise was recognised as a huge threat to continued economic growth.

The current crisis is, however, quite different from past crises, both in terms of cause and effect. Barring a few indications of dwindling demand, the recent rise in the price of oil is, for the most part, not affecting global oil consumption. In fact, the impact of the high oil price on the global economy appears to be considerably weaker than it was in the past. Even the global economic index remains stable at present; hence, there is a possibility that the crisis might persist for a longer period of time.

Supply and demand

Typically, the continuous rise in the price of any good happens due to insufficient supply, an increase in cost factors or a persistent rise in demand for that good. All, in turn, lead to inflationary pressures on an economy, whether through cost

"The world's major oil provinces outside of the OPEC territory are no longer replacing reserves." Gundi Royle

push or demand pull. Normally, as per the classical theory of microeconomics, the imbalance between supply and demand is evened out through either an increase in supply or a reduction in demand (if the goods concerned are sufficiently elastic in nature), and the market eventually reaches equilibrium.

The present scenario in the oil sector is, however, in no way reflecting the classical rules, with crude as a commodity showing extreme inelasticity both ways. Although price has increased, demand has not fallen. Moreover, there is not much hope of increasing supply in the short term, even though it marginally falls short of current demand.

Oddly enough, the rise in price has not exactly been caused by an alarming rise in demand or an acute shortfall in supply – at least not in the last six months to a year (the period of unprecedented price rise under consideration). A close scrutiny of the past few years of crude oil production and consumption will bear the testimony of this statement.

OPEC's monthly oil market report for July 2008 shows that although there has always been some gap between the world's total supply and demand of crude, the gap has not widened recently (see Table 1). In 2004, the supply-demand gap of crude was 1.4 million barrels per day, while in 2006, it was only 0.2 million barrels per day. In 2007, the supply-demand gap was 1.1 million barrels per day.

These figures clearly express that the gap has not widened enough to justify this sort of price rise. OPEC had projected crude oil demand to touch 85.78 million barrels per day in 2007 (it was actually 85.8 million barrels per day). It further projected demand to touch 87.09 million barrels per day and 87.71 million barrels a day respectively for 2008 and 2009 – numbers that do not significantly vary from OPEC's estimated supply figures for those two years. Therefore, in no way is the current price level, which is almost double last year's average and nearly two-and-a-half times greater than the 2006 level, justifiable.

Who's to blame?

It seems everyone is pointing a finger towards increasing demand from emerging economies like China, India and Korea. One cannot, however, ignore increased consumption of energy from major producing countries as well, such as Russia and the Gulf countries. Terry Newendorp, chairman and CEO of Taylor-DeJongh – a leading project finance adviser in the oil and gas, power, petrochemical, telecommunication and infrastructure sectors – points out that since there has been a fine balance between supply and demand of crude, any small disruption could cause the market to react.

"While you cannot deny the increased demand from India and China, a lot of people are underestimating the growth of domestic demand from the GCC countries. Supply from Russia to Europe has been curtailed due to Russia's own internal increase in demand for gas, so there is a growing energy demand in the world as a whole. Given that, OPEC is doing what is appropriate for its own producers," he says.

On the supply side, it seems the blame is predominantly on non-OPEC countries. According to Jens Zimmermann, equity analyst with ABN AMRO Global Private Banking, the increase in the price of oil over the last six months is more driven by tight supply fundamentals than by speculative buying.

"The main reason seems to be the persistent disappointment in non-OPEC crude oil supply, which has consistently missed expectations over the past seven quarters," he notes. "Moreover, OPEC's recent announcement that it would be able to add only about 200,000 barrels per day of production confirmed fears that OPEC won't be able to make up the persistent shortfall in non-OPEC supply."

Gundi Royle, managing director of investment banking at The National Investor, also points to the lack of non-OPEC production as the main bottleneck on the supply side. "The world's major oil provinces outside of the OPEC territory are no longer replacing reserves," she says.

The non-OPEC supply-demand gap is hovering around two per cent on average (see Table 3), which is obviously not serious enough to support the present price rise. According to OPEC figures for 2006, the non-OPEC share of the world crude reserve is only 23 per cent (273 billion barrels), as opposed to 77 per cent (922 billion barrels) of OPEC's reserve. Surely the reserve scenario has not changed drastically in a mere two-and-a-half years.

Even if we go by BP World's 2008 energy statistics or the International Energy Association's (IEA) most recent projections,

Table 1 **World crude oil supply and demand**

	2004	2005	2006	2007	2008*	2009*
OPEC (crude) supply	30.6	31.6	31.4	31.0	31.95**	31.24**
OPEC NGLs and non-conventional oil	4	4.1	4.1	4.3	4.9	5.5
Non-OPEC supply	48.4	48.5	48.9	49.4	50.0	51.0
Total supply	83	84.2	84.4	84.7		
Total demand	82.4	83.7	84.6	85.8	86.8	87.7

Source : OPEC oil market report - July 2008 (million barrels per day)

* Estimated ** Required estimated production to bridge the gap

Table 2	World oil scenario: reserve, production and consumtion								
Regions	**Oil reserve**			**Production**			**Consumption**		
	End of 2006	**End of 2007**	**2007 share of total**	**2006**	**2007**	**2007 share of total**	**2006**	**2007**	**2007 share of total**
North America	70	69.3	5.60%	646.7	643.4	16.50%	1130.2	1134.7	28.70%
Central and South America	111	111.2	9%	345	332.7	8.50%	239.9	252	6.40%
Total Europe and Eurasia	144.1	143.7	11.60%	848.1	860.8	22%	969	949.4	24%
Total Middle East	756.3	755.3	61%	1223.5	1201.9	30.8%	281.2	293.5	7.40%
Total Africa	117.1	117.5	9.50%	473.4	488.5	12.50%	132.1	138.2	3.50%
Total Asia Pacific	41	40.8	3.30%	377.6	378.7	9.70%	1158.5	1185.1	30%
Total World	1239.5	1237.9	100%	3914.3	3905.9	100%	3910.9	3952.8	100%

Source: BP World Energy Statistics 2008. Production and consumption in million tonnes; Reserve 1,000 million barrels.

there is no sufficient evidence to suggest that demand and consumption of crude has gone up phenomenally vis-a-vis supply and production.

According to BP World statistics, the world production of crude by the end of 2006 was actually higher than consumption at 3,914.3 million tonnes and 3,910.9 million tonnes respectively (see Table 2). In 2007, crude production fell marginally short at 3,905.9 million tonnes against its consumption of 3,952.8 million tonnes. If we consult BP statistics for consumption of world oil per capita (barrel per capita) from 1965 onwards, the 2007 figure stands at 4.71 against 4.52 – the mean for the period from 1986 to 2006 (see Graph 1).

Even Claude Mandil, executive director of the IEA, noted in a presentation he made on the global downstream petroleum outlook that oil demand "is on track to reach 94 million barrels per day in 2011" and that "based on the current projections and plans, the level of spare production capacity should rise".

OPEC president Chakib Khelil has also gone on the record on several occasions to say that there is hardly any demand and hence no reason for increased supply.

The above arguments are contrary to recent comments that an increase in demand, especially from the emerging economies, is the reason for the price rise. Of course, it is true to a certain extent that non-OPEC production has not been sufficient during the past year. The Energy Watchers Group contends that production from many non-OPEC producers has fallen because their fields are showing declining production rates, which supports the general "peak oil" theory.

Interestingly, the peak oil theory is not supported by many who believe that there is adequate reserve and capacity, and that it is only a matter of time before they can be utilised. But there is also no short-term solution to the issue of increasing production. Royle is of the opinion that Russia and Brazil can increase supply in five to 10 years. Even Newendorp believes that sufficient untapped oil reserves exist and are available at a price. The question is whether that price is viable and economical.

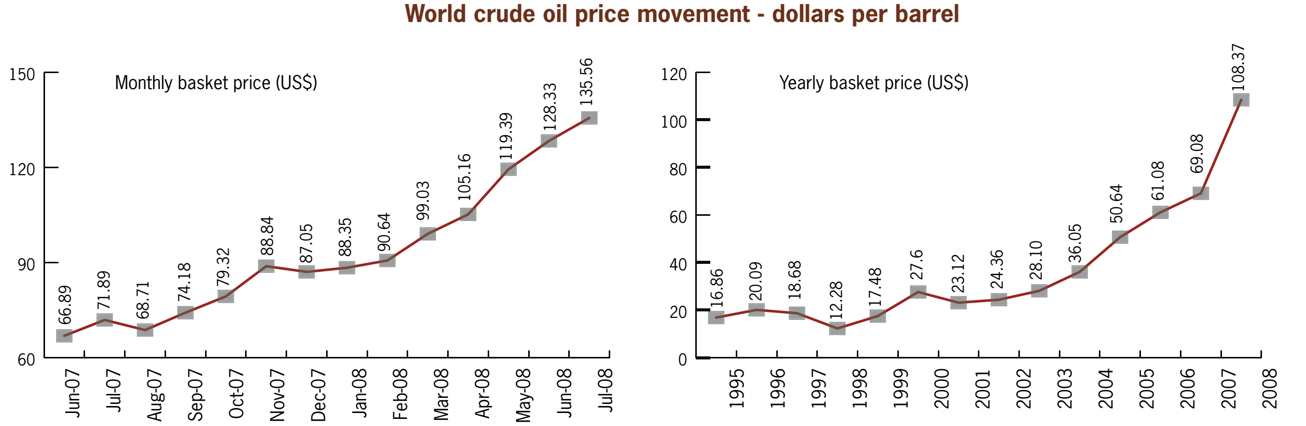
Speculation

With the classical theory of supply-demand equilibrium failing to justify the current oil price spike, the attention naturally shifts to the role of speculation as the most plausible reason behind the oil phenomenon.

Since OPEC abandoned fixing the reference price of crude oil in 1987, the price of crude has since been set by the movements on three major international petroleum exchanges: the New York Mercantile Exchange (NYMEX), London's International Continental Exchange (ICE) and the Singapore International Monetary Exchange. Approximately one million crude oil futures contracts change hands every day on these markets.

Frederick Engdahl of the Centre for Research on Globalisation in Montreal,

World crude oil price movement - dollars per barrel



Source: OPEC

"While you cannot deny the increased demand from India and China, a lot of people are underestimating the growth of domestic demand from the GCC countries." Terry Newendorp

Canada argues that the current oil price has nothing to do with the traditional relation of supply and demand, and that 60 per cent of it is due to speculation driven by large trader banks, hedge funds and other financial institutions using NYMEX and ICE for trading in oil futures. Even experts who favour increasing demand from emerging countries and supply shortage as primary causes of the current price rally do not utterly deny the role of speculation. "There is speculative activity, as commodities are now a traded asset class and commodities are used as a hedge against the falling US dollar," says Royle.

Zimmermann also admits: "More money has been invested in commodities [crude oil] as an alternative asset class during the recent financial market turmoil, which has also supported the price of oil."

That speculation always plays a role in oil price movement is not a new revelation. In June 2006, a US Senate subcommittee investigation report on the role of market speculation in rising oil and gas prices alleged that there was substantial evidence to conclude that speculation plays a major role in oil price rises.

In fact, the recent international energy conference in Jeddah brought sharp focus to the subject. Although the western industrialised nations still emphasised the non-OPEC supply shortage and surging demand from emerging countries as the primary causes of the oil price hike, King Abdullah bin Abdul Al Aziz of Saudi Arabia openly criticised the role of speculation.

Speculators neither use nor own oil, but rather provide capital that is used for trading in oil futures in the hope of making a profit at a later date. Some experts have begun to question the implications of this practice, especially when the US economy has slowed down.

In the past, US energy futures were traded exclusively through regulated exchanges, such as NYMEX. The Commodity Futures Trading Commission (CFTC) – a regulatory authority established by the US Congress on financial futures – used to monitor the transactions to prevent excessive speculation and other manipulative practices.

However, a provision by the Bush administration in January 2006 removed oil futures trading from the CFTC's surveillance ambit and allowed US crude oil futures to be traded on ICE in London. This move permitted speculators in the US trading in crude oil, gasoline and heating oil futures to legally bypass US regulatory mechanisms by avoiding trading through NYMEX and routing their transactions through ICE futures.

The June 2006 US Senate report, mentioned earlier, made a significant observation in stating that in recent years, there has been "tremendous growth in the trading of contracts that look like futures contracts, but which are traded on unregulated OTC electronic markets".

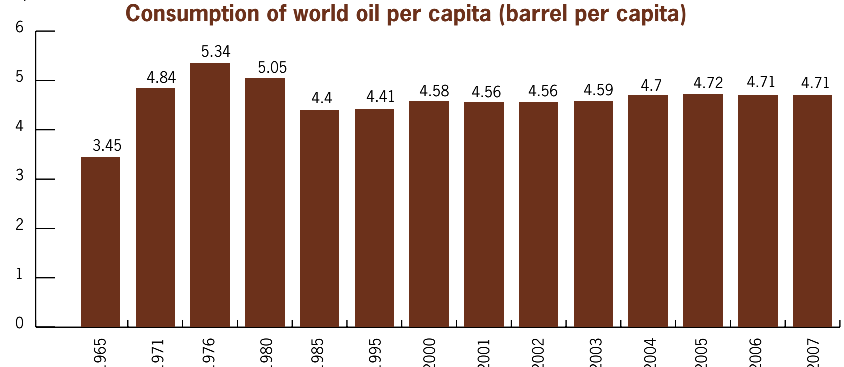
Interestingly, the removal of the OTC electronic exchanges from the CFTC's watchful eye was anchored in the Commodity Futures Modernisation Act of 2000.

The International Monetary Fund (IMF) has also noticed that current oil prices are highly influenced by speculative activity. In fact, it addressed the issue in its May 2008 Regional Economic Outlook: Middle East and Central Asia. Based on oil price movement during five global recessions between 1970 and 2001, the IMF concluded that it is hard to explain the recent oil price movement in terms of fundamentals alone. The oil price rise is not justified by global economic growth, which is expected to decline from 4.9 per cent in 2007 to 3.7 per cent in 2008. The IMF argued that while fundamentals can justify a price rise of up to US$80 a barrel, the remaining rise comes from speculation.

Since drawing a direct analogy between oil price rises and speculation becomes difficult, the IMF made a comparison of the real oil price to the real price of gold, as gold is subject to speculations and sometimes defies the usual norms of supply-demand equilibrium. And the analogy of the real oil price and the

Graph 1

Consumption of world oil per capita (barrel per capita)



Mean for 24-year period (1983-2006) is 4.52
Source: BP World Energy Statistics 2008

real gold price over a longer period of time shows that there is an element of speculation in the current oil price rise. This line of reasoning is reinforced by the fact that the weak dollar has been encouraged to look for a hedge in oil futures.

Even Khelil asserted last month: "Speculation and use of financial instruments and investments in oil commodities to generate profit that investors are unable to make in other sectors are the main causes of the oil price rally."

Other factors

Speculation aside, it is important to note that oil from existing fields is getting depleted. It is becoming more expensive to drill and extract crude – unlike in the past when most of the wells were vertical, resulting in conventional drilling. Today, new reservoirs are found in remote areas, deep seas and hostile areas requiring expensive directional drilling. On average, it is estimated that costs across the chain have risen by 150-200 per cent.

According to Zimmermann, upstream oil and gas producers have experienced significant cost increases since 2001 for personnel, technology and steel. Average finding costs for exploration and appraisals of wells in the oil and gas industry increased from about US$2 a barrel in 2001 to around US$3.30 a barrel in 2007. Similarly, the industry's average development costs for constructing and installing the facilities to produce and transport oil and gas jumped from US$11 a barrel in 2001 to about US$17 a barrel in 2007. The midstream and downstream industries have also experienced cost inflation, but mainly for personnel and construction.

"However, considering that the main feedstock [raw material] for a refinery is crude oil, one could argue that refining companies have experienced the strongest cost inflation, as the price for crude oil has jumped from an average of US$25 per barrel in 2001 to currently US$140 per barrel," says Zimmermann.

What happens next?

There have been indications of a softening in the oil price in recent weeks, and some experts argue that the price will move south in the near term.

Zimmermann feels that the oil price will pull back in the short run from its current record to US$100 a barrel, primarily due to the already apparent demand destruction and the strengthening of the US dollar.

"While further strengthening in the dollar will put more pressure on oil in the second half of 2008, in 2009 and 2010, we believe that the underlying tight supply-demand fundamentals will persist and will support higher oil prices again in the range of US$100-140 a barrel," he says.

Royle believes that the market will eventually see a cyclical downturn. Demand destruction and use of alternative energy will help to reduce prices, she argues. Moreover, she adds, the US gasoline demand has declined in absolute terms in the past three months and drivers are switching to fuel-efficient and hybrid vehicles.

"The speed and severity of the downturn in the OECD will bring downward pressure to bear. This contrasts with the upward pressure of political conflict and hedging activity. We believe that in the long term, permanent demand destruction versus temporary elasticity could see prices deteriorate to US$60-80 per barrel," Royle maintains.

There are no short-term solutions, as causes for the spike are complex and inter-linked. It is definitely important to address the rising demand from different quarters, since many experts believe that capacity is not an issue. Given the fact that no country can easily reduce oil consumption in the short to medium term, as well as the fact that addition of new capacity takes some time, power groups should concentrate on increasing supply from their reserves. It is also time to take a critical look at the oil futures market.

Nobuo Tanaka, executive director of the IEA, rightly said in Jeddah: "We need to act together to improve the fundamentals by putting more oil onto the market in the short term and encouraging greater capacity additions in the upstream and downstream. Secondly, consuming nations need to be bolder in encouraging energy efficiency, maintaining fuel excise levels and in phasing out price subsidies so that they send the right signals to the market. And thirdly, we need to build confidence and clarity by improving data transparency in all areas of the oil market."

"The main reason seems to be the persistent disappointment in non-OPEC crude oil supply, which has consistently missed expectations over the past seven quarters." Jens Zimmermann

Table 3

Non-OPEC supply/ demand growth	4Q 06	1Q 07	2Q 07	3Q 07	4Q 07	1Q 08	2Q 08
Forecast supply growth (6-9 months before)	4.00%	3.90%	4.20%	3.70%	1.00%	2.00%	1.80%
Actual supply growth	0.00%	1.60%	1.40%	0.20%	-0.40%	-1.40%	-1.80%
Actual demand growth	1.90%	0.40%	1.40%	1.40%	1.60%	0.90%	1.70%

Source: ABN Amro Research

Dubai's quest for good health

Dubai is all set to introduce a unique health care system next year. **Utpal Bhattacharya** finds out what it will mean for residents and other stakeholders.

The introduction of a new system is not always easy, even if it makes life a lot more organised than it was in the past. What's even more challenging, though, is the replacement of an existing system with a new one that promises to be more efficient.

People accustomed to an old system require a lot of coaxing and convincing to accept a new system and give it a better rating than the earlier one. Dubai's decision to introduce a world-class health care system to the emirate that will replace the old one makes for a similar situation. While no one would question the benefits of a world-class health care and funding system, many have their reservations about how such a system can be achieved without any major hiccups in the process.

The top management at the newly-formed Dubai Health Authority (DHA) also acknowledges that the new system will take time to settle down, as it will require fine-tuning on an ongoing basis to accommodate the interests of all stakeholders. Ultimately, though, it will be for the good of Dubai.

The new system

In June 2007, His Highness Sheikh Mohammed bin Rashid Al Maktoum, vice president and prime minister of the UAE and ruler of Dubai, announced the creation of the DHA – a new strategic health body responsible for the entire health sector, public and private, in Dubai.

Since then, the DHA has been extremely busy trying to develop a system that not only efficiently organises Dubai's health care sector, but also funds it effectively so that all residents have access to basic health care.

Dubai's health care industry is currently funded by both the public and private sectors. As such, some use valid health cards from Dubai's Department of Health Medical Services (DoHMS), some are covered by private health insurance and a few pay from their own pockets, as they do not regularly renew their DoHMS cards. The DoHMS cards subsidise health care in the emirate, but with many residents not renewing their cards every year, the DoHMS has been putting pressure on the government's revenues. In many instances, especially in emergency situations, government hospitals are compelled to treat patients even when they do not have valid health cards.

The changing demographics and the fast-growing population in the emirate necessitated a change in the way Dubai approached health care, especially with the leadership's aim of making the emirate one of the best places to live on the planet.

Prior to the establishment of the DHA, Sheikh Mohammed announced the creation of the Health Insurance Committee in April 2007 to develop and recommend a funding system best suited for Dubai. The committee consulted a wide range of people and organisations both within and outside of the UAE and submitted its recommendation to the Dubai government in December 2007.

In fact, the DHA has drawn from and closely reviewed systems that exist in countries as diverse as the Netherlands, New Zealand and Singapore.

Says Simon John Hodges, senior advisor for special projects with the government of Dubai and the spokesperson for DHA: "We went about finding health care arrangements in the rest of the world and decided to come up with our own system that benchmarked against systems in the Netherlands and New Zealand."

What will be introduced?

Dubai has decided not to take the private sector health insurance route. Instead, it will create a system where all employers, public and private, will pool money to fund health care in the emirate.

At the outset, the system and the logic seem simple. As per the new law that will be announced sometime this year, all employers will have to provide a sum of money towards Health Benefit Contributions (HBC) for their employees. There are speculations that the mandatory contribution requirements will be between AED500 and AED800 per employee in the first year that the new system is introduced.

The first year will be 2009. According to Hodges, for that amount of contribution, an employee will be entitled to free consultations, x-rays and blood tests at any Outpatient Care Practice (OCP) or clinic. Any other treatment and all drugs will have to be paid for by patients or their insurance companies. The DoHM card will also continue to be active until the new system is ready to do away with it.

It is not exactly correct to say that consultations will be free, as OCPs will charge a fee at every visit. The minimum fee has been fixed at AED25, while the maximum fee has been left to the discretion of clinics.

Hodges explains that every individual in the emirate will have to register with one OCP or another in Dubai next year. Since an individual is free to register with whichever OCP or clinic he wishes, he should choose the one that suits him best.

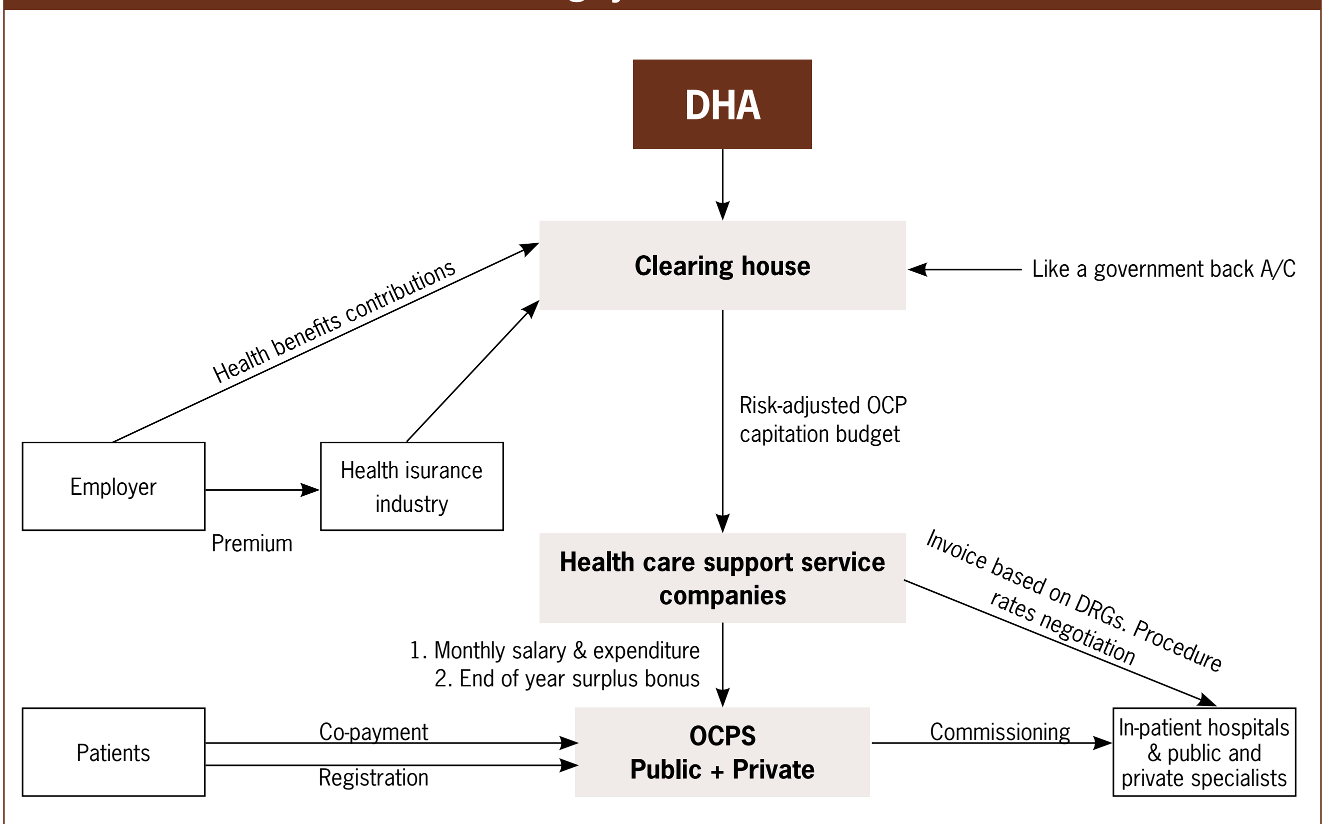
"You may register with a clinic that might offer you a home visit package and charge more. But you will also have the choice of registering with a clinic that charges you the minimum and gives you an economic package. As the government, we are trying to achieve a uniform standard of health care for everybody, but if you are earning more, then we do not want to restrict you from making additional purchases," Hodges points out.

How does it work?

The new system brings a whole new twist to health care in Dubai by passing the onus of money management on to medical practitioners. Today, a doctor in an OCP or clinic charges each patient a fee per visit according to the treatment he administers. The doctor does not carry any risk if the treatment does not cure his patient – except if the patient decides not to come back to the clinic again. In fact, if a patient comes back to the same doctor again and again with the same set of complaints, the doctor will be at liberty to charge him again and again.

Such a scenario will never happen under the new system, since OCPs will be the recipients of a fixed sum of money from the pool towards HBC. And they will have

Funding system flow chart



An opportunity for brokers

Michael Walton (MWL), director of general insurance with Nexus, a Dubai-based financial advisory group, tells MONEYworks (MW) that the changes happening in the emirate's health insurance sector bring a tremendous opportunity for professional independent advice, which can only be provided by a broker.

Michael Walton

MW: What's your reaction to the government's new DHA project?

MWL: Nexus welcomes a degree of regulation and control in this sector. Health care provision for even the most lowly paid of expatriate workers should be saluted, particularly in light of the enormous contribution such groups are making to the development of Dubai.

Whilst we appreciate that the longer-term shape of regulation is still a work in progress, we doubt that the local or federal government will want to take on an increasing burden of responsibility for the health care sector, other than ensuring that the funding responsibility is effectively passed from the state to employers and sponsors. Such an approach is consistent with the models developed in other emerging markets.

MW: As a broker, do you think your role in the health insurance sector in Dubai will become limited once the scheme is rolled out? Or do you see an opportunity?

MWL: Nexus sees a tremendous opportunity for professional independent advice, which can only be provided by a broker. Many employers will have a knowledge gap that will need to be bridged; others may have their own ideas but not know how best to implement these.

Hence, brokers who can demonstrate a high level of understanding of the ever-changing local market and the regulations that govern it should thrive. As the largest broker in the Middle East, Nexus also has the distribution channel in place to disseminate this key message, supported by a newly-established department of Employee Benefits experts with direct local and regional experience who hold the highest level of internationally-recognised professional qualifications.

MW: Do you see the model Dubai is building as unique, but untested? What do you think are the upsides and downsides to it?

MWL: Nexus believes that the model proposed is effectively one of private medical insurance as found in other countries, albeit where the funding mechanism results in a higher degree of governmental involvement and policing than is found elsewhere. In that sense it is unique, but also exposes a stress point in the proposals.

The key to their success will be finding a balance between governmental intervention and market forces, which will be driven by the needs of all of Dubai's disparate employers, both large and small, domestic or multi-national. A degree of elasticity and pragmatism will be the key. For instance, a mechanism should be found whereby those seconded to Dubai by multi-national employers, diplomatic missions and NGOs, who are already benefiting from top-end medical insurance arranged from abroad, should not need to purchase duplicate cover upon arrival here.

Another potential stress point may be the differing views of insurers and the government regarding the cost and scope of basic health care provision. This may give rise to an increase in the cost of medical insurance to consumers as insurers 'price in' the contribution they must make to the government scheme.

In the short-term, the need for all residents to register with a single primary care provider will be a challenge, especially for organisations with large workforces based in a single remote location. In addition, pressures will be felt especially in the "New Dubai" area where local medical provision has failed to keep pace with the breakneck speed of development.

We live in interesting times!

to make do with whatever resources they have or run into losses.

How does the new system work, then? It's not very complicated, as the money pooled by employers will be channelled into various OCPs registered with the DHA. These OCPs will receive money according to the number of individuals registered with them. The more customers an OCP registers, the more it will draw from the pool, and vice versa. In other words, an amount of money will be fixed per registered customer, and the government will not give any additional funding other than what an OCP is entitled to receive against the list of registered customers it has.

When it comes to treatment, an OCP will have a finite pool of cash per patient already allocated to it. Therefore, the responsibility will lie on medical practitioners at clinics regarding how they use that money to treat patients. It also means that a doctor consulting a patient cannot be flippant or casual. Because of the limited resources, the former will be compelled to fix problems within the budget.

In the case of a patient suffering from ailments beyond the capability of a clinic to treat, it is the clinic's responsibility to refer the patient to a hospital. The clinic decides to which hospital the patient will need to go, unless the latter decides to pay from his own pocket or use his personal medical insurance to go to the hospital of his choice. In the case of a patient accepting an OCP's choice, the costs for his hospital treatment will be borne by the clinic concerned.

There will, of course, be exceptions. For very serious ailments, funding will eventually be available to hospitals directly from the HBC pool. Nonetheless, under the new regime, hospitals will mostly get their patients through referrals from clinics, as very few patients will walk in directly.

Role of insurance

It is not difficult to imagine how insurance companies reacted when they were told of the new system. They were up in arms, according to senior DHA officials. In fact, when approached by MONEYworks, a number of insurers declined to make any comment on the issue.

Insurance provider Royal & SunAlliance does admit that these new developments will impact all health care insurers and administrators in Dubai. The company adds, however, that it is up to each individual company to decide how it will strategically place itself while dealing with this challenge.

So what role will insurers play in the new system? Insurers will continue to be collecting agents, meaning that every employer will contribute to HBC through them. In other words, an insurer currently writing health insurance premiums for employees of a company will continue to do so. In the new system, though, insurers will have to pass on a certain amount – the capitation fee – to HBC for the basic health care of individuals. This fee has not yet been decided, but is expected to be between AED500 and AED800 per person, as mentioned earlier.

Explains Hodges: "It is an arrangement that is similar to reinsurance for the health insurers in Dubai. So, in effect, what we have told them is that you sell your insurance policy and we will reinsure your risk up to a certain level."

Will health insurers make any money out of serving the collection side of the new system? Not from the government directly, according to Hodges. But, he adds, since employers will have to contribute to the system through insurers, the latter can work out a fee arrangement with the former.

"We are saying that insurance companies can charge a fee to companies for liaising with the government for the payment of the health care fees of employees. Insurance companies can negotiate the fees with employers in Dubai. However, I want to clarify here that whether insurance companies do it for free or for a fee, it is market forces for us," he says.

Phasing in

Although the new health funding system will be introduced from the beginning of next year, 2015 has been set as the target year for the process to achieve its final completion. Hodges explains that it will take time to make the system perfect and on par with the best international systems in the world. But it is estimated that by 2015, between 85 and 90 per cent of all health

Consolidation in health business imminent

David Harris (DH), sales and marketing director of Royal & SunAlliance UAE, tells MONEY*works* (MW) that with the changes happening in Dubai's health care industry, health insurers will need to reorient themselves.

David Harris

MW: What's your reaction to the new DHA project?

DH: The project undertaken by the DHA is an admirable and necessary initiative to ensure that all residents of Dubai receive quality and equal level of care, whatever their circumstances. This project is yet another step by its leadership to develop the emirate into a first-class place to live and work. There will be challenges ahead in terms of the implementation of the proposal in aligning the residents' needs and expectations with the supply of care and its quality. The funding element is just one part of the equation, with the management and governance of the health care providers being equally important to ensure that the quality and consistency of care matches the emirate's expectations. The success of the initiative will be in the detail and the ability of the regulatory and supervisory body established to manage the scheme and all its stakeholders.

MW: Will it affect your health insurance business in Dubai in the long term? Are you wary of losing clients and revenues with this model?

DH: It is likely to affect all current health care insurers and administrators, and it is in the hands of each participant to decide how they strategically place themselves to deal with the challenge. Overall, profits from health insurance over the last few years being marginal, it is likely to result in a degree of consolidation in the medical insurance market, with those deciding to participate needing to grab market share and gain critical mass to utilise improved administration processing and manage costs to make sustainable profits. I believe most insurers will lose clients, as eventually all funding and management of health provisions will be in the hands of the government. However, as with many other countries around the world, there will still be demand for private health cover to service those clients who are looking for benefits over and above what is available from the government scheme. In addition, any government-funded scheme will only provide care for residents in Dubai. As such, there will be a demand for clients to buy top up cover that they can then take with them should they decide to move from Dubai, thus avoiding the necessity to purchase again in any new country with all the problems of pre-existing condition exclusions that arise as a result.

MW: How do you intend to conduct your health business in Dubai?

DH: Royal & SunAlliance has been in the UAE for over 50 years and an insurer for nearly 300 years. As such, we have experienced many regulatory and social changes in the industry. How we respond to these changes will depend largely on the final structure and timeline for the system. The majority of our business is not related to medical insurance, so we would need to consider the impact carefully on our existing clients and also on our raison d'etre as an insurer.

MW: Do you see the model Dubai is building as unique, but untested?

DH: The model seems to be a mixture of various other models around the world and it is likely that, as with any major change, it will have its problems and critics. Health care is increasingly a problem for nearly all governments on the planet and there are no systems in place that are faultless. This is partly due to the very high expectations of an ever-increasingly educated consumer and the rapid pace of new treatments and medicines at higher and higher costs. The Dubai model ensures a greater degree of overall control of the funding and ability for the government to adjust its funding support according to its social and economic policies. However, I feel that the objective of the scheme is to provide "quality" care for all and there is a potential for the costs of that care to increase over the coming years, as medical providers will be expected to adhere to much stricter guidelines and governance in light of the best in the world. This comes at a price, and one that may increase the overall cost of care and question the government's initial funding model. Will this increased funding demand be met by the government or passed on to the consumer?

Haneef Al Ahmed

spending in Dubai will be routed through the new stem. And health insurers will not be booted out of the system. They will continue to provide the "nice-to-have" insurance products and lifestyle choices, adds Hodges.

In 2009, the registration process for all employers and employees of Dubai-licensed companies will begin with clinics that will have already been identified by the DHA. There are around 750 clinics in Dubai, but some of these may not get the DHA's approval to be OCPs in the new system. Another factor to consider is that large numbers of these clinics are clustered in certain areas like Jumeirah, while Al Quoz has near to nothing. Consequently, the DHA plans to give incentives to the private sector to set up clinics in areas where few clinics exist. Incentives could include land grants, although details have not yet been finalised in this regard.

Significantly, DoHM clinics are also being transformed into a public corporation. On January 1, 2009, all DoHM clinics will be under a new company that will compete for funding and business with the rest of the private sector, as individuals will be free to choose their clinics. Funding to DoHM clinics will be based on registered individuals.

Hodges points out that not every individual will need to register with OCPs from day one, as many people will already have health coverage with insurance companies. They will need to register with OCPs only after their health insurance cover expires. Those who do not have insurance coverage or DoHM cards, however, will need to register right away.

"The system gets a chance to put its toe in the water next year, and the government gets a chance to see how it all works before we begin to expand the whole process," emphasises Hodges.

So what happens during the first year? For a capitation fee paid by the employer towards HBC, the employee, after making a co-payment to an OCP, gets free treatment up to x-rays and blood tests. In 2010, with the exception of a few items, drugs will be added to the list. This addition, however, means that the capitation fee will also increase. In fact, the capitation fee that an employer pays for an employee's health care will continue to increase as facilities are beefed up. By 2015, most of the payment towards health by Dubai employers will be contributed to HBC and not to private insurance coverage.

According to Hodges, hospitals will come into the system only during the later phases – around 2010-2011. And when that happens, money from the pool will go directly to hospitals for acute care treatments like cancer and heart operations. OCPs will continue to play their part and will continue to receive funding, but they will not have to pay for these acute care treatments, as hospitals will draw directly from another pool in HBC.

The DHA is also working on creating diagnosis-related groups that will come into play when hospitals join the new system. The government will use a coding and pricing system to set a fixed amount of funding for each group, and the more a hospital takes on, the better it will be for its profitability.

Hodges will not say how much employers will have to shell out for each employee by 2015, but he acknowledges that the DHA has already done its own calculations and would want health care spending to remain between three and six per cent of Dubai's GDP, compared to 17 per cent in the US and 2.3 per cent in the emirate at present.

Challenges

The DHA fully realises that the task ahead will require a lot of flexibility and adjustment – that's one of the reasons Hodges continues to insist that the system will be open to changes to fit Dubai's objective of providing the best international health care standards. Hodges adds that regulations, once introduced, will be open to amendments while the new system adjusts to the social needs of Dubai residents.

Questions are also being raised about what impact the new system will have on employers' payout in terms of health care. Hodges clarifies that employers will have

DHA-phased implementation road map

Phase 1 - 2008	Phase 2 - 2009	Phase 3 - 2010	Phase 4 - 2011-12
Enforcement/upgrading medical card	**For expats:**	**For expats:**	**For expats:**
Establishment of clearing house	Primary care visit	Primary care visit	Primary care visit
Pilot to test *Clearing house operations and systems usage*	Laboratory test	Laboratory test	Laboratory test
Level health care manager/clinic operations	Diagnostic x-ray	Diagnostic x-ray	Diagnostic x-ray
Licensing of insurers/TPAs/health care management to operate within system		Prescription drugs	Prescription drugs
Licensing to clinics to operate within system		Ambulatory specialist care and diagnostics	Ambulatory specialist care and diagnostics
			Accident and emergency
			Non-emergency inpatient (phased in two years to 2012)
Implementation of hospital DRG pricing and information	**Nationals receive full coverage**	**Nationals receive full coverage**	**Nationals receive full coverage**

to pay only for those they sponsor and not for whole families. That responsibility will be placed on the employees themselves. Companies maintain, however, that the financial burden placed upon employees will ultimately impact their bottom lines as well.

Haneef Al Ahmed, director of services and chairman of the employee welfare and support committee at Al Naboodah Laing O'Rourke Co – one of the larger employers in Dubai – says that how much employers have to pay for the health care of an employee is important to them. But how much an employee has to pay for his dependents is also equally important to the employer, as ultimately the former will turn to the latter for funding.

Al Ahmed feels that the capitation fee the new system will charge needs to be competitive with what companies are able to negotiate with insurers in the rest of the country. For example, if an employee's health can be insured for AED600 in Abu Dhabi, then paying a capitation fee of AED500 just to get free x-rays and blood tests will be questioned, he says.

There are a host of other questions that still remain unanswered, according to employers that have been in talks with the DHA. We will also have to wait for the announcement of the new laws to find out how the system will be regulated. One question that continues to pop up is how the system will respond to the issue of doctors not treating patients properly because they are trying to save money. Hodges confirms that regulations are being written for such issues. And over a period of time, the performance of each clinic will be published in a transparent manner so that people can make their own choices, he adds.

Al Ahmed sums up: "We understand and realise that Dubai has a vision of matching its health care standards with the best in the world. But now we have to wait and see how much success they will have when they launch it. We do not expect everything to be hunky-dory from the first year. They will have to continue to listen to stakeholders and keep on reviewing and refining the system for the next few years to make it a big success."

Major highlights

- New health care system to start 2009
- Minimum fees AED25 while vising OCPs
- Target collection per head AED500-800
- Basic health care model based on New Zealand and Netharlands
- OCPs to treat basic ailments
- Hospitals to take care of critical illness
- By 2012 basic health provision in Dubai
- Every residents will be given a unique number
- Full funding by employers by 2015
- Quarterly payment by employers
  While companies to pay for employees, main sponsors for family to pay for dependents
- Health watchdog under study
- Change champions introduced (Chosen volunteers from DoHMS/other departments to help implementing) transition programme
- Health care spend as percentage of GDP to go up 3-6 per cent from the present 2.3 per cent

A promise of teen returns

Referring to themselves as value investors, Franklin Templeton's Mutual Series fund managers believe in providing investors with consistent teen returns. Peter Langerman, the distress king and bankruptcy specialist of Mutual Series, spoke to **Ritwika Chaudhuri** about how a research-driven fundamental approach can give investors less risky but steady returns over a long period of time.

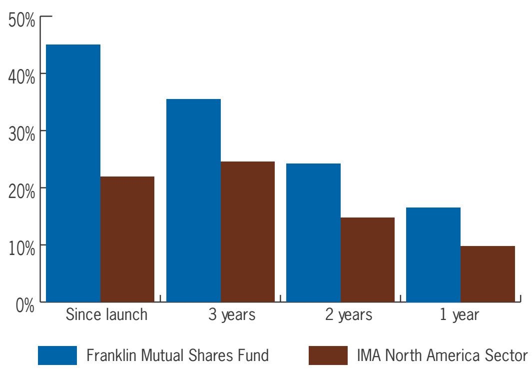
Mutual Series of Franklin Templeton works on three areas: undervalued stocks, deals and distress securities. Taking advantage of troubled scenarios and undervalued companies all over the world and coming out with flying returns in due course is the expertise that Mutual Series' fund managers have been practicing since 1949. Examples are many.

Canary Wharf, a 14.1-million-square-foot landmark office and retail development, located in the London Borough of Tower Hamlets and centred on the old West India Docks in the London Docklands, was conceived during the 1980s by G. Ware Travelstead and had hardly any financers. Though later North American developer Olympia and York took over the project, Canary Wharf Limited had a troubled history of capital crunch. The Mutual Series division of Franklin Templeton, however, realised the potential of the project. Along with the mother company and the developer founder, it bought the project at a discounted value from the banks, took the company public and sold some of its shares when the real estate sector in London bounced back and the project took proper shape.

The Mutual Series division still owns some shares of Canary Wharf in its portfolio. It is an example of the Franklin Templeton way of naturally incarnating a project by removing a company from a situation of doom and gloom.

FRANKLIN MUTUAL SHARES FUND

Fund performance



Source: Morningstar, NAV-NAV, GBP, net of UK basic rate tax, net of management fees, income reinvested, as of 30/06/07

Arcelor SA, created by a merger of Aceralia (Spain), Usinor (France) and Arbed (Luxembourg), was the subject of a heated takeover battle in 2006. By that time, Franklin Mutual Series was involved with Arcelor, which was not doing well, and advised it on the management of the company. Once Mittal acquired the company and the market bounced back, Franklin Mutual benefited from the upside after the takeover occurred. Arcelor Mittal is today the largest and most integrated steel company in the world, with steel-making operations in 20 countries. In 2007, it produced 116 million tonnes of steel and generated revenues worth US$105.2 billion.

Mutual Series bailed out another private steel company back in the 1990s called International Steel Group, which went bankrupt. At that point, when no one found the company's assets worth buying, Mutual Series found the price attractive, and its investment paid back smartly when the global steel market later recovered. It is another example of opportunistic buying of beleaguered company shares and securities when others want nothing to do with them.

KT&G Corporation is the leading tobacco company in South Korea with sales over US$2 billion per annum and a market capitalisation of US$12.1 billion, yielding significant profits on a consistent basis. KT&G was initially a government-owned monopoly, but today it is majority-owned by foreigners. In the tobacco market, KT&G competes with the world's largest tobacco firms such as British American Tobacco, Japan Tobacco and Phillip Morris.

Mutual Series managers took an interest in KT&G years back when it was going through a tough time financially and logistically. They advised the company to sell its non-core assets to improve the margin and streamline the tobacco business. The advisory role paid back, and US investors were convinced to invest in the company and to be on the board of the company. Once again, Mutual Series' intervention turned the fate of a company, while investments in KT&G Corporation were rewarded with decent returns.

Mutual Series has proven its prudence time and again in identifying companies that are in shambles but have long-term potential. And investments in such companies have awarded solid returns. Mutual Series has a three-pronged investment approach: looking at value stocks, capitalising on deals and carefully researching distressed securities. As far as undervalued stocks (cheap stocks based on asset values) are concerned, Mutual Series' goal is simple: to buy a dollar's worth of value in a company for 50 or 60 cents. These undervalued stocks are the foundation of a Mutual Series fund portfolio.

The strategy and the man

The second approach is to take advantage of deals where Mutual Series believes that companies are in the midst of a change. Events are a major trigger within this approach. For example, events such as mergers and acquisitions, restructurings, divisions of assets, sell-offs and management changes serve as catalysts to help the market realise an organisation's true worth. And lastly, in the case of distress securities, careful research has been Mutual Series' forte in uncovering value among distressed companies or even those in bankruptcy. Its expertise in these situations continues to help it assess opportunities and identify select investments.

The value approach to investing seeks to invest in securities selling at a substantial discount to their intrinsic value taking into consideration, among other factors, the ratios of price-to-cash flow, price-to-free cash flow, price-to-earnings and price-to-book value. The firm considers companies of all sizes, although most of its investments are in mid-sized and larger companies. Franklin Mutual determines what a company would be worth if it were put up for auction and sold, and then seeks to buy at significant discounts.

Mutual Series has a philosophy of generating consistent returns over a longer period of time using these tools. Peter Langerman, chairman and CEO of Franklin Mutual Advisers, follows the mandate of generating some of the best returns in the industry.

"We want to generate best returns, but we always have an eye on risk. We are not one of those who give great returns in one year and low returns in a down year. We always have a middle course where returns might not be great, but are consistent over a longer period of time and mitigate the downside risk," he says.

Langerman adds: "As long as we can provide teen returns to our investors over a long period of time without a substantial down like 30 to 40 per cent, it is a solid return," he adds.

Langerman was named successor to Michael Price, the activist value investor who stepped down as chief executive of Mutual Series Fund Inc in 1998. However, Langerman has a long association with Franklin Templeton from way back in 1986 when he joined Heine Securities Corporation as an investment analyst with Mutual Series, which was acquired by Franklin Resources in 1996. Today, Langerman is the

Peter Langerman

History and Overview on Mutual Series

Founded in 1949 by legendry investor Max Heine, Mutual Series is dedicated to value investing and searching for opportunity amongst what it believes are undervalued stocks, as well as arbitrage situations and distressed securities. Mutual Series, a fund group managing over US$75 billion in assets, has been part of the Franklin Templeton Investments family of mutual funds since 1996. The Mutual Series investment team is primarily based in Short Hills, New Jersey, with the exception of one investment team member in Amsterdam and another in London.

Mutual Series, headed by CEO Peter Langerman and CIO Mike Embler, takes a unique value approach to investing, searching out companies trading at a substantial discount to their intrinsic business value. They are opportunistic value investors who think and act like company owners and strive to reduce risk. In searching for undervalued opportunities, Mutual Series' managers consider investments in special situations, such as corporate restructurings, mergers and even bankruptcies and liquidations. These investments tend to have a lower correlation to overall market movements. This may also mean taking an activist approach to investing, working with management of the companies they invest in to help unlock value for shareholders. Mutual Series has built a reputation for providing investors with solid performance in bull and bear markets.

chairman, president and CEO of Franklin Mutual Advisers Funds, which manages assets totalling approximately US$75 billion.

The transition from Price to Langerman seems to have been a smooth one. As the firm has grown in size, so have the assets under management.

"It is no more like a small shop as it was in 1986 without much bureaucracy, when investors and professional managers had a close relationship. Today it has grown in size with mangers in Amsterdam and London, apart from those in the main New Jersey office. As the head, I would like to preserve the qualities we had in 1986. So, despite the increase in size and number, we still operate as a disciplined team, exchange ideas and interact with one another to take the best investment decisions. This was, of course, a challenge, but we have been successful in maintaining the ambience," Langerman claims.

The investment banking/asset management fraternity gives credit to Langerman and his teaming up with Michael Embler (co-founder of the Daily Bankruptcy Review, a publication of Dow Jones) for having brought a new perspective to distress investment within Mutual Series. Langerman, however, who is a former distress lawyer himself, does not totally agree with that view.

According to Langerman, Max Heine, who founded Mutual Series in 1949, was an investor in distress merchandise. And the way the firm looks at distress securities today in terms of pricing, valuation is quite consistent, with the same old value approach needing special expertise.

Distress merchandise refers to a company that has more debt and fewer assets. Distress investors typically buy the debt of a troubled company from its original investors and then try to influence the process as the company restructures or implements a turnaround. Investors also have to assess whether management can reach its goals, while also taking estimation at the future value of current debt burden. Since Franklin Templeton has a natural fit for this, it will remain in the distress marketplace, as this is a lucrative investment proposition, says Langerman.

Distress investment, however, contributes only a small percentage to Mutual Series' business. The majority of its investments are in undervalued stocks. Though these investments are divided in certain proportions in three areas, there are set rules to that. At any point in time, distress securities may form five per cent of the portfolio, while the merger and arbitrage assets account for another 10 per cent.

"Though these numbers change depending on what is happening in the market, I want to make it clear that the undervalued stocks form the majority of our portfolio at around 80 to 85 per cent," says Langerman.

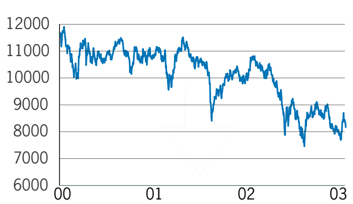
Investment focus

Mutual Series managers know that an investment's potential risk is just as important as its potential reward. To help manage risk in their portfolios, they rely on their own in-depth research and examine investments from every conceivable angle. This investment approach tends to be affected less by market movements than by the specifics surrounding each particular situation. In fact, as history is proof, a combination of investment in undervalued and distressed securities keeps people rationally and emotionally away from the usual upheaval in the financial market, notes Langerman.

Mutual Series primarily focusses on developed markets, such as the US and Europe. Of all its assets, slightly less than half are in the US, while the remaining portion is in Europe. Though Mutual Series has some exposure to the Asian market with selective investments in financials, tobacco and ship building, its non-US investments are mostly concentrated in

In a downwards market

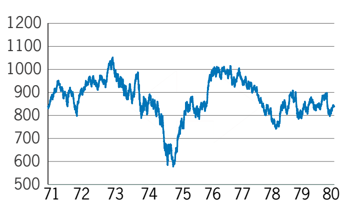
DOW JONES INDUSTRIAL AVERAGE



01.01.00 - 31.03.03

In a sideways market

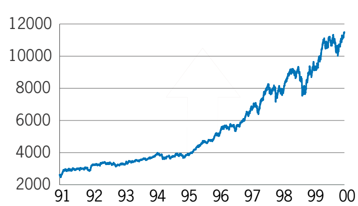
DOW JONES INDUSTRIAL AVERAGE



01.01.71 - 31.12.79

In an upwards market

DOW JONES INDUSTRIAL AVERAGE



01.01.91 - 31.12.99

Average Annual Total Returns

Mutual Shares Fund – Class A	+1.30%
Dow Jones Industrial Average	–8.97%
S&P 500 Index	–14.35%

Average Annual Total Returns

Mutual Shares Fund – Class A	+18.62%
Dow Jones Industrial Average	+4.63%
S&P 500 Index	+6.09%

Average Annual Total Returns

Mutual Shares Fund – Class A	+16.91%
Dow Jones Industrial Average	+21.04%
S&P 500 Index	+20.83%

Sources: Franklin Templeton Investments, Standard & Poor's and DJIA. Mutual Shares fund returns do not include sales charges.

Europe. Mutual Series does not necessarily believe in sector-specific investments. However, it traditionally invests in the financial sector.

"Usually we look for sectors that have lots of troubles, and the financial sector is one such sector," Langerman explains.

Obviously, with a completely different approach, Langerman does not seem to be worried about the current low morale across some of the international markets, especially with a recession knocking on the doors of the US economy where Mutual Shares has the bulk of its investments. Langerman is confident of Mutual Series' approach towards investment, which is suitable for any kind of market. He points out that those investors who want the best return when the market is high also suffer more when the market is down.

For value investors like Mutual Series, Langerman emphasises that it is important to watch how opportunities come up in different market conditions. "Our job is to find opportunities. And, as it happens, we always have the best opportunities in a troubled market," he says.

Betting on what will happen with the economy is not Langerman's concern. Mutual Series would always like to own a good company at a cheaper price when the market is down and come out on the other end when the market eventually recovers.

"We are a bottoms-up player, not a top-down macro player. We look from company to company and decide to invest on the basis of where the stocks are cheaper," Langerman notes. "We primarily operate in developed markets and are mainly interested in companies where shares are trading unfairly at discounted prices, or where the company under consideration is in trouble."

With a focus on developed countries, markets like Dubai and the GCC are definitely on Mutual Series' agenda. Langerman explains that these countries are in the development phase with rapidly growing economies, and hence an unusual place to invest with undervalued stocks and distress securities in mind. Of course, the other investment wings of Franklin Templeton are interested in different companies in the region belonging to sectors like oil and gas and infrastructure, Langerman adds. "As for Mutual Series, our primary focus for the near-term will be the US, Europe and Asia, and less on the emerging and developing markets. I will not be surprised if we come across opportunities, though, as these economies [GCC] are growing. But if we do, we will be very selective," he says.

The man with the Midas touch

Lars Christensen, one of the two CEOs and founders of what is now called Saxo Bank, is an example of an entrepreneur who converted his limitation of being small into an opportunity worth billions of dollars by pioneering online foreign exchange trading. Along with co-owner and co-CEO Kim Fournais, Christensen saw his investments multiply 25,000 times during the last 16 years. Here he tells **Utpal Bhattacharya** how this feat was achieved.

From Midas to Saxo Bank, from a small local operation to a global operation, how did it all start for you?

Both Kim and I worked for other financial institutions for many years. After working many years for other businesses, we had a feeling that we could give better service to our clients by having our own company.

We did not have much money when we founded Midas [now Saxo Bank] in 1992. We started small with just a couple of employees to begin with. In those days, it was more of an entrepreneurial drive.

At the beginning, we were a traditional foreign exchange brokerage. Technology came much later and, to be honest, was not really part of the vision at the outset. It was something that we hit upon some years down the line. We were still very small, only about 20-25 people, when we realised that the internet was a good tool to get out of that position and reach out to a bigger customer base outside of Denmark and Scandinavia.

When exactly did you hit upon the internet?

We had our first website in 1995. But it was more like a brochure on the internet, which was what most people had those days. That website did not have any trading capability on it. Later, when we decided to do foreign exchange on the internet, we could not source a system to help us do that. So, reluctantly, we decided to develop one in-house. We hired a few programmers and built our own system, but only to trade foreign exchange those days.

We launched that system in 1998, exactly ten years ago. Those were still early days and there were not more than two or three companies globally that were trying to provide similar services. Big banks were not yet doing electronic foreign exchange those days.

You mean to say the creation of Saxo Bank's internet platform was more of an opportunistic move?

Yes, it was, as we wanted to reach out to more people. We thought, why not try and get people to trade on the platform? It was, of course, not before some time that people began to accept the new technology. After a while, we also got other financial institutions, including some big ones that would not normally speak to small institutions like us, interested in our platform. They asked if they could license the platform or buy it, and they suggested other options.

It was then that we realised we had a bigger opportunity, and that's how we started to develop our partnership of white label programmes where other financial institutions use our software and infrastructure to take out the same kind of products for their clients. That was an important addition for us, as today probably 60 per cent of our business comes from partners and only 40 per cent through direct business.

Was the system fully developed in Denmark?

Most of the system was built in Denmark. We currently have about 450 people involved on the technology side including programmers, support and maintenance staff.

The majority of them are in Copenhagen, but we also have a fully-owned subsidiary in St. Petersburg in Russia, where we have about 80 programmers. It was more to access quality programmers and engineers that we set up in St. Petersburg.

How much did you invest in the platform?

It is difficult to say. This year, for example, we are investing US$100 million to continue to develop it. The staff and the hardware are all included, and it has been increasing year on year. Last year investments were to the tune of US$75 million and the year before maybe US$50 million.

When did you get your first partner?

We got our first partner towards the end of 2000 and early 2001. It was a Portuguese brokerage firm called LJ Carregosa. They wanted to do similar things with the platform in Portugal. The first time is always difficult, but as years went by, things became easier. We optimised the processes over the years and gradually began to take more partners. LJ Carregosa is still one of our valued partners and it has worked very well for them as well.

"We have very few customers today who trade with us in the traditional manner only. In our experience, even people who use the traditional route prefer to use the internet platform once they understand the benefits of using it." Lars Christensen

How do you partner and structure your business?

We are generally not members of securities exchanges in the world. We like to deal with exchanges through those that are specialised in that activity. We buy wholesale the services of these specialists and distribute them to our retail link in the chain.

We trade with most of the major investment banks around the world. Some of the names include Deutsche Bank, UBS, Citigroup, HSBC and so on. For example, if we have to trade on the Australian Stock Exchange, we will not take membership of that exchange. We would much rather trade on that exchange through an investment bank that is an expert in that market. Today we are members of only the Copenhagen Stock Exchange.

On the side of our partners, we allow them to use our platform. We call them our white label partners and to them we provide our technology packaged and customised in their own brands. We also give them liquidity through our relationship with investments banks. We manage the platform for our partners, taking care of their need for risk management, back office and administration. In this model, our partners concentrate only on marketing the platform, getting clients to it and being the frontline service provider to the platform. That's the kind of division of labour.

In short, the big investment bank provides the liquidity, while we give it a nice packaging, and the white label partner distributes and services the end-users.

Do you do some traditional business as well, or are you moving towards being a fully-fledged internet business?

We have a very stable platform today. But, of course, there are a lot of human beings involved in the business to support the trade. The internet is great – you can see what is happening in real time while you can benefit from the risk management system, putting in the orders and all that. But we also respect that people want to talk to advisors. Our biggest clients prefer a combination of professional service and the platform.

We are not like some of those big equity brokers without any human interface at all. Our trading platform is one part of the proposition, while personal human interaction and service is another part of it. We have very few customers today who trade with us in the traditional manner only. In our experience, even people who use the traditional route prefer to use the internet platform once they understand the benefits of using it.

In your business model, what regulatory challenges were there when you started and how do you cope with them now?

Today we do much more than foreign exchange, including contracts for difference stock derivatives, futures, normal equities and wealth management products. In the early days, it was only foreign exchange, which was less regulated than many of the equities markets then. I would say that in the early days, the regulatory aspects were reasonably manageable. If you had something on the internet, it was generally accepted that people could find you and come to you. Foreign exchange is much more regulated these days and so are equity markets.

It has been quite a long journey with Kim Fournais. Any issues with him?

Anybody who knows us knows that we are very different. That in itself is a factor of strength, as if you are the same, then it does not make much sense to come together. It is also dangerous for a company to be led by one owner, who could become dictatorial.

In our case, we are two people. Although we are in agreement about the long-term objectives of the company, we continue to discuss all issues, trying to find optimal solutions together. With two of us, there are always two sides to a given issue. That's a big strength. At the same time, Kim and I are on equal footings in the company: shareholding, position, salary, etc.

You are equal partners in the company?

Yes. If we were not equal, it could be a different story. We are both CEOs; we both have the same salary and all. Kim and I own 62 per cent of the company together, so for us, the most important thing is being shareholders in the company. If we find a better CEO one day, we will be very happy to have him there and we could spend our time doing something else.

Where is the bulk of your operation today?

The bulk of our operation is in Copenhagen. We have nearly 1,000 people in Copenhagen. Additionally, we employ about 400 people around the rest of the world. There are quite a few in London, Singapore and Switzerland, particularly in Geneva, and then we have small offices in various parts of the world like Beijing, Tokyo, etc. We are also looking at opening an office in Dubai.

What are your plans for the Middle East?

We have good existing business in the Middle East that continues to grow. The Gulf is a major opportunity for us and we will continue to focus on the Gulf. We would probably like to have an office there, but we have a number of other things that had been taking precedence up to now. However, we have spoken at length with the Dubai International Financial Centre and should be putting up an application for an office in Dubai in the not-too-distant future.

Any plans of taking Saxo Bank public?

No specific plans. We have not set a date, but we are increasing the diversity of our shareholders. There were days when Kim and I owned everything. Today, we have an American private equity firm and a Portuguese bank that bought five per cent recently. We also have some internal shareholders that we have given warrants and options over the years. The need for some sort of liquidity and tradability is increasing, so there is a possibility that we would do an IPO in two or three years. However, it is not something that we have specifically planned. A decision in that regard also depends pretty much on how attractive the market looks. Right now it is not very attractive.

"Anybody who knows us knows that we are very different. That in itself is a factor of strength, as if you are the same, then it does not make much sense to come together. It is also dangerous for a company to be led by one owner, who could become dictatorial." Lars Christensen

About Saxo Bank

Founded in 1992 by joint CEOs Lars Christensen and Kim Fournais, Saxo Bank officially attained European bank status in June 2001. Trading at Saxo Bank is primarily done through the online platform SaxoTrader. SaxoTrader provides market access in 23 languages to trade currencies, stocks, commodities, futures, options and a full range of derivatives including CFDs.

We have made sure that all our internal and reporting processes are in line with the standards of a public company, which means that if we decide to go public, we can do it on relatively short notice.

If you go public, on which markets would you prefer to list?

We feel we will be most successful in the Scandinavian exchange when we get to that point. An international listing destination could be London.

Do you think the controversy happening between Denmark and the Middle East will be an impediment to setting up business in the Middle East?

I feel very sad personally at what has been happening. I find it difficult to understand how we got ourselves into that spot, especially when 99 per cent of the Danes are more humane and open to other cultures than others.

As far as we are concerned, we are not exactly a Danish company anymore. We are a global company with the majority of our employees not Danish. We have offices all over the world today. Much of the service to the Gulf region is being provided through London and Switzerland, rather than Copenhagen.

What is the value today of the US$1 that you invested in the company at the beginning?

A lot more than US$2, thankfully. We just completed a deal that valuated the company at US$2 billion. The original investment was US$80,000. So that's about US$25,000 per dollar you have invested. And that's not a bad investment at all.

Private equity grows 1,800 per cent in five years

The Middle East has seen private equity grow from being an asset class to an industry in less than five years. **Peter Cooper** finds out from industry experts the future prospects of the industry in the region.

Regional private equity has come a long way in the past five years. In 2003, less than US$1 billion was under the management of private equity funds, compared with more than US$18 billion today. There were just a handful of funds five years ago; now there are 105 funds in the business, ranging from funds of international banks like HSBC, Deutsche Bank and Citi to funds built partly from family-controlled assets and newly-constituted local funds run by former investment managers keen to capitalise on a new trend.

In the Middle East, it is the capacity of family and locally-controlled funds to deliver the exceptional performance that is expected of private equity. While integrated international investment banks can simply point to their track records overseas in private equity as evidence that they can make this asset class work, local funds seldom have that luxury.

Regionally-speaking, just HSBC Private Equity Middle East has a local track record. The fund only dates from 2001, with its first US$100 million fund launched in 2003. But the closure of a second, much larger US$500 million fund last year suggests that investors have been happy with their returns so far.

Demands and challenges

Local promoters of private equity funds, such as Abu Dhabi's Gulf Capital, promise to deliver private equity returns matching the best in the business, in the range of 30-40 per cent. But are these vows realistic for funds with no track record in this tricky business, which demands a considerable amount of specialist local expertise from its practitioners?

Perhaps this question is a churlish one. After all, a background in local financial management is the first quality a private equity fund manager needs, and most of the new practitioners are, in fact, experienced in the local markets as bankers or investment managers. Their track records may not be in private equity, but they do possess track records in regional finance.

Take, for example, the CEO of Gulf Capital, Dr. Karim El Solh. He is well known for successfully building up the Abu-Dhabi-based group The National Investor, which promoted many IPOs in the UAE stock market until the crash of 2006. Dr. El Solh is, however, also remembered for stating publicly that the stock boom would never end and demanding a public right of reply to any journalist even daring to state that a crash might happen. He was, of course, proven embarrassingly wrong.

You have to concede, though, that the mastermind behind many of the UAE's hugely-successful IPOs during that period is also perhaps just the man to be spotting the likely IPOs of the future and securing them private equity now. Indeed, the way Dr. El Solh moved from promoting IPOs to finding the next candidates has a real symmetry about it. It could be that he has the right firms in his portfolio or is in the process of buying into them at an early stage to really profit from the next UAE stock boom and IPO party. Or he might be paying too much at the top of the market for stakes in cyclical industries like shipping. Only time will tell. As an investor,


Dr. Karim El Solh

"The size of a typical regional deal is up from around US$10 million in 2004 to US$100 million, and the competition from global players like HSBC, Citi, 3i, Carlyle, HSBC and Intel Capital is strong. They are all focussed on being very active in the post-acquisition phase."
Dr. Karim El Solh

however, you have to make a call today; you can't just wait until tomorrow to see how things turn out.

At the Middle East Private Equity 2008 conference in Dubai earlier this year, a strong lineup of speakers mulled over their respective prospects. It was interesting to hear from the CEO of the Saudi-based Amwal Al Khaleej Fund, Ammar Alkhudairy, about what he saw as the major challenges facing the regional private equity industry.

"With US$18 billion in funds for investment, the proportion of private equity to GDP in the Middle East is actually now higher than in the US," Alkhudairy commented. "And basically, that means there is too much money chasing too few opportunities. There is considerable deregulation of local economies and a move to integrate regional economies, and that ought to mean a fast deal flow. But what we see is a trickle of deals and not a fast flow."

According to Alkhudairy, there are a number of structural challenges to the deal flow. The first, he said, is that most family businesses in the region do not want exposure to the scrutiny of public markets. "They rightly see private equity as a half-way house to going public," Alkhudairy explained.

Secondly, he continued, there are still a lot of regulatory hurdles to acquiring equity stakes, although the GCC has made some progress on this front. "And finally, many sectors of the local economy are off limits to international investors. Many private equity funds are structured as offshore vehicles and so have restricted ownership available to them, and that is one reason why we have deliberately structured ourselves as an onshore vehicle able to operate freely in local markets," Alkhudairy said.

At the same conference, though, HSBC Private Equity strongly disagreed with the notion that deal flow was a problem. "We have no problem sourcing new deals," associate director Ara Sahakian told **MONEY***works*. "It is all a question of how you go about finding [private equity] deals. If you source them through public auctions, then you will end up paying high prices. If you source them through your own business network, it is very different."

Creating value

It is easy enough to see that a giant integrated global bank like HSBC will have clients to refer and has a name and reputation that will attract new potential private equity investments. But it is also important to realise that acquiring stakes in regional businesses is just the starting point of the private equity experience. It is just as much about what private equity practitioners do post-acquisition as it is about the acquisition itself.

Alkhudairy did agree with HSBC Private Equity on this point. "Focus should always be on value and not the valuation; the value you can create and not what you pay for the company. We always try to use our extensive business network to try to improve the value of our investments," he said.

As an example, Alkhudairy named Dubai-based jewellery retailer Damas, in which his firm has held a 23 per cent stake for the past two years. The relationship led to Amwal Al Khaleej introducing Damas to one of its local partners in Saudi Arabia; there is now a 20-shop joint venture in the Kingdom. Conversely, Damas is helping the Saudi toys and cosmetics retailer Zohoor Al Reef, also part of the Amwal portfolio, to set up in the UAE.

"It's about constructive engagement," Alkhudairy clarified. "You need to create new value and not worry so much about the initial valuation. We focus on adding value without getting in the way of management, remembering that for private equity, they are always the stars and experts. From our own perspective, we have recruited a local investment team with global experience, and investing in your investment team is also vital for success in private equity."

Alkhudairy told the story of his latest acquisition, a 49 per cent stake in the highly-regarded Dubai Contracting Company (DCC) in January 2008. Apparently, the owner of the company had become concerned by his inability to properly respond to a number of potential offers for the company and was looking for some assistance. He was then persuaded that selling a stake to a private equity fund provided the best solution, as then any future sale or IPO would benefit from having the right expertise on board and would also be motivated to achieve the best result.

Goldman Sachs is part of the consortium – it was the US global investment bank's first deal in the region and 50:50 leverage was applied to the transaction.

"I first heard about DCC when a local partner phoned me at 9:00pm, just as I was going for dinner while on holiday with my family in Venice," Alkhudairy recalled. "It is often like that in private equity. You take calls at all hours and the best deals come out of the blue. I was immediately very sure of this party, although we had not met before. But the price-to-equity ratio is always lower in a cyclical industry like construction, as you never know what the immediate future might hold for orders. However, we foresee the local construction market in the UAE being strong and will have DCC ready for an IPO."

High fees

Locally-run private equity funds naturally tend to dwell on their successes and latest acquisition coups rather than on their failures, which is understandable enough. The question for investors in these funds is whether the funds will ultimately be able to justify the very high fees they command – typically a two per cent annual management fee plus a 20 per cent success fee. Less charitable observers have suggested that with this fee structure, the private equity industry is more like a high net worth remuneration package than an investment opportunity.

The need for proactive post-acquisition activity, however, is not lost on the new practitioners. Dr. El Solh noted: "The size of a typical regional deal is up from around US$10 million in 2004 to US$100 million, and the competition from global players like HSBC, Citi, 3i, Carlyle, HSBC and Intel Capital is strong. They are all focussed on being very active in the post-acquisition phase. Our response at Gulf Capital has been to recruit a post-acquisition team from GE, Citi and HSBC, and we have achieved 98 per cent growth in EBIDA on our six companies through restructuring and so forth."

Dr. El Solh added that Gulf Capital also formed a local advisory board with senior figures from all industry sectors. At present, the company has 300 shareholders in the Gulf acting as local partners. "We will smell a deal before others, but we still only invested in five of the other 175 opportunities we reviewed last year," he said.

Perhaps then it is a question of whether private equity is the right model for the Middle East at this moment in time. At a very superficial level, the answer is undoubtedly positive. In high growth economies, there will always be good businesses that cannot grow because they have an inadequate capital base or insufficient access to new markets.

Provided that the management is right, then private equity can make all the difference in these companies' ability to capitalise on the booming local market. Private equity concerns can also introduce the financial reporting systems and corporate governance that are likely to make these firms attractive to larger, more bureaucratic groups. Although these groups are usually far less efficient themselves, they are the most likely final buyers. Equally for certain companies, private equity funds can set them up to achieve the highest valuations through an appropriately-timed IPO.

Private equity can, however, become a difficult and even painful experience when the investment target's management fails to deliver or when markets go wrong after a private equity deal. Fund managers are unlikely to prove a kindly uncle in a crisis and are more likely to exert extreme pressure on existing management or force management changes and demand cutbacks in the business.

Ammar Alkhudairy

"With US$18 billion in funds for investment, the proportion of private equity to GDP in the Middle East is actually now higher than in the US." Ammar Alkhudairy

Thus far in the Middle East, private equity has known only good times. How far the new investors will stick with companies in a cyclical downturn, though, has yet to be seen. It will happen; one day hydrocarbon prices will take a fall. The last time was only in 1999. Meanwhile, UK-based music company EMI, owned by private equity group Terra Firma, has made one-third of its staff redundant this year, an indication of just how ruthless this ownership structure can prove in a downturn.

Would private equity groups be any more understanding if the Middle East were to go into a downturn? It's unlikely. If managements have any doubt about their capacity to deliver results, then they should stay away from private equity groups. But it is this discipline and pressure for performance that makes private equity attractive to investors and gives their payment of high fees justification in many cases.

Giving up US citizenship can be costly

For many, obtaining US citizenship or a green card is a lifetime dream come true – whatever the cost. But for those seeking to relinquish their US citizenship or green card, **Virginia La Torre Jeker, J.D**. cautions that there are enormous tax implications involved in the process.

Many people consider becoming US citizens or obtaining a green card without fully understanding the tax implications of their decision. The tax differences for US versus non-US persons are quite significant under each of the three major US tax regimes – income tax, estate tax and gift tax – with US persons bearing heavy additional tax in each case. Generally, for certain US tax purposes, holding a green card means the individual will be treated in the same manner as a US citizen (e.g. he will be taxed on his worldwide income regardless of where he resides or where that income was earned).

Those considering taking on US citizenship or a green card often incorrectly assume they can later relinquish it without adverse tax consequences. Due to the harsh tax consequences that can apply if a green card is held for a lengthy time period and then given up, those persons who hold green cards should immediately examine whether they are really necessary and/or beneficial. Even if the individual is not complying with the terms of maintaining green card status for purposes of US immigration laws, the harsh tax law "expatriation" rules can still apply.

In May, the US Congress once again amended the so-called "anti-expatriation" provisions in a new bill known as the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART Act). Both houses approved the act unanimously, and President Bush signed it into law with an effective date of June 17, 2008. This article will examine the new expatriation provisions contained in the HEART Act. The provisions will be effective for expatriations occurring on or after June 17, 2008, completely replacing the prior expatriation rules.

Many areas of the new law are unclear, leaving numerous questions unanswered. This writer has been in contact with senior personnel at the US Treasury Department in Washington D.C. about the new rules. They are of the view that the law is poorly drafted and contains horrible ambiguities, leaving taxpayers (and their advisors) unsure of relevant tax obligations. They further admit that certain loopholes clearly remain. Indeed, exploring loopholes before they become plugged might be worthwhile in certain

cases. The treasury feels overwhelmed because it must create new tax forms to cope with the changes to the law, and this process will take time to implement. In the meantime, taxpayers are left in limbo.

Despite the fact that they have a constitutionally-protected right to expatriate, the treasury cannot advise taxpayers wishing to expatriate on how to comply with the new law. In fact, it was reported in the press that the US consulate in Hong Kong completely stopped accepting relinquishment of citizenship documentation just a few days before the new act became effective! Was this move a clever ploy to rake in more tax dollars? Doubtful. More likely it was due to the utter confusion surrounding implementation of the new law and the consulate's apparent inability to cope with questions.

The HEART Act

Who will be subject to the expatriation provisions? The expatriation rules apply to so-called "covered expatriates". A covered expatriate is any US citizen who relinquishes citizenship and any long-term resident (LTR) who terminates US residency if the individual: a) has an average annual net income tax liability for the five preceding years ending before the date of expatriation that exceeds US$139,000 (this is the 2008 amount; the amount will be adjusted annually for inflation); b) has a net worth of US$2 million or more on the date of expatriation or c) fails to certify under penalties of perjury that he or she has complied with all US federal tax obligations for the preceding five years or fails to submit such evidence of compliance as the Internal Revenue Service (IRS) may require.

Certain exceptions apply to individuals born with dual citizenship and those who relinquish US citizenship prior to age 18½ if certain specific requirements are satisfied, including limited years of residence in the US prior to expatriation. An LTR can no longer escape the expatriation provisions if he is a resident for tax purposes in a foreign country that has a tax treaty with the US and he informs the IRS of his intention not to waive the benefits of the tax treaty applicable to that foreign country.

Exit tax

The act imposes on covered expatriates what many refer to as an "exit tax" or "mark-to-market tax". Under these provisions, the individual is subject to tax on the net unrealised gain on all of his worldwide assets, as if such property were sold for its fair market value on the day before the expatriation date. For purposes of computing gain or loss, the individual's cost basis at the time of purchase generally applies, but LTRs may elect to value their property at its fair market value on the date they first became a US resident.

The first US$600,000 of gain is excluded from the mark-to-market tax. This exclusion doubles to US$1.2 million for a married couple filing jointly when both expatriate. The exclusion will increase by a cost of living adjustment factor after 2008. The phantom gain of the mark-to-market tax will presumably be taxed as ordinary income (current maximum rate of 35 per cent) or capital gains (currently at either a 15 per cent, 25 per cent or 28 per cent rate). Upon actual sale of the assets, the individual will not have to pay additional US taxes. It is possible, however, that the expatriate's new home country might tax the gain a second time, leading to double taxation on the same income.

How is one supposed to pay the exit tax, given that this tax is assessed when the expatriate has not received any actual sales proceeds on the deemed asset disposition? Basically, this is the taxpayer's problem and not that of the IRS. Covered expatriates are permitted to make an irrevocable election to defer payment of the exit tax on a property-by-property basis. Interest will be charged during the deferral period. Tax may be deferred only until the due date for the return of the tax year in which the property is actually disposed of. In order to make the election, the individual would generally be required to provide a security bond to the IRS and to waive any treaty rights that would preclude the assessment or collection of the tax.

Deferred compensation

In some cases of deferred compensation items, the covered expatriate is treated as if he received a lump sum distribution of the present value of the accrued funds on the day before expatriation and, accordingly, must pay the exit tax with respect to such items (e.g. an IRA account, qualified tuition program or Coverdell education savings account). Fortunately, no "early distribution" tax will apply if at the time of distribution the expatriate is under age 59 ½.

The act provides that items of so-called "eligible deferred compensation" are not subject to the exit tax/mark-to-market treatment upon expatriation. These include, for example, stock option rights, restricted stock units, multi-year, long-term performance awards and both qualified or non-qualified pension rights. In these cases, the covered expatriate remains subject to US taxation when the compensation is realised or otherwise taxable under general US tax principles. At that time, the payor must withhold and deposit US federal tax at a rate of 30 per cent from any taxable payment of an eligible deferred compensation item provided that: a) the payor is a US person or elects to be treated as a US person for purposes of withholding and meets requirements as provided by the IRS; b) the covered expatriate notifies the payor of the deferred compensation amount of his covered expatriate status and c) the individual expatriate irrevocably waives any right to claim any reduction in withholding on such an item under a treaty with the US.

For purposes of these provisions, deferred compensation attributable to services performed outside the US while the expatriate was not a citizen or resident of the US is not taken into account.

Interests in trusts

The act makes a distinction between grantor trusts and non-grantor trusts. For US tax purposes, a so-called "grantor trust" is ignored as a separate taxable entity and the owner of the grantor trust is treated for tax purposes as the party who must include in his individual tax return items of income, deduction and credit that are attributable to the trust. When a covered expatriate is treated as the tax owner of a grantor trust, the assets held by that portion of the trust are treated as sold on the day before expatriation and are subject to the mark-to-market tax.

In the case of a non-grantor trust, the mark-to-market tax does not generally apply. Instead, in the case of any distribution from of this type of trust to a covered expatriate, the trustee must deduct and withhold an amount equal to 30 per cent of the distribution that would be includable in the gross income of the covered expatriate if he were subject to US income tax. The covered expatriate is not permitted to claim a reduction in withholding under any tax treaty with the US.

The act is silent regarding how the withholding rules will be enforced against a foreign trustee of a trust. The rules apply to non-grantor trusts only if the covered expatriate was a beneficiary of the trust on the day before the expatriation date. Thus, those thinking of expatriating should review all trusts of which they are beneficiaries and perhaps consider being removed as a beneficiary of the trust.

Taxation of recipients of gifts

The act taxes certain gifts or bequests received by a US citizen or resident from a covered expatriate. The tax is assessed on the US recipient at the highest marginal estate or gift tax rate (currently 45 per cent) at the time the gift or bequest is made. This tax applies only to the extent that the covered gift or bequest exceeds a total of US$12,000 (current amount) during any calendar year. The tax is reduced by the amount of any gift or estate tax paid to a foreign country with respect to such covered gift or bequest.

It should be noted that there is no allowance for the current US$1 million exemption from US gift tax or the US$2 million exemption from US estate tax that are normally granted to US persons. Gifts or bequests made to a US spouse or a qualified charity are not subject to this tax. Those persons who expatriate after the enactment date and who are considering the making of future gifts or bequests to US persons should carefully consider the tax consequences and review their estate and gift planning structures.

Doing it right

Individuals who are considering expatriation should make sure they understand the new rules and carefully consider the substantial new tax burdens that will result. If such persons are over the net worth threshold, they may consider making gifts or charitable contributions to come below the US$2 million threshold prior to expatriation. Those persons who expatriate after the enactment date and who are considering making gifts or bequests to US persons in the future should also review their planning.

Trustees should become familiar with the new rules and implement procedures that will very carefully consider whether trust beneficiaries are covered expatriates before making any distribution without withholding US tax.

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Tamweel takes the lead

Tamweel PJSC, one of the leading UAE home finance companies, is on a steady growth path as the home finance market in the country quickly expands. A MONEY*works* report.

Tamweel continues to ride high on the UAE's realty boom. It also claims to command a 35 per cent share of the country's mortgage market, just five years after it began operations.

Tamweel financed projects totalling AED6.6 billion in the first quarter of the current year, up 28 per cent over the full year 2007. With three more quarters to go, Wasim Saifi, CEO at Tamweel, feels the year-on-year growth will be more than 100 per cent.

Significantly, even today the percentage of properties bought in the UAE through mortgage finance remains below 30 per cent. For mortgage providers, the growth is coming from volumes and changing trends as the market transforms from being investor driven to being end-user driven. In fact, Tamweel's primary business flow comes from the residential market. And in that segment, demand for mortgages is still greater than the supply of mortgages, according to Saifi.

Over 80 per cent of Tamweel's customers are salaried individuals from the middle-income group. Although the company's exposure to the corporate sector is relatively much lower compared to the retail segment, Tamweel's product range is broad enough to cater to most of the existing segments in the market. Today its offers include residential and commercial finance, refinance, land finance, financing as part of a buy-to-let programme, under-construction property financing and payment based on a flexible or fixed-profit basis. Tamweel has also introduced a 48-hour end-to-end approval process, the fastest in the UAE.

"Innovation and flexibility in product range and service excellence are the key areas for us. We are aware of the evolving needs of the homeowners and investors and are open to introducing products that are tailored to these specific needs," says Saifi.

Tamweel is consolidating its core business this year, but has also taken a few strategic initiatives. Starting from restructuring the company, consolidating activities under the newly-formed Tamweel Properties and Investment and raising sukuks to starting overseas operations, the list is long.

The company also recently received approval from the regulatory authority to have different companies under the broad umbrella of Tamweel.

Saifi discloses: "This is part of a broader restructuring plan and as a first phase, we have already set up the property company. I believe it will take between nine and 12 months for the whole process to get completed."

Diversification

Tamweel's decision to set up a fully-owned subsidiary last June to focus on property investment comes as a result of its relation with key developers and other stakeholders in the market. Tamweel Properties and Investment will take advantage of the group's strategic market knowledge, hence focussing on real estate investment and brokerage services, says Saifi. The investment company has a paid-up capital of AED400 million and assets under management in excess of AED4 billion.

Tamweel Properties will be involved in three types of activities: buying property from developers at a wholesale price and selling it to retail customers (thereby getting the dual benefit/feedstock for its mortgage book and profiting on the price differential), working as an exclusive agent for property sales and acting as a sole financier where developers sell the property directly.

Tamweel has made major investments for the acquisition and refinance of land in the UAE. In 2007, it signed a landmark agreement with Bonyan and Sama Dubai for the purchase of land worth AED1.93 billion in the Al Jadaf area of Dubai. This year, Tamweel has been able to sell 95 per cent of that land area consisting of 135 plots to retail customers while also financing its purchase of the plots.

Regionally, the company is in the process of soft opening its Egypt operations, for which it received a licence from Egypt's Mortgage Finance Authority back in March.

"Egypt is a promising market for us, as the mortgage industry is very new in that country. So, the idea is to get a feel of the place. We are already in discussion with different developers there and also

Tamweel first quarter results

	March 31, 2008	March 31, 2007	% growth
Net profit	176.34*	50.47*	249%
Islamic financing & investing asset	6.63*	3.01*	120%
Income from Islamic finance & investing asset	139.51*	61.23*	128%
Cash dividend of 21.8 per cent of company's share capital amounting 218 m approved. (*in million dirhams)			

with some UAE-based developers as well," says Saifi.

The Egyptian company is named Tamweel Egypt for Real Estate Finance SAE. It is capitalised at EGP500 million and has an issued capital of EGP100 million.

Tamweel's second venture outside of the UAE is in Saudi Arabia, where it has established a 70:30 joint venture company with Al Oula Real Estate Development. The seed capital of the joint venture company has been agreed upon at SAR500 million. Al Oula is a well-known Saudi-based property development company that also provides research and consultancy services

"It is always beneficial to go for a partnership with developers like Al Oula, which has a presence in both mid and premium segments of the market. It also helps having a good mortgage base to start with," notes Saifi.

Once the international operations start in full scale, Tamweel anticipates 20-30 per cent of its total revenue to come from its overseas operations by 2011.

Wasim Saifi

Funding growth

To finance its long-term growth and aggressive business objectives, Tamweel's board has approved a number of fundraising activities this year. Says Saifi: "As more projects get completed, the need for incremental mortgage financing is also increasing. As our books become larger and assets build faster, we need adequate resources to fund the growth."

In April 2008, Tamweel successfully closed a US$235 million (AED863.5 million) syndicated bank facility. This landmark facility came on the heels of Tamweel's successful closure of a US$300 million (AED1.1 billion) exchangeable sukuk issue, the order book for which oversubscribed within hours of announcing the launch in January 2008. This follows the company's US$210 million (AED772 million) asset-backed securitisation issue in 2007, which was placed primarily with European investors.

Around the second week of July, Tamweel launched another non-convertible UAE dirham sukuk with Standard Chartered, Badr Al Islami and Dubai Islamic Bank as the lead arrangers. Depending on the pricing, Tamweel expects to raise AED1-1.5 billion. It also plans to launch a convertible sukuk issue to raise US$300 million or less by the end of the year or early next year. Also on Tamweel's agenda is another loan syndication programme, the details of which are still being finalised.

While the proceeds from the newly-raised funds will be used to finance the UAE's mortgage demand, part will be used to finance select real estate investments, while another part will be used to fund the company's equity investment in Saudi Arabia and Egypt.

Industry vs. Tamweel

With demand for mortgage finance rising fast in the UAE, Saifi urges providers to be cautious with their pricing policy. The more the value of a property, the more the risk, he says. But with a risk-based pricing approach where pricing is based on several factors like loan-to-value and debt service ratios, it works as a natural shield to risk exposure, he adds.

Saifi points out that the residential mortgage market in the UAE touched AED31 billion at the end of 2007. It is estimated to be around AED40-45 billion at present and is expected to cross the AED100 billion mark by 2010. The contribution of the mortgage sector to the UAE GDP will also go up from the present four per cent to 10-11 per cent in next three years.

Saifi says the percentage of transactions financed through mortgage in the UAE is unlikely to touch the average of 80-85 per cent that developed nations enjoy in the near future. He attributes this forecast to the unique nature of the UAE market, where about 30-35 per cent of property development is always outside of the mortgage segment. Growth is, nevertheless, expected to be substantial, Saifi adds.

In terms of the number of transactions, only 30 per cent of property bought in the UAE is through mortgage finance at this time. In value terms, it is even lower at 20 per cent, according to the CEO. But these figures leave a lot of room for growth, and as the market leader, Tamweel is only set to gain from this growth.

Etisalat attractive against regional peers

Etisalat is an attractive investment opportunity with a strong balance sheet, dominant local presence and proven track record in overseas ventures, according to **Serkan Altay**.

The telecom industry capitalises on the economic and demographic development of nations throughout the world. It is no surprise, therefore, to see that nations with high population growth rates and improving real GDP levels are the ones that are seeing rising usage of telecommunications technologies. The Middle East and North Africa (MENA) region is one such example. The International Monetary Fund predicts real GDP to grow at a compound annual growth rate (CAGR) of six per cent for the next few years, compared to world GDP growth of 3.8 per cent. With oil prices at their current levels, the MENA region is flush with liquidity, which is the main driving force for capital investment within the region.

The telecom industry in the MENA region is also seeing its fair share of action. The region hosts some of the biggest names in the global telecom industry, such as the UAE's very own Emirates Telecommunications Company (Etisalat). Etisalat has a market cap of over US$32 billion and is ranked in the top 20 of the world's largest telecom providers.

Rising penetration rates amidst increasing competition is a story that is becoming all too familiar with most of the GCC countries. Given the increasingly-saturated mobile market in the region, Etisalat is seeking to expand its operations into markets where economic fundamentals are improving and penetration levels are low. As such, along with other regional telcos, it has shifted its attention to areas such as Asia and Africa, where demographics and penetration levels are still attractive.

As many GCC telcos are buying stakes in locally-operated African telcos, they are effectively gaining controlling stakes and competing against each other on a different turf. The most recent example of taking regional competition overseas is Etisalat's Indonesian associate Excelcomindo, which is in direct competition with Indonesia's other big name in telecommunications, Indosat – a company in which Qatar Telecom recently acquired a 41 per cent stake.

With a dominant position in the UAE, a growing presence in Asia and a solid presence in the lucrative Saudi telecom sector, Etisalat is focussing on increasing its footprint in the African region. Recently, the company announced that it had increased its stake in African telecom operator Atlantique Telecom (AT). With the increased stake in AT and Etisalat's existing Egyptian, Tanzanian, Sudanese and soon-to-be-launched Nigerian venture, the company's African footprint will rise to over 30 per cent of the continent's population.

Financials

Local revenues (mobile, fixed-line and data services) are still vital for Etisalat, as they made up over 90 per cent of revenues in 2007. The mobile segment commanded over 60 per cent of total revenues in 2007, with mobile subscriber growth registering at 14 per cent. It is likely that such revenues will account for 79 per cent of total revenues by 2011, compared to 75 per cent in 2007. EBITDA margins have remained robust at just over 70 per cent. Given the expected expansion plans, it is not unrealistic to assume that margins will come under slight pressure going forward.

The high average revenue per user (ARPU) levels in the UAE are expected to remain at US$51 and Etisalat's market share is expected to drop to 76 per cent from 90 per cent at present. We expect Egyptian operations to grow at a CAGR of 56 per cent over the next four years, owing to low penetration rates and a conservative market share of between 15 and 20 per cent by 2011.

Despite the introduction of a second telecom provider in the form of Emirates Integrated Telecommunications Company (du) in a market where the mobile penetration level of 140 per cent is among the highest in the world, Etisalat's domestic mobile market share remains strong at just over 80 per cent. Mobile ARPUs are likely to rise from current levels of AED190. We are not as bullish on the fixed-line segment, which commanded fewer than 14 per cent of revenues in 2007. As such, the recent announcement by the Telecom Regulatory Authority to reduce fixed-line tariffs in 2009 will not have a material impact on Etisalat's bottom line. The risks to revenues would mainly come from the mobile segment, where we see a price war between the two operators being highly unlikely since they are both owned by the government.

Catalysts

Etisalat's main shareholder is the UAE government, which owns 60 per cent of the company, while the remaining float is for UAE citizens only. The company currently pays 50 per cent of its bottom line in royalty fees to the government. With the introduction of a second operator, it is questionable whether the royalty will stay at its current level or decline by some amount. This implies strong upside potential in the event that royalty fees are reduced, which is the main reason for strong foreign interest in the company.

The easing of foreign ownership laws will also allow foreigners to invest in Etisalat, which could lead to a rally. In addition, Etisalat has an under-leveraged balance sheet relative to many GCC telcos. Based on financials for the second quarter of

2008, Etisalat has a strong war chest of cash (AED13 billion) and a net cash position of AED8 billion that can be used for its regional and international expansion plans. With the added room for debt capacity and access to credit at extremely favorable rates (Etisalat entered into a line of credit agreement in 2006 for US$3 billion at LIBOR + 25 basis points), the cost of capital can be improved.

Although Etisalat has 53 per cent of the voting rights for Pakistan Telecom, the entity is not consolidated, since there are control impediments. Etisalat believes that such control impediments may be alleviated in the future, which would result in full consolidation. Pakistan Telecom's revenues for the fiscal year 2008 are expected to reach AED4 billion. Full consolidation would mean an increase in Etisalat's top line by 20 per cent from Pakistan Telecom alone.

We believe that careful expansion through well-timed (and well-priced) acquisitions will be among the main catalysts for the company's growth. The US$3.2 billion and US$2.9 billion fees paid for the second and third mobile licence in Saudi Arabia and Egypt respectively represent expansions into regions with growing populations and penetration levels of under 35 per cent. Such acquisitions are necessary, given that the home market's penetration levels are over 140 per cent.

Valuation

We like the valuations of Etisalat with respect to its regional peers. Despite trading at the same level as its peers in terms of PER2008, Etisalat's EV/EBITDA ratio represents a steep 31 per cent discount to those of its regional peers. With international expansions set to rise through carefully timed acquisitions, we view Etisalat as an attractive investment opportunity into a telco with a strong balance sheet, dominant local presence and proven track record in overseas ventures. MW

The writer is equity analyst, telecoms and transportation, with EIS Asset Management.

Markets on a roller coaster

Regional investors feeling jittery due to market uncertainities need to do their homework properly to be able to book profits in the long-term, notes **Snehdeep Fulzele**.

Regional investors have experienced a nerve-wracking roller coaster ride over the last 20 trading days that marked a crucial portfolio reshuffling by market participants ahead of the quarterly earnings season. Market volatility was further boosted by the Global sell-off. To reduce the deterioration of a portfolio in a market that is not trending up, many investors prefer to increase cash ahead of important announcements.

In the Saudi stock market, investors had a nervous breakdown ahead of the SABIC results. The market heavyweight announced its results on July 19.

However, by that time, the market benchmark All Share Tadawul Index (TASI) had given up 7.1 per cent in value from 9,769 on June 21 to 9,074 on July 19. It touched an intra-day low of 8,512 on July 16. These figures are a good example of the current volatility in the region's largest market.

On average, 180 million shares were traded every day at a value of SAR7.5 billion. The number of trades averaged 232,000.

In the first three weeks of July, 105 companies out of a total 124 listed companies in the Saudi market had announced financial results. The combined net profit of these companies for the first half stood at SAR47.6 billion as against SAR42.5 billion for the same period last year, a growth of 12 per cent year on year.

SABIC announced a net profit of SAR14.5 billion for the first half of this year, as against SAR12.8 billion over the same period last year. After the restructuring of the TASI that links it to the floating market capitalisation, the weight of SABIC in the market index came down from over 25 per cent to around 15 per cent, but the stock still retains its number one position.

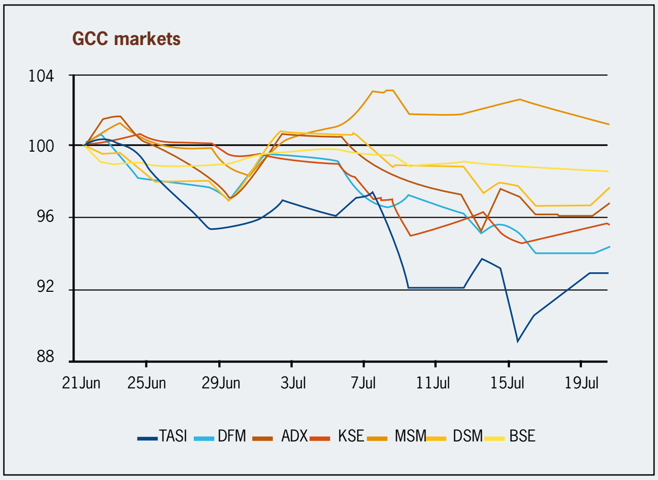
Saudi Arabia recently grabbed the second spot among international capital markets by virtue of its IPO market size. So far, 13 new companies have been listed on the Saudi bourse during the year. One of them, Saudi Arabian Mining Company, successfully conducted an IPO to raise SAR9.25 billion. It was the largest mining sector IPO in the Middle East. The strength of sentiment in relation to the IPO can be judged by the overwhelming response to the IPO by Saudi investors, who are the only ones allowed to invest in the Kingdom's lucrative IPO market. The IPO was oversubscribed by more than two times.

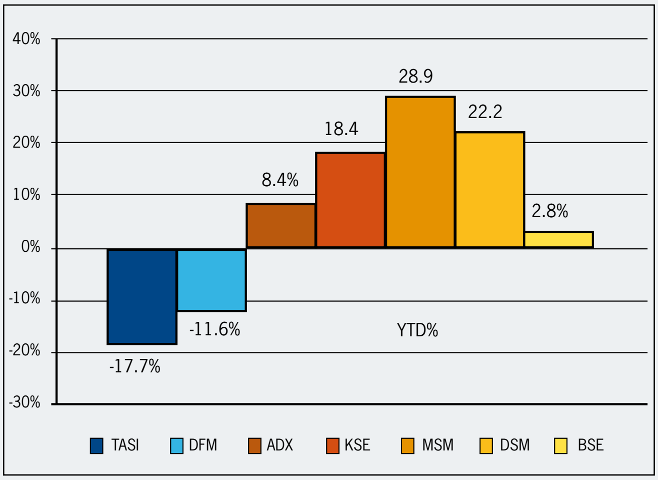
Amongst the seven regional markets, Oman's Muscat Securities Market (MSM) is in the top position with 29 per cent gains in 2008, while TASI is the region's top loser with an 18 per cent drop. Over the last one month, since June 21, MSM is the only regional market in the positive territory.

All regional markets have shown high volatility in the face of quarterly results. Obviously, investors are unwilling to stick their necks out for the region's economic growth, despite buoyant oil prices. It is sad that not many market participants take a long-term view on companies of their choice. Two important reasons are lower institutional participation and absence of strong research-driven investments.

The corporate results season will soon be over. Investors will marvel at the companies marching ahead and despair over the losers in their portfolios for the next couple of months, when the game will be repeated. Can such a cycle be broken? Yes. Do your homework before entering a stock and stay invested until its potential is fully realised. The markets will continue to fluctuate, and doing the necessary homework is like tightening the belt. Then you can enjoy the roller coaster ride instead of feeling exceedingly jittery.

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





Mixed trends for GCC funds

Asset-weighted returns of GCC funds stayed flat in May 2008, as markets across the region exhibited mixed trends. **A Markaz** report.

GCC markets exhibited mixed trends in May 2008, with three of the six MSCI indices ending in red. In April 2008, equity markets staged a revival, with GCC companies registering good results for the first quarter of 2008. However, mixed signals on the global economic outlook led to a more cautious approach in the GCC markets during the month of May.

During the month, the MSCI GCC Index lost 3.8 per cent compared to its 9.2 per cent gain in April. MSCI Qatar was once again the best performing index, with a month-on-month gain of 5.2 per cent. However, MSCI Saudi Arabia posted a loss of 6.3 per cent during the month, compared to month-on-month returns of 12.3 per cent in April. MSCI Oman and MSCI Bahrain recorded returns of four per cent and 2.5 per cent respectively during the month. However, the MSCI GCC Index was pulled down by Saudi Arabia, which has the highest weight in the index. While MSCI Kuwait lost 3.6 per cent in May, MSCI UAE ended the month on a flat note with a loss of 0.1 per cent. Furthermore, on an asset-weighted average basis, GCC equity funds recorded a negligible loss of 0.03 per cent compared to a gain of 7.7 per cent the previous month. Therefore, based on the weighted returns of GCC equity funds, April remains the best month so far in 2008.

GCC conventional funds

The SGAM Oasis MENA Fund (Societe Generale Asset Management) topped the charts with a monthly gain of 2.7 per cent in May. The Gulf Equity Fund (Securities and Investment Company) occupied the second position with returns of 2.2 per cent. The fund's top holdings include Emaar Properties (7.5 per cent), Arabtec Holding (5.7 per cent) and Public Warehousing Company or Agility (5.1 per cent). During the month, Agility won a US military contract worth US$2.8 billion. The stock was up 10 per cent in May. The fund managers attribute the May performance to the fund's investment in banking stocks in Qatar.

The Arab Financial Fund (Securities and Investment Company) recorded a month-on-month gain of two per cent in May. The Global GCC Large Cap Fund (Global Investment House) recorded a month-on-month gain of 1.7 per cent and a year-to-date return of 2.7 per cent in May. The fund had the highest exposure to the Saudi (29.8 per cent) and UAE (27.4 per cent) markets; free cash held accounted for 3.6 per cent of the portfolio.

Shari'ah-compliant funds

Amongst Islamic Funds, the Al Aseel Islamic Equity Fund (Securities and Investment Company) was the top performer, with a monthly gain of 2.2 per cent and a year-to-date return of 11. The Al Raed GCC Fund (Samba Financial Group) posted month-on-month returns of 1.8 per cent compared to a monthly gain of 7.2 per cent in April. Riyad Gulf Fund (Riyad Capital) ranked third among Islamic funds with month-on-month returns of 1.2 per cent. Al-Tawfeek Gulf Equity Fund (Al Tawfeek Company for Investment Funds), which was the top performer last month with a 15 per cent gain, registered a gain of just one per cent in May. Arab Islamic Gateway Fund (Shuaa Capital) posted month-on-month and year-to-date gains of 0.53 per cent and 8.7 per cent respectively in May.

Saudi Arabian allocation continues to be lower than December 2007 levels. Apart from a few minor changes in geographical asset allocation, GCC asset managers kept their portfolios constant. Allocation to other MENA markets decreased from eight per cent in April to seven per cent in May. In March 2008, the exposure to other MENA markets had increased to 10 per cent from four per cent in February. However, confidence in GCC markets is growing compared to other MENA markets, as reflected in the reallocation of funds by asset managers from those markets back into GCC markets during the last two months.

During May, asset allocation to Bahrain, Oman and Kuwait dropped by a small margin. Allocation to the Omani market decreased 42 basis points (bps), while allocation to the Kuwaiti market fell 37 bps. The reduction in asset allocation to these markets was offset by increase in allocation to the Saudi and UAE markets. Exposure to Saudi Arabia and the UAE increased 34 bps and 29 bps respectively. While allocation to the Qatari market expanded 36 bps to 13 per cent, exposure to the Bahraini market contracted 12 bps to four per cent.

For the month of May, fund managers decreased their exposure to equities and marginally to bonds by holding more cash. While their exposure to equities fell by 113 basis points, the free cash held by GCC funds increased by 117 basis points to seven per cent. In May, exposure to bonds stood at 0.5 per cent.

Top five conventional funds by May 2008

May-08				Performance (%)		
Fund name	**Fund manager**	**Inception**	**AUM (US$ mn)**	**May-08**	**YTD%**	**2007**
SGAM Oasis MENA Fund	Societe Generale Asset Management	Nov-07	74	2.74%	14.20	7.26%
SICO Gulf Equity Fund	Securities & Investment Company	Mar-06	60	2.20%	19.30	37.30%
SICO Arab Financial Fund	Securities & Investment Company	Aug-07	26	2.00%	15.10	20.72%
Global GCC Large Cap Fund	Global Investment House	Feb-05	100	1.69%	2.71	48.92%
Oryx Fund	BankMuscat	Jul-94	50	1.60%	14.10	40.14%

Top Shari'ah-compliant funds by May 2008

May-08				Performance (%)		
Fund name	**Fund manager**	**Inception**	**AUM (US$ mn)**	**May-08**	**YTD%**	**2007**
Al Aseel Islamic Equity Fund	Securities & Investment Co.	Sep-05	11	2.18%	11.00	35.21%
Al Raed GCC fund	Samba Financial Group	Oct-06	24	1.80%	14.60	79.82%
Riyad Gulf Fund	Riyad Capital	Feb-06	117	1.24%	11.64	44.88%
Al-Tawfeek Gulf Equity Fund	Al Tawfeek Co. for Investment Funds	Aug-05	7	1.02%	12.54	48.41%
Arab Islamic Gateway	SHUAA Capital	Sep-06	26	0.53%	8.74	47.65%

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Equity remains good bet

Stock markets go through cycles, but equity investing with a long-term view will always pay off, suggests **Peter Hensman**.

During the first six months of 2008, equity markets suffered their worst half-year performance since the end of 2002, with a total return of -10 per cent (in dollar terms) on the MSCI World Index. Where the weakening trend was evident in the second half of 2007, the decline in share prices has become far more broadly spread against what was previously a deterioration heavily skewed towards the financial sector. Excluding financials, the Datastream Global Equity Market Index returned nearly seven per cent including income in second half of 2007, but even the non-financial sector has declined eight per cent in the first half of 2008.[1]

With ongoing concerns about the health of the US financial system, companies facing rising input costs, the prospect of slower economic expansion and market volatility and interest rates remaining high (even if official interest rates have been cut), it is reasonable to question whether equities remain an appropriate investment vehicle.

Why own equities? Equity confers an interest in the ownership of a corporation. Returns to equity holders come from the ownership of a future earnings flow, and these earnings are either paid out to the shareholder in the form of a dividend (or more indirectly via stock repurchases) or reinvested in the business in order to grow future returns. This future stream of income is affected by the economic cycle, interest rates and input costs.

The value placed on this equity is affected by the market perception of future prospects. Unlike some other assets that are traded less frequently and hence may be priced on the basis of models or by comparison to a limited number of market-based transactions, this value is tested daily. As such, prices can vary significantly because of changes in the underlying fundamentals of the company and assumptions about factors such as the likely path of future interest rates and earnings growth. In the short-term, factors relating to the financial health of market participants can also influence the realisable price for an equity.

While the outlook appears opaque, there is arguably little in recent developments that does not fit with the 'normal' course of the cycle – broader equity markets tend to see increased volatility after a period in which interest rates have been risen. And past performance says little about prospective returns. The loss of market liquidity, interest rates, inflation and earnings concerns are undoubtedly significant factors for markets in the near term. Equally, just as the environment of abundant liquidity in the first half of 2007 proved to be transitory, it is unlikely that markets will remain focussed on their current woes forever. What is unlikely to change quickly is the backlash against the financial sector and the overuse of leverage in the US economy. While this is ultimately likely to lead to a more moderate pace of expansion of the economy, the growth achieved can be expected to prove more sustainable.

What recent trends re-emphasise is that the equity market is not homogenous. Different trends can emerge between the different sectors within the market, and even between stocks inside these sectors. Returns to an actively-invested portfolio can diverge significantly from the market performance. This possibility is likely to be increasingly true in the coming quarters and years as the lesser availability of debt that is likely to follow from the credit crunch contributes to greater divergence between those that have relied on access to debt markets and those that are able to finance their expansion plans from internally-generated cash flow.

The prospect for lower earnings growth as regulators reduce the permissible degree of leverage in the financial sector and banks continue to rebuild their balance sheets suggests that despite the decline in share prices, the US and UK banks still appear unattractive. Where strong global growth in the early years of this Millennium have undermined the attraction of companies that are able to deliver consistent earnings increases regardless of the economic backdrop, those less sensitive to the developed world consumer (and perhaps in the near-term, consumers more broadly) are likely to enhance portfolio returns.

Although equities are a long-duration asset, the value of which can be significantly affected in the short term by swings in sentiment, liquidity conditions and fundamental factors such as interest rates and many sectors are challenged by the ongoing rise in the price of oil. It is the combination of these risks that enables long-term equity investors to achieve a return above the level on cash and other less risky assets.

While the volatility and illiquidity of markets in the last 12 months have highlighted the dangers of applying leverage to enhance investment returns, the long-term attractions of equity investments are unlikely to have changed. Just as the market fear of deflation in 2003 offered the opportunity to invest in some good long-term investments on attractive valuations, the current investor concerns are also likely to provide the opportunity to invest in stocks at levels that will enable healthy long-term returns to be achieved. MW

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

(Footnotes) 1 Datastream, July 2008.

It's best to stick with BRIC

In an uncertain environment like today, it is best to stick to investment themes that have strong, longer-term fundamental backing such as the BRIC economies, argues **Dr. Oliver Stönner-Venkatarama**.

Over the last few months, economists have tried hard to determine the investment implications of still-increasing inflation rates in most of the emerging markets. In fact, there is no straightforward or clear-cut investment implication for investors, particularly on the equity side. This conclusion results from the diverse impact of higher inflation rates on the emerging economies and fairly country-specific policy responses. In this regard, it is important to stress a basic difference between policy reactions in mature and emerging markets.

For the most part, central bank policy in emerging economies is anchored by inflation or monetary targets as in mature markets, but the decision about monetary tightening is more affected by the overall economic and social implications of higher interest rates for the particular country. For example, social tensions in Haiti and Egypt as a reaction to the steady rise in food prices have highlighted the challenges for governments. More recently, inflation has been an important factor for the defeat of the leading political party at regional elections in southern India. Obviously, governments facing elections are under tremendous pressure to find creative solutions to dampen inflation without jeopardising the overall growth momentum.

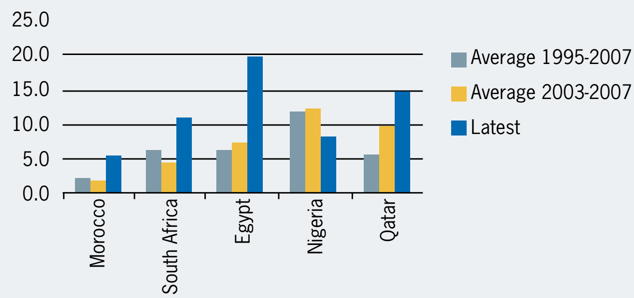
The government of Egypt is very clear about its goal to stabilise real GDP growth at about seven per cent. If economic growth decelerates below this level, unemployment is set to rise due to the young and fast-growing population. Furthermore, social implications, particularly from higher food prices, are much more severe in the emerging markets than in the mature markets, due to the much larger share of food in private household expenditures on average. For the new middle class, this circumstance implies a mere shift in expenditures, but for poorer families, higher food prices may put their livelihood at risk.

Besides social risks, central banks have pursued a rather cautious monetary tightening policy due to the anticipation of a cyclical slowdown, which might curb the acceleration in price pressure. However, the latest inflation data from India and Indonesia points to the need for more determined tightening steps. The same assessment appears to be appropriate for China. Does this imply that monetary policy clouds the Asian investment perspective for the next couple of months? I don't think so. Despite concerns from the corporate side, companies, particularly in countries with large domestic markets, should be able to cope with tighter monetary conditions. In other words, if the corporate sector in India, China and Indonesia takes the moderation in economic growth as a challenge to increase corporate efficiency and competitiveness, the current dull season in the financial markets provides an opportunity to gradually build up new positions.

It is important to emphasise that aside from the large Asian economies, other economies such as Brazil, Russia and the Gulf states also follow robust, domestically-driven growth trends that are probably not at risk only because of tighter monetary conditions. Therefore, investors should not be concerned if central banks in some fast-growing economies raise interest rates somewhat more strongly than expected.

Middle East Africa: Longer-term CPI comparison

Year-on-year changes in %



Governments and central banks in the Gulf economies may also face further pressure to tighten liquidity conditions and to rein in government spending in order to dampen domestic drivers of inflation. However, it seems unlikely that this scenario would have much of an impact on strong corporate investment dynamics in the region. Moreover, the discussion about an appreciation of the GCC currencies may continue, even though it might have only a moderate impact on overall inflation as Kuwait's recent experience indicates.

In such an uncertain environment, it is probably the best strategy to stick to investment themes with a strong, longer-term fundamental backing such as the BRIC countries, complemented by positions in Mexico, Taiwan, Poland and the Gulf economies. Investors pursuing this strategy basically follow foreign direct investment flows of international corporates, which seems quite reasonable in such a turbulent environment.

Dr. Oliver Stönner-Venkatarama is an emerging markets investment strategist with Cominvest.

US economy runs on empty

There seems to be no respite for the US dollar in the near term. **Sachin Patki** believes the US will need to look at new ways of approaching its economy in the future.

As US President Bush attends his final G-8 summit in Japan, we see the impact of the last administration on the US economy during the same period reflecting the dynamics of the era. The US dollar has been on a constant slide during the entire period, with the US economy borrowing to keep the party going. The balance of payments is now at US$9.5 trillion, up from US$5.7 trillion in 2001. The euro rose from 0.900 against the US dollar in 2001 to touch a high of 1.6010 in April of this year, while gold has gone from US$280 a troy ounce to touch US$1,032 a troy ounce in March of this year. During the same period, oil has gone from US$20 per barrel to US$139 per barrel, which is a six-fold increase in the price of the same commodity.

The US economy has the lowest growth rate amongst the G-8 countries, with a GDP growth rate of only 0.5 per cent this year compared to 1.6 per cent in the UK, 1.4 per cent in the Eurozone, 1.4 per cent in Japan and 1.3 per cent in Canada. Russia, which joined the G-7 ten years ago, has grown by 6.8 per cent this year, with China expected to grow by only 9.3 per cent this year. The change in global growth dynamics also suggests a shift in the way global finances are managed, with the dollar falling from being 71 per cent of global currency reserves in 2001 to only 63 per cent as of this year.

Changes in technology, experimentation in back office outsourcing and access to lower-cost labour in other countries have all changed the ways businesses are offered and economies are controlled by regulators. Borders become porous in the global economy, with technology allowing corporations to benefit from the most efficient or the most low-cost provider for their upstream business models. The US, therefore, will need to look at new ways to approach its economy and will be required to manage its controls differently, as the debt the administration has run up must be paid sometime down the road.

With economic figures from the US continuing to look weak, the Federal Reserve is now in wait-and-watch mode to determine the impact of its interest rate cuts over the last 12 months at the retail customer level. Bond and equity markets have already begun discounting a possible interest rate rise as the next move from the Federal Reserve. However, we still need the economic figures to support this call, although the year-on-year inflation rate continues to remain high in the 4.2 per cent region.

The euro had a recent shake-up with the market speculation of an interest rate hike by the European Central Bank (ECB) being met with a 0.25 per cent increase in its main refinancing rate to 4.25 per cent, the highest since 2001. ECB President Jean-Claude Trichet stated that he had no bias, indicating that there would be no further hikes in interest rates and that this would be enough to cool down the inflationary pressures in the Eurozone. An interest rate hike is expected to see the ECB interest rate policy at its peak, unless we see a sharp slowdown in growth rates across the Eurozone. The euro has re-attempted the 1.5920 level, and the retraction from this level could take it back to the 1.5560 level, with initial support at 1.5680 and 1.5615. A clear weekly break of 1.5580 signals a move below 1.4735, which could be a protracted correction and new lower extension of the recent range. Failure to break below 1.5580 indicates a renewed attempt at 1.5920, 1.5970 and 1.6050.

The UK economy is also going through a corrective phase with low GDP growth, a sharp correction in the housing market, retail spending expected to go lower and consumer confidence very gloomy on future prospects for the economy. With real estate playing a large role in the economic rise over the last decade, a continued correction in this sector is likely to influence consumer mood and spending habits. As such, the sterling looks to attempt the 1.2010 level on the upside, and a possible clear break below 1.9780 would open up the range to 1.9460. MW

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

Views expressed are his own and not necessarily those of Mashreq. Data and comments are as of July 6, 2008.

Precious metals shine again

Various factors including geopolitical concerns, a weak dollar and rising inflation saw investors rushing to precious metals last month. An **MF Global** report.

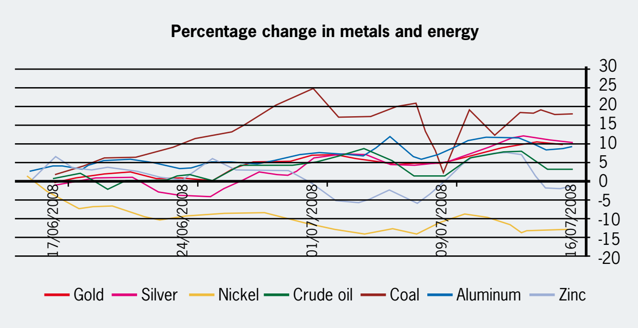
Precious metals have regained their shine in recent weeks, as the usual suspects – geopolitical concerns, inflation concerns and a weaker dollar – have added to their allure. Base metals have had a mixed run, caught in the crossfire of views over consumption in the US and China

Gold jumped sharply last month, helped by inflationary concerns due to record high crude oil prices and geopolitical concerns between Iran and Israel. Another factor adding to gold's strength is the US dollar's weakness against its arch rival, the euro. The dollar weakened to record lows against the euro following remarks from US Federal Reserve chairman Ben Bernanke over rising inflation and economic risks to the US. Gold gained around 10 per cent month on month to US$975 per troy ounce. Silver also followed the moves of the yellow precious metal, rising around nine per cent to US$18.94 per troy ounce.

In base metals complex, zinc weakened despite some bullish developments. Zinc has lost over 16 per cent since the start of 2008 as stock surpluses continue to build. The depressed zinc prices have forced miners like Xstrata and Teck Comico to close their joint venture, the Linnard Shelf Pillara zinc mine, in Australia. Dwindling prices have also forced a number of small zinc smelters in China to cut down their production. Zinc fell to US$1,850 per tonne last month, down almost two per cent on month.

Copper, supported by the announcement of strikes by workers in Peru at the start of July, had gained as much as six per cent. Data from China shows a rise in June imports at 390,000, up just 1.90 per cent on year. Copper's domestic production in June increased by 16 per cent to 331,000. However, a bleaker US economic view has tempered its gains. Copper gained one per cent on month to US$8,190 per tonne.

Nickel declined sharply by around 12 per cent to US$20,900 per tonne on concerns over falling demand from stainless steel manufacturers. Nickel has fallen by around 39 per cent since the start of 2008 to around US$20,552 per tonne.



Aluminum has gained over nine per cent on month to US$3,236 per tonne. Production of aluminum, among base metals, is most power intensive. About 45 per cent of aluminum's cost of production comes from power usage. Power shortages in China have forced its largest smelters to cut as much as 10 per cent of their production, which could roughly translate to a fall of 400,000 tonnes. According to the World Bureau of Metals Statistics, this cut could considerably erode 458,000 tonnes of global surplus.

In the energy complex, coal put forth a stellar performance during the month, rising by 18 per cent to US$212 per tonne. Coal prices have nearly doubled since the start of the year. Coal-fired power plants have been under relentless pressure to meet the ever-rising energy requirement in the emerging countries. Its use by steelmakers across the globe has been on the rise as well. The supplies continue to fall short of the requirements because of bottlenecks in the world's largest coal shipping ports in Australia and South Africa and decline in exports from the world's largest consumer, China. Australian coal ports are under such strain that the government there has been seriously considering building new ports.

China was among the top five exporters of coal in the earlier part of 2007. But its burgeoning energy demands have resulted in steadily-declining exports. In fact, China had to shut down nearly 58 of its coal-fired power plants generating around 14 megawatts of electricity. This move followed a closure of some unsafe mines and an insufficient transportation network. Around 554,420 MW of power is generated from coal-fired plants in China.

Crude oil prices saw a very volatile month, breaching the US$147 per barrel level for the first time as Nigerian militants threatened to escalate their attacks on the country's oil facilities and tensions between Iran and Israel grabbed headlines. But on July 15, crude fell by over US$5, the steepest since January 1991. It continued to weaken on the following days.

The sudden U-turn in oil prices has been attributed to several factors. Some opine that the US dollar has bottomed out and that crude, which is priced in US dollars, could witness a slide on dollar strength. Others cite reasons like the weakening of Hurricane Bertha and a possibility that it will steer off the Gulf of Mexico's major oil facilities.

Questions are constantly being asked about oil, which many feel has run up too fast in such a short time frame. Needless to say, market players will watch closely to find out if oil bulls are running out of steam. Or is it too soon to predict?

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

OFFSHORE SAVERS SELECTION

Provider	Telephone Number	Account	Notice/Term	Deposit	% Gross	Interest Paid
No Notice US Dollar Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	$2,000	4.55%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	None (I)	$20,000	4.25%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	$5,000	3.50%	fiYly
Halifax International	Via website	Web Server	None (W)	$5,000	3.00%	Yly
Landsbanki Guernsey	01481 726885	Easy Access	None	$20,000	3.00%	Yly
No Notice Euro Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	€1,500	5.00%	Yly
Landsbanki Guernsey	01481 726885	Easy Access	None	€15,000	4.75%	Yly
Northern Rock (Guernsey) wef 01.08.08	01481 728555	Offshore Euro Direct Saver	None (P)	€5,000	4.55%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	€5,000	4.50%	fiYly
Zurich Bank International Ltd	01624 671666	Euro Reward	None	€5,000	4.50%	Yly
No Notice Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	£1,000	6.65%	Mly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Offshore 2	None (w)	£15,000	6.50%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access II	None	£5,000	6.40%	fiYly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	None (I)	£10,000	6.40%	Yly
Irish Nationwide (IOM)	01624 696000	Instant Quarterly	None	£25,000	6.40%	Yly
Notice Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 90	90 Day (I)	£10,000	6.82%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 32	32 Day (I)	£10,000	6.72%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 60	60 Day (I)	£10,000	6.65%	Yly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Offshore Notice 50	50 Day (w)	£25,000	6.65%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege 30 II	30 Day	£5,000	6.60%	Yly
Monthly Interest						
Kaupthing Singer & Friedlander (IOM) Ltd	kaupthing-edge.co.in	Edge Savings	None (W)	£1,000	6.65%	Mly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Flexible Income 1	60 Day (w)	£25,000	6.46%	Mly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Income II	7 Day	£5,000	6.40%	Mly
Landsbanki Guernsey	01481 726885	International 45	45 Day	£10,000	6.31%	Mly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Tracker Access	None (I)	£10,000	6.25%	Mly
Fixed Rates						
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed term bond	1 Yr Bond	£10,000	7.10%	OM
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed term bond	2 Yr Bond	£10,000	7.10%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed term bond	3 Yr Bond	£10,000	7.10%	Yly
Irish Nationwide (IOM)	01481 724353	1 Year Fixed Rate Bond	1 Yr Bond	£100,000	7.10% F	OM
Landsbanki Guernsey	01481 726885	Fixed Rate Bond	3 Yr Bond	£10,000	7.06%F	Yly
Current Accounts						
Clydesdale Bank International	01481 711102	Current	None	£2,500	3.89%	Mly
Royal Bank of Canada (CI)	01534 283000	Executive Plus	None	£50,000	3.375%	Mly
Abbey International	01534 885000	Offshore Gold	None	£50,000	3.20%	Qly
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	None	£5,000	3.00%	Mly
Fairbairn Private Bank	01624 64500	Reserve	None	£5,000	2.50%	Qly
Accounts for Non UK Residents						
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eSaver	None (W)	£1,000	6.40%	Yly
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eIncome	None (W)	£1,000	5.75%	Mly
Abbey International	01534 885000	Tracker Term 8	05-05-09	£10,000	5.30%*	OM
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eAccess	None (W)	£1,000	5.20%	Yly
Standard Bank	01534 881188	Expatriate Savings	90 Day	£10,000	5.15%	Yly

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
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OFFSHORE CHEQUE ACCOUNT RATES

	Telephone	Account Name	£5K	£10K	£25K	£50K	£100K	£250K	£500K	£1m	Int paid	Cash card
Abbey International	01534 885100	Offshore Gold	1.55	2.05	2.55w	3.20	3.95	4.00	4.00	4.20	Qly	Yes
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	Mly	Yes
Barclays	01534 880550 01481 723176	International Cheque International Premier Chq	0.10i 0.10	0.10 0.10	0.10 0.10	0.75 0.75	0.75 0.75	0.75 0.75	0.75 0.75	0.75 0.75	Qly Qly	Yes Yes
Close Wealth Management Group	01481 746333 01624 643270	Advantage Advantage Plus	2.85 2.85e	2.85 2.85	2.85 2.85	2.85 2.85	3.35 3.35	3.65 3.65	3.65 3.65	3.65 3.65	Mly Mly	No No
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	2.50 - 2.50	2.50 - 2.50	2.50 - 2.50	2.50 4.00 2.50	2.50 4.25 2.50	2.50 4.50 2.50	2.50 4.65 2.50	2.50 4.75 2.50	On Closure On Closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Premier Offshore Banl	0.10 0.30	0.15 0.35	0.55 0.90	1.25 1.60	1.50 1.85	1.50 1.85	1.50 1.85	1.50 1.85	Mly Mly	Yes Yes
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	0.05	0.10	0.75	1.00	1.00	1.00	Qly	No
Isle Of Man Bank	01624 63700	Gold Account	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	Mly	Yes
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Money Market Currency	2.00	2.00	2.00	2.375	2.75	2.812	2.812	2.812	Qly	Yes
Lloyds TSB Offshore Banking	01624 638000	International Sterling	0.55	1.55	2.15	2.90	3.70	3.85	3.85	3.85	Mly	Yes
NatWest	01534282828	Advantage Cheque	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	Mly	Yes
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	3.475	3.725	4.475	4.475	4.475	Mly	Yes
Royal Bank of Scotland Intl. Ltd	01534724356	Royalties Cheque	0.75	1.25	1.25	1.25	1.25	1.25	1.25	1.25	Mly	Yes
Standard Bank	01534 881188 / 01624 643643	Optimum	1.50k	1.50	2.25	2.50	2.75	3.00	3.00	3.00	Qly	Yes

k = Rate applies from £3K. w = Rate applies from £20K. All rates are shown gross. All rates and terms subject to change without notice and should be checked before finalising any arrangement. No liability can be accepted for any direct or consequential loss arising from the use of, or reliance upon, this information. Readers who are not financial professionals should seek expert advice. Figures compiled on: July 4, 2008 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	Offshore Euro Call	0.85	1.35w	2.00	2.00	2.25a	2.50	Yly	No
		Offshore Gold	-	0.50	1.00j	1.00	1.00	1.50	Qly	Yes
Alliance & Leicester Intl. Ltd	01624 663566	Euro Savings	3.68	3.68	3.68	3.68	3.68	3.68	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	4.50	4.50	4.50	4.50	4.50	4.50	Half Yly	No
Bank of Ireland (I.O.M.) Limited	01481 720609	Easy Access Euro	2.65	2.65	2.75	2.85	3.00	3.30	Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Reserve	-	-	-	4.25h	4.25	4.25	Yly	No
		International Savings	1.75	1.85	1.95	2.20	2.40	2.40	Yly	No
Barclays	01534 880550	International Cheque	0.10	0.10	1.40e	1.40	1.40	1.40b	Qly	No
		International Tracker	-	-	2.45e	2.45	2.75a	3.25b	Qly	No
Close Wealth Management Group	01481 746333	Advantage	-	1.80	1.80	1.80	1.80	2.30	Mly	No
	01624 643270	Advantage Plus	1.80	1.80	1.80	1.80	1.80	2.30	Mly	No
Clydesdale Bank International	01481 711102	Instant Savings	-	3.90	3.90	3.90	3.90	3.90	Yly	No
		Current	2.86	2.86	2.86	2.86	2.86	2.86	Mly	No
		Instant Savings	-	3.83	3.83	3.83	3.83	3.83	Mly	No
Fairbairn Private Bank		Accumulation	-	1.50	1.50	1.50	1.50	1.50	On closure	Yes
		High Interest Accumulation	-	-	-	-	3.00a	3.25b	On closure	No
	01624 645000	Reserve	-	1.50	1.50	1.50	1.50	1.50	Qly	Yes
Halifax International	01534 846501	International Web Saver	4.10	4.10	4.20	4.20	4.20	4.20	Yly	No
HSBC International	01534 616000	Offshore Bank	0.00	0.10	0.10	0.32	0.32	0.79	Mly	No
		Online Saver	-	-	3.39j	3.39	3.39	3.39	Mly	No
		Premier Offshore Bank	-	0.45	0.45	0.72	0.72	1.19	Mly	No
		Premier Online Saver	-	-	3.83j	3.83	3.83	3.83	Mly	No
		Premier Serious Saver	-	2.365	2.365	3.015	3.015	3.415	Mly	No
		Serious Saver	-	1.965	1.965	2.665	2.615	3.015	Mly	No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10a	0.25b	Qly	No
Irish Permanent International	01624 641641	Instant Access	3.40	3.40	3.40	3.40	3.75	3.75	Yly	No
		Instant Access	3.35	3.35	3.35	3.35	3.69	3.69	Mly	No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	-	-	4.50e	4.50	4.50	4.50	Yly	No
		Call	0.75r	0.75	0.75	1.25u	1.437m	1.875n	Qly	No
		Kaupthing Edge - Savings	5.00	5.00	5.00	5.00	5.00	5.00	Mly	No
Landsbanki Guernsey	04181 726885	Deferred Interest	-	-	4.75e	4.75	4.75	4.75	On closure	No
		Easy Access	-	-	4.75e	4.75	4.75	4.75	Yly	No
		Easy Access	-	-	4.65e	4.65	4.65	4.65	Mly	No
Lloyds TSB Offshore Banking	01624 638000	Euro Intl. Account (Expatriates only)	0.45	1.30	1.30	1.55	1.55	1.55	Half Yly	No
Nationwide International Ltd	01624 696000	Euro Savings	2.50	2.50	2.55	2.55	2.55	2.60	Yly	No
		Euro Tracker Premium	4.20	4.20	4.20	4.50	4.50	4.50	Yly	
NatWest	01534 282300	Advantage International	2.20	2.30	2.40	2.60	2.85	3.00	Qly	No
Northern Rock (Guernsey) Ltd	01481 714600	Offshore Euro Direct Saver	4.30	4.30	4.30	4.30	4.30	4.30	Yly	No
		Offshore Euro Direct Saver	4.05	4.05	4.05	4.05	4.05	4.05	Mly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	2.57	2.62c	Mly	No
Royal Bank of Scotland Intl.Ltd	01534 286850	Royalties International	2.20	2.30	2.40	2.60	2.85	3.00	Qly	No
Standard Bank	01624 643643	Offshore Reserve	1.81	1.81	1.81	2.31	2.56	2.68	Half Yly	No
	01534 881188	Optimum	0.62	0.62	0.62	1.37	1.62	2.12	Qly	No
		Offshore Moneymarket Call	-	-	-	3.50	3.60	3.60	Mly	No
Woolwich Guernsey	01481 715735	Euro International Gross	-	-	1.84j	2.08	2.33	2.82	Qly	No
Zurich International Ltd	01624 671666	Zurich Euro Reward	4.25	4.25	4.25	4.25	4.25	4.25	Yly	No
		Call	2.75	2.75	2.75	2.75	2.75	2.75	Qly	No

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

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

US$ ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	$5K	$10K	$25K	$50K	$100K	$250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore US$ Call	0.00	0.25	0.25	0.50	1.00	1.10	Yly	No
		Offshore Gold	-	0.00	0.00	0.00	0.25	0.50	Qly	Yes
Alliance & Leicester International Ltd	01624 663566	US$ Savings	2.00	2.00	2.00	2.00	2.10	2.10	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	3.50	3.50	3.50	3.50	3.50	3.50	fi Yly	No
Bank of Ireland (I.O.M.) Limited	01481 720609	Easy Access Dollar	0.75	0.75	0.75	1.00	1.25	1.25	Yly	No
Bank of Scotland International Ltd	01534 613500	Base Rate Tracker	-	-	-	2.25	2.25	2.25	Yly	No
		International Savings	0.40	0.40	0.55	0.60	0.75	0.85	Yly	No
Barclays	01534 880550	International Cheque	0.00	0.00	0.00	0.00	0.00	0.00	Qly	No
		International Tracker	-	-	0.30u	0.30	1.30	1.50x	Qly	No
Close Wealth Management Group	01481 746333	Advantage	-	-	-	-	-	0.35	Mly	No
	01624 643270	Advantage Plus	-	-	-	-	-	0.35	Mly	No
Clydesdale Bank International	01481 711102	Instant Savings	-	2.60	2.60	2.60	2.60	2.60	Yly	Yes
		Current	1.60	1.60	1.60	1.60	1.60	1.60	Mly	Yes
		Instant Savings	-	2.57	2.57	2.57	2.57	2.57	Mly	Yes
Fairbairn Private Bank	01624 645000	Accumulation	-	0.10	0.10	0.10	0.10	0.50	On Closure	Yes
		High Interest Accumulation	-	-	-	-	1.00v	1.25x	On Closure	No
		Reserve	-	0.10	0.10	0.10	0.10	0.50	Qly	Yes
Halifax International	01534 846501	International Web Saver	2.90	2.90	3.00	3.00	3.00	3.00	Yly	No
HSBC International	01534 616000	Offshore Bank	-	0.10	0.15	0.15	0.20	0.25	Mly	No
		Online Saver	-	-	1.49u	1.49	1.49	1.49	Mly	No
		Premier Offshore Bank	-	0.15	0.25	0.35	0.45	0.55	Mly	No
		Premier Online Saver	-	-	1.88u	1.88	1.88	1.88	Mly	No
		Premier Serious Saver	-	0.35	0.50	0.65	1.20	1.35	Mly	No
		Serious Saver		0.10	0.30	0.45	0.80	0.95	Mly	No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.05	0.05	Qly	No
Irish Permanent International	01624 641641	Instant Access	1.00	1.50	1.50	2.00	2.10	2.10	Yly	No
		Instant Access	1.00	1.49	1.49	1.98	2.08	2.08	Mly	No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	-	-	4.25u	4.25	4.25	4.25	Yly	No
		Call	0.125k	0.125	0.125	0.125	0.125	0.25m	Qly	No
		Kaupthing Edge - Savings	4.55	4.55	4.55	4.55	4.55	4.55	Mly	No
Landsbanki Guernsey	01481 726885	Deferred interest	-	-	3.00u	3.00	3.00	3.00	On Closure	No
		Easy Access	-	-	3.00u	3.00	3.00	3.00	Yly	No
		Easy Access	-	-	2.96u	2.96	2.96	2.96	Mly	No
Lloyds TSB Offshore Banking	01624 638000	US International Acc.(Expatriates only)	0.00	0.10	0.10	0.20	0.50	0.80	fi Yly	No
Nationwide International Ltd	01624 696000	US Dollar Savings	1.05h	1.05	1.10	1.20	1.65	1.65	Yly	No
		US Dollar Tracker Premium	2.20	2.20	2.20	2.50	2.50	2.50	Yly	No
NatWest	01534 282300	Advantage International	0.20	0.30	0.40	0.60	0.85	1.00	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	1.155	1.405x	Mly	No
Royal Bank of Scotland Int Ltd	01534 286850	Royalties International	0.20	0.30	0.40	0.60	0.85	1.00	Qly	No
Standard Bank	01534 881188	Offshore Reserve	0.20	0.20	0.20	0.40	0.70	1.00	Half Yly	No
	/01624 643643	Optimum	0.10	0.10	0.10	0.20	0.30	0.35	Qly	No
		Offshore Moneymarket Call	-	-	-	1.50	1.60	1.60	Mly	No
Woolwich Guernsey	01481 715735	US$ International Gross	-	-	0.10u	0.10	0.30	0.55	Qly	No
Zurich Bank International Ltd	01624 671666	Call	0.00	0.00	0.50	1.00	1.25	1.50	Qly	No

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

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EXPATRIATE MORTGAGE TERMS - AUGUST 2008

LENDER	INTEREST RATE%	MAX.% ADVANCE	ARRANGEMENT FEE	SPECIAL FEATURES
Bank of Scotland	Libor+/-1%	70	0.25%	Special schemes GBP70,000 minimum.
BM Solutions	7.19% 3 year fix	75	2%	Applicant must work for Govt Agency or Multi National Company. 2% early repayment charges
Cheltenham & Gloucester	6.44% 2 year Fix 6.44% 3 year Fix 6.29% 5 year fix 6.33% full term tracker bank base plus 1.53%	75 75 80	GBP995 GBP995 GBP995 GBP995	Every case has to be agreed with an underwriter before submission. Unlikely to lend to Self employed expat applicants. Employed applicants need to work for large companies. New build flats 65% maximum
Dresdner Kleinwort Benson	Cost of funds +1-1.5%	80	0.5%	Currency switching. Minimum loan GBP100,000. Life assurance required. Minimum earned income GBP75,000.
Fortis Bank Group	Sterling mortgage LIBOR + 1.25% Family occupation, LIBOR + 1% Foreign currency mortgage Cost of funds +1.5-2.0%	75 70	GBP500 GBP500	Min. loan GBP150,000, 80% owner/family occupation. Loans to offshore companies and trusts. Multi-currency mortgages available.
Halifax PLC	6.49% 3 year fix	75	GBP1,499	Very restrictive terms. No capital raising allowed. Must be returning to UK in a short period. 6 months bank statements required. Redemption penalties. Fixed rate 2% in first 3 years. Free valuation/legals on re-mortgages
Heritable Bank	7.15%	75	0.5%	Maximum loan amount 250,000. No new build property
HSBC	Under review	80 Repayment basis only 75% Interest only	Varies	Life insurance must be assigned to HSBC bank. Applicants need to be in salaried employment or professional occupations such as Dr's, Dentists, Solicitors or Accountants. 130% rent to interest ratio difficult to match.
Ipswich Building Society	6.24% via discount to 01/03/2010	80	GBP395	Maximum of five properties to GBP1 million borrowing. Flexible mortgage.
Irish Permanent (Isle of Man)	Temporarily withdrawn	85	1%	Same rate second asset loans Also 2-10 year FIXES with repayment penalties. Loans to offshore companies and trusts.
Royal Bank of Scotland International	Base +1%	80	1%	Terms can vary via different Royal Bank operations areas.
Saffron Building Society	Temporarily withdrawn	UK Expats 85% Foreign Nationals 75%	Loans to GBP350,000 GBP595 Loans to GBP500,000 GBP795	Maximum holding £1.5 million. Up to five buy to let properties.
Stroud & Swindon	6.79% 2 year discount	75	GBP695	No repayment penalties at any time. Up to four buy to let properties. Totally flexible BTL overpayments/ underpayments.
TMW	5.59% 2 year tracker	70	2.5%	No new build flats, No first time buyers Maximum loan 350,000

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

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

A usual penalty is 6 months interest in the first 5 years. Loans are, however, portable, but proportionate penalties would apply unless similar amount loans were taken. There are also proportionate penalties on partial repayments. BANK OF SCOTLAND, FORTIS, KLEINWORT BENSON and ROYAL BANK OF SCOTLAND all offer loans via offshore trusts and offshore companies. Arrangement fees can be as much as 1per cent of the loan. Some lenders make life assurance cover obligatory. Others insist on their "in-house" buildings and contents insurance as a loan condition. **Arrangement Fees** - All fees quoted are payable to the lender and are usually added to the loan, although some require payment with the application. IMP will charge an arrangement fee of .25 per cent subject to a minimum of GBP250 and a maximum of £500 but this can be waived where associated financial products, such as mortgage protection, are effected through the company's agencies. Most lenders have now settled on a base variable rate of circa 7%-7.25%. Bank rate @ 21/07/08 - 5% 3 month LIBOR 5.83%. IMP are authorised and regulated by the Financial Services Authority (302775) for mortgage advice and hold Consumer Credit Licence No: 592583.

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 (Silver, Gold, Business, Electron) Mini Visa	Silver – 220 Gold - 420	N/A for purchases, SAR36 for cash withdrawals	45 days	Shari'ah compliant, photo-sign card, customer privilege booklet, Al Rajhi rewards programme, supplementary cards for dependents.	800 124 1222 www.alrajhibank.com.sa
AMEX	Blue/Gold/Platinum	Blue – 200, Gold – 400, Platinum – 900	2.25% on purchases, 3.5% or SAR40 on cash withdrawals	25 days	Free supplementary cards, 1% cash back on purchases, worldwide emergency assistance, travel accident insurance, security chip	800 124 2229 www.americanexpress.com.sa
Arab National Bank	Visa/MasterCard (Al Mubarak Silver, Al Mubarak Gold, ANB Silver, ANB Gold, ANB Internet Card), ANB Platinum (SAR and GBP)	Al Mubarak Classic Option 1 SAR 75 Al Mubarak Classic Option 2 SAR 130 Al Mubarak Gold SAR 180	Al Mubarak cards: N/A on purchases and cash withdrawals ANB cards: 1.97% on purchases, 3.5% or SAR45 on cash withdrawals	51 days	Cash on demand, ongoing merchant discounts, free supplementary cards Payment Holiday Program and Credit Shield. Al Mubarak cards are Shari'ah compliant.	800 124 4141 www.anb.com.sa
Bank Aljazira	Visa Islamic Gold Card	N/A	N/A on purchases, SAR30 for cash withdrawals	45 days	Free supplementary cards, cash advances available.	www.baj.com.sa
Banque Saudi Fransi	Visa/MasterCard (Silver, Gold) MasterCard Platinum	Silver – 150 Gold – 300 Platinum – Invitation only	1.99% on purchases, 3% on cash withdrawals	25 days	Free emergency medical and legal referral services, purchase protection, lost luggage insurance, 1% cash back.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Tayseer AlAhli (Classic, Gold), Tayseer AlAhli Titanium, AlFursan Credit Card, Internet Card	Free for the first year	SAR30-50 per transaction	50 days	Purchase protection, travel protection, credit shield, exclusive offers and discounts. 2% cash back on purchases with AlAhli Titanium. Earn Saudi Airlines miles with AlFursan card.	800 244 1005 www.ncb.com.sa
Riyad Bank	Visa/MasterCard (Silver, Gold) MasterCard Platinum Islamic Card	Classic – 115, Gold – 225, Platinum – 700, Islamic - 900	Silver, Gold and Platinum cards: 1.75% on purchases, 3.5% on cash withdrawals Islamic card: N/A on purchases, SAR75 for cash withdrawals	45 days	Signature card, emergency card replacement. For Platinum cardholders, airport lounge access, concierge services, travel services, emergency medical and legal referrals.	800 124 2020 www.riyadbank.com
SABB	Visa/MasterCard (Silver, Gold), SABB Amanah Credit Card, Internet Card	Silver – 225, Gold – 350, Amanah - 350	Silver and Gold cards: 2% on purchases, SAR75 on cash withdrawals Amanah card: 2% on purchases and cash withdrawals	25 days	Free supplementary cards, cash advances (up to 60% for silver card, up to 75% for gold card), purchase protection, travel insurance, SABB rewards programme.	800 124 8888 www.sabb.com.sa
SAMBA	Visa (Silver, Gold), MasterCard (Silver, Gold, Platinum, Titanium), Samba Co-branded Credit Card (Silver, Gold), Samba Al Khair Credit Card (Silver, Gold)	Silver cards – 150 Gold cards - 300	Al Khair card: N/A on purchases and cash withdrawals Other cards: 1.95% on purchases, SAR45 for cash withdrawals	21 days	Up to four free supplementary cards, credit shield, credit limit increase, emergency card replacement, Bonanza programme for exclusive deals and services, special hotel and car rental rates for gold members. Al Khair card is Shari'ah compliant.	800 124 1010 www.samba.com
Saudi Hollandi Bank	SHB Smart Credit Card (Classic, Gold)	Free for life	Classic: N/A on purchases, 4.5% on cash withdrawals Gold: N/A on purchases, 3.5% on cash withdrawals	21 days	Daily draws to win free trip to Dubai, airline discounts (up to 18% on Emirates Airlines tickets), up to 100% cash advance limit, Smart Reward Points Programme.	800 124 2525 www.shb.com.sa

Personal Loans — SAUDI ARABIA

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

Car Loans — SAUDI ARABIA

PROVIDER	PRODUCT	INTEREST RATE	LOAN TENOR	DOWN PAYMENT	CONDITIONS/RESTRICTIONS	CONTACT
Al Rajhi	Car Financing	8-8.5%	Up to 60 months	None	Approved companies only. Must have been with current employer for six months. Minimum salary SAR3,00.	800 124 4141 www.alrajhibank.com.sa
Arab National Bank	Auto Lease	From 4.7%	Up to 60 months	5%	Minimum salary SAR3,000. At least three months service with the current employer and minimum 20 years old.	800 124 4141 www.anb.com.sa
Banque Saudi Fransi	Murabaha	Starts at 3.5% yearly	Up to 60 months	None	Minimum salary: 3,500. Must have been with current employer for six months.	800 124 0006 www.alfransi.com.sa
National Commercial Bank	Auto Lease	Starts at 5%	Up to 60 months	None	Minimum salary: 3,000. Three months service with current employer.	800 244 1005 www.ncb.com.sa
Riyad Bank	Murabaha Finance	Starts at 4.95% yearly	Up to 60 months	None	Minimum salary: 2,500 At least three months with current employer	800 124 2020 www.riyadbank.com
Saudi Hollandi Bank	Sayarat Al Yusr	Starts at 3.99%	Up to 60 months	None	Must be 21 years old. Minimum salary: SAR3000 Minimum of three months with current employer	800 124 3000 www.shb.com.sa

Personal Loans — OMAN

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (OMR)	PAYMENT TERMS	MIN. SALARY (OMR)	CONTACT
Bank Dhofar	Consumer Loan	8%	Up to 71 times salary for nationals, 75% of end of service benefits for expats (depends on salary)	Up to 107 months for nationals, up to 60 months for expats	120	800 766 66 www.bankdhofar.com
Bank Muscat	Consumer Loan	8%	Up to 54 times salary for nationals, up to six times salary for expats	Up to 132 months for nationals, up to 24 months for expats	Nationals – 150 Expats - 250	800 795 555 www.bankmuscat.com
HSBC	Personal Loan	8%	Depends on salary	Up to 96 months for nationals, up to 72 months for expats	300	800 7 4722 www.oman.hsbc.com
National Bank of Oman	Personal Loan	8%	Up to 51 times salary	Up to 132 months for nationals	250	800 77077 www.nbo.co.om
Oman Arab Bank	Personal Loan	8%	Up to 50 times salary for nationals, depends on end of service benefits for expats	Up to 108 months for nationals, up to 36 months for expats	150	247 06 265 www.omanab.com
Oman International Bank	Basma Personal Loan Scheme	8%	Up to 50 times salary for nationals, depends on salary for expats	Up to 170 months for nationals Up to 60 months for expats	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	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 216 months	4387777 www.arabbank.com.qa
Commercial Bank of Qatar	Personal Loan	Starting from 9.99%	Up to 20 times monthly salary	1,500	Up to 60 months	4490000 www.cbq.com.qa
Doha Bank	Personal Loan	Fixed rate: 10.25%	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 50 times monthly salary Up to 450,000	4,000 3,000	120 months for nationals Up to 60 months for expats	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 July 2008. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Medical Insurance — QATAR

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

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

Personal Loans — BAHRAIN

PROVIDER	PRODUCT	INTEREST RATE	MAX. LOAN AMOUNT (BHD)	MIN. SALARY (BHD)	PAYMENT TERMS	CONTACT
Ahli United Bank	Consumer Loan	Reducing balance rate: 8.5-9%	Up to 22 times monthly salary	250	Up to 72 months	17221999
Bahrain Credit	Personal Loan for nationals only	Reducing balance rate: 12%	Up to 30 times monthly salary (maximum 30,000, minimum 1,000)	350	Up to 84 months	8000 8000
Bahraini Saudi Bank	Personal Loan	Reducing balance rate starts at 9.90% (depends on salary)	Up to 40,000	200	Up to 84 months	17578888
Bank of Bahrain and Kuwait	Consumer Loan	Reducing balance rate: for national 9%, for expats 9.5%	Up to 50,000	200	Up to 84 months for nationals, 60 months for expats	17207777
Citibank	Personal Loan Personal Installment Loan (PIL) - without salary transfer	Reducing balance rate: 11%, for PIL 25% reducing balance rate	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	9%	Up to 51 times monthly salary for nationals Up to 10 times monthly salary for espats	500	Up to 84 months for nationals, up to 60 months for expats	17214433
Shamil Bank	Personal Finance (Tamweel Al-Shamil)	Fixed rate: starts at 4.49% (Depends on the salary and the loan amount)	Up to 100,000	200	Up to 84 months	17878777
Standard Chartered	Personal Loan	Fixed rate: starts at 4%	Up to 38 times monthly salary for nationals, up to 16 times monthly salary for expats	200	Up to 84 months	Toll free: 80001802

Credit Cards — BAHRAIN

PROVIDER	CARDS OFFERED	ANNUAL FEE (BHD)	MIN. SALARY (BHD)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	CONTACT
Ahli United Bank	Visa/MasterCard (Standard, Gold)	Free for the first year	Standard - 300, Gold - 400	Standard - 2.5% and Gold – 1.75% on purchases, 4% on cash withdrawals	52 days	17221999
Bahraini Saudi Bank	Visa (Classic, Gold)	Free for life	Classic - 550, Gold - 800	1.6% with account, 2.25% without account on purchases, 4% on cash withdrawals	52 days	17578999
Bank of Bahrain and Kuwait	CrediMax Visa/MasterCard/ JCB (Classic, Gold)	Free for life	Classic - 300, Gold - 700	1.85% on purchases, 3% on cash withdrawals	25 days	17207777
Citibank	Visa/MasterCard (Silver, Gold) Emirates-Citibank card (Silver, Gold)	Visa/MasterCard: Silver – 25, Gold – 50, Emirates-Citibank card: Silver – 30, Gold - 55	Silver - 300, Gold - 800	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 July 2008. Information contained in these tables is subject to confirmation and is provided for information only. As with all financial decisions, **MONEY***works* recommends that you make enquiries and, if necessary, take appropriate advice before entering into any transactions. All rates were checked prior to publication and are subject to change without notice. All information contained above is freely available and was obtained directly from provider printed materials and websites, as well as direct from helplines and/or call centres. Please call your chosen provider direct for further information.

Medical Insurance — BAHRAIN

INSURER/ PRODUCT	STANDARD ANNUAL PREMIUM (BHD)	EXCESS	COVER	COVER INCLUDES	CONTACT
Royal & Sun Alliance Insurance	**Almas:** From 275 (child) to 1,042 up to age 65 **Dana:** From 148 (child) to 582 up to age 65 **Delmon:** From 141 (child) to 564 up to age 65	BHD5 per hospital consultation	Almas: BHD50,000 Dana: BHD25,000 Delmon: BHD10,000	**Almas:** Worldwide Excluding USA and Canada, travel worldwide **Dana:** Bahrain, Arab countries, Southeast Asia, travel worldwide **Delmon:** Bahrain, Southeast Asia, travel worldwide	+973 1758 1661 www.royalsunalliance.com *Plans also offered by: Saudi National Insurance Company BSC +973 1756 3377
Fakhro Insurance Services W.L.L. - International Health Insurance (IHI)	*Ages 0-9 has no premium **Hospital Plan:** From 847 (ages 10-25) to 1,631 up to age 60+	None, US$400, US$1,600, US$5,000 or US$10,000	Hospital Plan: US$1.8 million	**Hospital Plan:** comprehensive inpatient cover (hospitalisation expenses such as hospital ser vices, childbirth, organ transplant, rehabilitation and emergency room treatment) with optional modules such as non-hospitalisation benefits (US$35,000), medicine and appliances (US$2,500), medical evacuation and repatriation, dental (US$5,000) and optical (US$7,500) covers	+973 1727 5000 www.fakhro.com www.ihi.com
Interglobal Healthcare Plan	**Ultracare Plus:** From 332 (child) to 10,825 up to ages 70-74 **Ultracare Comprehensive:** From 258 (child) to 8,819 up to ages 70-74 **Ultracare Select:** From 235 (child) to 8,003 up to ages 70-74 **Ultracare Standard:** From 162 (child) to 5,551 up to ages 70-74	Standard Excess US$42.50, Nil Excess 10% overload, US$85, US$170, US$425, US$850, US$1,700, US$4,250, US$8,500	**Ultracare Plus:** US$3.4 million Ultracare **Comprehensive:** US$1.7 million **Ultracare Select:** US$1,275,000 **Ultracare Standard:** US$850,000	*With optional coverage of Australia and New Zealand, Europe, Worldwide not including the USA or Worldwide **Ultracare Plus:** Extended in and out-patient benefits, 45 days emergency coverage outside chosen area, dental coverage **Ultracare Comprehensive:** In and out-patient benefits, 45 days emergency coverage outside 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	8.75%	Up to 15,000	250	Up to 72 months	812000
Burgan Bank	Consumer Loan	8.75%	Up to 15,000	200	Up to 60 months	804080 www.burgan.com
Commercial Bank of Kuwait	Personal Loan for nationals only Consumer Loan	8.75%	Up to 70,000 minimum 10,000 Up to 15,000 or 15 times salary, whichever is less	350 150	Up to 180 months Up to 60 months	888225 www.cbk.com
Gulf Bank	Consumer Loan Al Afdal Loan for Nationals	8.75%	Up to 70 times Up to 50 times	200	Up to 60 months Up to 180 months	805805 www.e-gulfbank.com
National Bank of Kuwait	Consumer Loan Expatriate Loan	8.75%	Up to 15 times	250 for nationals, 350 for expatriates	Up to 60 months for expats, Up to 72 months for nationals	801801 www.nbk.com

Credit cards — KUWAIT

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

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

Medical Insurance — UAE

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

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

Credit cards — BY INTEREST/PROFIT RATE — UAE

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

Credit cards — BY VALUE ADDED FEATURES — UAE

PROVIDER	CARDS OFFERED	ANNUAL FEE (AED)	VALUE ADDED	CONTACT
ABN Amro	Visa (Classic, Gold), MasterCard Smart Traveller (Classic, Gold), MasterCard Al Ameera Ladies Card, MasterCard Jumbo co-branded card, MasterCard Non-resident Indian Card, Platinum MasterCard	Visa: Classic-200, Gold-400 MasterCard: Classic-400, Gold-500 MasterCard Al Ameera-300, MasterCard Jumbo co-branded card -200, Platinum MasterCard-650	Chip card for enhanced security, easy payment plan for up to 18 equal monthly instalments at an interest rate of 0.99%, credit shield, Smart Points/Flyer, purchase protection, dining card, travel benefits and discounts in certain cinemas and Wild Wadi, free travel inconvenience insurance, access to utility bill payment, payment deferral for one month. Al Ameera card provides discounts in many retail outlets. MasterCard Traveller Gold - 10% cash back on air tickets. Free Samsung products, double rewards for gold card holders. Jumbo special offers for Jumbo card holders. NRI cards: Redeemable benefits such as free domestic flights on Kingfisher Airlines, rent-free mobile SIM cards and dining discounts at outlets in India.	04 308 0000 www.abnamro.ae
Abu Dhabi Commercial Bank	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold, Platinum)	Classic/Standard-150, Gold-300, Platinum-800	Free supplementary cards, travel insurance, purchase protection for 90 days, credit shield, 24-hour road assistance, balance transfer facility, up to 5% discount on airline tickets purchased with ADCB card, free ticket delivery and Pearls reward programme whereby cardholders receive AED5 for every 1,000 'pearls' collcted. Platinum cardholders receive global emergency service, concierge service and extended warranty of up to 24 months on many retail products.	Toll-free: 800 2030 www.adcb.com
American Express	Dubai Duty Free (DDF), AMEX Blue, Gold, Gold Damas, SmartGold, Dollar Credit Card Charge Cards: Green, Gold, Platinum, BMW co-branded card	DDF-175, AMEX Blue -250, AMEX Gold-295, Gold Damas-395, SmartGold-395, Charge Cards: Green-US$120, Gold-US$210, Platinum-US$750, BMW-550	Gold/Blue offers 1% cash back, Dubai Duty Free Card - 10% off items at DDF, Millenium Millionaire special offers, retail protection, online fault protection and airport lounge access, travel insurance and benefits, express cash and travellers cheques while travelling, emergency cheque cashing and free companion credit card. Corporate cards, selected cards available in US Dollars. Damas card offers jewellery benefits and more, exclusive benefits for BMW co-branded members at BMW service centre and BMW accessories, emergency card replacement and membership rewards programme.	Toll-free - 800 4931 www.americanexpress.co.ae
Barclays Bank	Barclaycard (Classic, Gold, Platinum)	Preferred option (available on classic and gold cards: No annual fee; Priority option (available on all cards): 300; Prestige option (available on platinum cards): 550	All cards: One reward point for every AED1 spent on card (reward points can be redeemed for movie tickets, airline tickets, electronics, groceries, etc.), 24/7 roadside assistance, credit shield, travel benefits, free travel insurance, restaurant offers, free movie ticket offers. Priority and prestige cards: Barclays Butler service, double rewards on weekend spend, free magazine subscription, Barclays Pamper (50% discounts at select spas and salons), free air ticket for AED75,000 spend on card.	Toll-free - 800 4286000 www.barclaycard.ae
Citibank	Visa, MasterCard (Silver, Gold, Emirates-Citibank Silver/Gold Card, Citibank eCard). Citibank/Emirates Ultima Card. Citibank/Emirates Ultimate, Citi Travel Pass	Silver-250-300, Gold-500-550, Eppco-Citibank card-250, Citibank eCard-50 (Free to Emirates cardholders), Citibank/Emirates Ultima Card-3,000, Citibank/Emirates Ultimate-1,000, Citi Travel Pass-400	Purchase protection, credit shield, Citidollars, photo-sign card, travel/rental insurance, Bon Voyage travel services, exclusive travel privileges and banking services, easy installment plan up to 36 months, online and phone banking services and utility bill payment, discounts at selected retail outlets, fraud early warning block. Eppco cards - double Citidollars, Emirates cards - Skywards points, Citibank's new Ultima card offers numerous high-end exclusive benefits for high net worth individuals in addition to the benefits listed above. Worldwide emergency assist "CitiAssist", lost card protection. Free Motorola mobile phone, priority pass and Citidollars with Ultimate. Citi Travel Pass points can be redeemed for flight vouchers.	04-311 4653 www.citibank.ae
Dubai First	Visa (Silver, Gold) MasterCard (Classic, Gold) Visa Business Card Royale MasterCard	Visa: Silver – 200, Gold – 400 MasterCard: Classic – 200, Gold – 400 Business Card – 1% of credit limit Royale MasterCard – Invitation only	Free travel accident and inconvenience insurance on baggage loss, baggage/flight delay, personal liability, emergency hospitalisation and assistance. Free life insurance up to AED20,000 to gold card members and AED20,000 to silver card members. Loan on phone up to 80% of credit limit. Free household insurance up to AED25,000 to gold card members and AED10,000 to silver card members. One year purchase protection, special price of AED100 for UAE-GATE Card, free supplementary cards, photo card for instant recognition and security, up to 80% of your credit limit cash withdrawal, 24-hour contact center, entry to DubaiDinar Millionaire draw, 5% cash back on all air bookings, complimentary travel benefits, utility bill payment service. MasterCard: Can get up to 2.5% cash back with classic cards and up to 4% cash back with gold cards.	04 506 8888 www.dubaifirst.com
Emirates Bank/ meBANK	Visa, MasterCard (Silver, Gold), OPTIONS Instalment Card, MasterCard foreign currency card (Silver, Gold), MasterCard meNETPAY, Visa meUNI, Infinite Credit card	meUNI - free for students and staff of approved universities, Silver - 150, Gold-400, OPTIONS - 250, MasterCard foreign currency Silver-100 and Gold-300, meNETPAY/Emirates IPAY - 50. Silver cards free for first year, Infinite by invitation only	Students benefits for meUNI cards, photo-card and signature, discounts and privileges at over 1,600 outlets, meMILES loyalty programme, free travel insurance up to US$75,000 and assistance services, Intro APR - 0% interest rate for 1st three months. Convenient balance transfer at low interest rates, OPTIONS offers easy repayments in 12 to 24 installments at 0.8% per month, free meAutoAssist and meAccount with zero balance, ATM card and cheque book. For Infinite cards, high credit limit, customised concierge service, free access to first class airport lounges, travle and medical insurance options, rewards programme.	04-3160316 www.me.ae
HSBC Bank Middle East	Visa (Classic, Gold, Platinum), MasterCard (Classic, Gold, Premier), MasterCard Etihad co-branded card (Classic, Privilege, Exclusive), In-site virtual MasterCard	Visa Classic-150, Gold-400, Platinum-600 MasterCard Classic -150, Gold-400, Premier - free for account holders, Etihad Classic-150, Privilege-400, Exclusive-750, In-site - 50	Two free supplementary cards, air miles reward programme, autopay service, purchase protection, travel protection, credit shield, 24-hour roadside vehicle assistance. Platinum cardholders receive worldwide discounts/special offers and Dial-a-Gift service for a wide range of gift vouchers. Etihad cardholders can receive priority pass membership, e-gate card and guest miles to be exchanged for airline tickets, cruises and safaris, hotel accomodation, shopping rewards, etc.	Toll-free: 800 4440 www.uae.hsbc.com
National Bank of Abu Dhabi	Visa, MasterCard (Classic, Gold, Platinum) MasterCard nbad@surfer card, ADDF Visa (Classic, Gold), Visa Dubai E-government Prepaid Card	Classic and Gold are free for life, Platinum -1,000, nbad@surfer card - 25 for accountholders, otherwise 50, ADDF Visa Classic - 250, Gold - 350, Dubai E-government Prepaid Card - 100 to 5,000	1% interest for balance transfer, photo-card, purchase protection, personal accident and travel insurance, access to Golden class at Abu Dhabi International Airport and Murhaba services in Dubai International Airport, discounts and rewards programmes in many outlets, emergency medical and legal expenses, free road side assistance and credit shield facility, free gifts, NBAD points programme. Dubai E-government Card can be used for government transactions.	Toll-free: 800 2211 www.nbad.com
National Bank of Dubai	Visa (Classic, Gold, Platinum) MasterCard (Standard, Gold), NBD-Dnata MasterCard (Classic, Gold), WebShopper MasterCard	Classic - 100, Gold - 300, Platinum - 700, NBD-Dnata MasterCard - Classic-250, Gold-500, WebShopper MasterCard - 50	Free supplementary cards, 24-hour roadside assistance, travel inconvenience insurance, credit shield, travel express service. Gold cardholders receive cash advance of up to 75% credit limit. With Dnata cards, reward points worth 1.5% can be earned on all purchases. Points earned can be redeemed for airline tickets, yacht cruises, holiday packages or desert safaris. Platinum cardholders receive local concierge service, valet parking service at selected malls, discounts at UAE restaurants, complimentary room upgrades at leading hotels, retail discounts; until August 10, 5% cash back on all retail purchases, 2% after promotion.	Toll-free: 800 4444 www.nbd.com

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Car Loans

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	DOWNPAYMENT	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Car Loan	New cars starting at 4.5%, used cars staring at 4.99%	Up to 500,000 (Depends on salary)	Nil downpayment option for new cars, min. 10% for used cars	New cars - 72 months Used cars - 60 months	Approved companies 2,500; otherwise 3,000	No
Abu Dhabi Islamic Bank	Sahel Murabaha	Profit rate - 3.99% for new cars, 4.99% for used cars	Up to 400,000 with salary transfer, up to 350,000 otherwise	Nil for new cars, minimum 5% for used cars	New cars - up to 60 months Used cards - up to 48 months	3,000 for account holders; otherwise 4,000	No
Bank of Baroda	Car Loan	4.25% flat rate	New cars: up to 90% Used cars: up to 70%, subject to maximum AED500,000	10-30%	Up to 48 months	4,000	No
Commercial Bank of Dubai	Tam-wheel Car Finance	3.99% for new and used cars	Up to 300,000	Nil	Up to 60 months	3,500	No
Commercial Bank International	Sayaraty	3.99% for new cars, 4.25% for used cars (depends on make and model)	Up to 300,000	Nil for new cars, up to 10% for used cars (depends on car model)	Up to 60 months	3,500	No
Habib Bank AG Zurich	HBZAuto loan	4.25% for new cars, 4.5% for used cars	Up to 250,000	Minimum 10%	Up to 48 months	3,000	Yes
Mashreqbank	Mabrook Auto loan	4.5% for new cars, 5.5% for used cars	Up to 200,000	Nil downpayment option.	60 months for new cars 48 months for used cars	3,000	No
National Bank of Abu Dhabi	Sayyarati	With salary transfer 3.99% for new and used cars	Up to 200,000	10%	Up to 72 months - new cars, up to 48 months - used cars	With salary transfer 3,000, otherwise 4,000	No
Noor Islamic Bank	Noor Drive	4.5% for new cars, 5% for used cars	Up to 500,000	10% for used cars	Up to 84 months for new cars, up to 72 months for used cars	3,000	No
Sharjah Islamic Bank	Vehicle Murabaha	News cars: 3.99%, old cars 5% With salary transfer: 3.99% for 5 years, 5% for 6 years; Without salary transfer: 4.25% for 5 years, 4.5% for 6 years.	Up to 250,000	Nil for new cars, minimum of 10% for used cars	Up to 72 months	5,000	No

Personal Loans

PROVIDER	PRODUCT	INTEREST/PROFIT RATE	MAX. LOAN AMOUNT (AED)	ACCOUNT NECESSARY	PAYMENT TERMS	MIN. SALARY (AED)	SALARY TRANSFER
Abu Dhabi Commercial Bank	Personal Loan	Minimum 4.5% with salary transfer, 5.25% with out salary trasfer	Up to 250,000 (depends on salary)	Yes	72 months with salary trasfer and 48 without salary transfer	With salary transfer 2,500, otherwise 4,000	Yes
Abu Dhabi Islamic Bank	Goods Finance	Profit rate: 5% fixed rate	Up to 15 times monthly salary, maximum 250,000	Yes	Up to 72 months for nationals, 60 months for expatriates	4,000	Yes
Dubai Bank	Sanad Personal Finance Souk Goods Finance	Profit rate: 4.75% for one year tenure, 5% up to three years, 5.25% up to six years and 6.25 up to 10 years	Up to 25 times monthly salary, maximum 250,000	Yes	Up to 120 months Up to 60 months	4,000	Yes
Dubai Islamic Bank	Al Islami Personal Finance (For goods and services)	Profit rate: Determined on case-by-case basis	Up to AED250,000 with salary transfer, otherwise AED100,000	No	Up to 60 months, depends on goods or services required	3,000 with salary transfer, otherwise 2,000	No
Emirates Islamic Bank	Goods Murabaha	Profit rate: 7% fixed rate with salary transfer, 7.5% fixed rate without salary transfer	Up to AED250,000	Yes	Up to 72 months for nationals, up to 60 months for expats	5,000	No
HSBC Amanah	Amanah Personal Finance	Profit rate: starts at 9% on reducing balance basis	Up to AED250,000	Yes	Up to 96 months for nationals, up to 72 months for expats	5,000	Yes
HSBC Bank Middle East Ltd.	Personal Loan	Starts at 9% on reducing balance basis	Up to AED250,000	Yes	Up to 84 months for nationals, up to 72 months for expats	5,000	Yes
Mashreqbank	Personal Loan	Reducing balance rate from 8.75-11.5%, depending on loan term and company status	Up to AED250,000 (depends on salary)	Yes	Up to 200 months for nationals Up to 72 months for expats	3,000	Yes
Sharjah Islamic Bank	Goods Finance	6% profit rate	Up to AED250,000	Yes	Up to 60 months	3,000	Yes
United Arab Bank	Consumer Loan	Starts at 5%	Minimum AED80,000, maximum AED250,000,	Yes	Up to 72 months (depends on the company and length of service)	3,000	Yes
United Bank Limited	Personal Loan	9-15%	Up to AED250,000 for nationals, 150,000 for expats (Depends on salary	Yes	Up to 84 months for nationals, 48 months for expats	3,000	Yes

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

UAE

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

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

UAE

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

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

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	7% variable rate	Salaried: Up to 90% of value with salary transfer, up to 85% without salary transfer Self-employed: Up to 80% of value Salaried non-residents: Up to 70% Self-employed non-residents: Up to 60%	Up to 65% for all	Minimum 10% with salary transfer, 15% without salary transfer, 20% for self employed
Amlak (Shari'ah compliant)	UAE residents (nationals and expats), GCC residents and non-residents	25 years for UAE nationals 20 years for residents 15 years for non-residents	60 for salaried employees, 65 for self-employed	7.75% reducing balance rate	Up to 90% of property value	Up to 50%	Minimum 10%
Arab Bank	UAE and GCC nationals, expats and non-residents	25 years for villas and apartments	60 years	6.5% reducing balance rate	Up to 85% of the property market value	65% for salaried employees with salary transfer, 60% for salaried employees without salary transfer, 55% for self-employed	15% of the property market value
Bank of Baroda	UAE nationals, expats	Up to 15 years	65 years	Starting from 7.5% reducing balance rate	Up to AED3 million	Up to 50% of gross monthly income	25% with salary transfer, otherwise 30%
Barclays Bank	UAE residents and non-residents	Up to 25 years	70 years	7.75 - 9.10% reducing balance rate	Up to 80% of market value for apartments, 90% for villas; minimum is AED500,000 and maximum is AED10 million	50% of the monthly income for UAE residents, 40% for non-residents	20% for apartments and 10% for villas
Commercial Bank of Dubai	UAE residents	Up to 25 years	68 years for nationals, 65 years for expats	6 - 8.3%	AED10 million for nationals AED2.5 million for expats	55% to 65% based on income levels	Min. 10% for salaried, min. 20% for self-employed
Dubai Bank (Mulki Property Finance)	UAE nationals, expats	Up to 20 years	65 years for nationals 60 years for expats	Starts from 8.5% fixed rate	Up to 90% of the property value	Depends on the salary	10%
Dubai Islamic Bank (Al Islami Home Finance)	UAE nationals, expats	Up to 25 years	70 years for nationals 60 years for expats	Floating profit rate. More information not available	Up to 90% of the property value	Depends on loan amount and the salary	10% with salary transfer, otherwise 20%
Emirates Islamic Bank	UAE and GCC nationals, expats	Up to 10 years for Murabaha Up to 25 years for Ijara	65 years for nationals 60 years for expats	Ijara - 3 month EIBOR + 3% with salary transfer, + 3.5% without. Murabaha - reducing balance rate 11% with salary transfer, 11.5% without.	Maximum up to AED5 million	Not more than 50% of the salary	Minimum 3% Maximum 10%
First Gulf Bank	UAE nationals, expats and non-residents	25 years for nationals 20 years for expats 15 years for non-residents	65 years for nationals 60 years for expats	For downpayment 10% or more: IBOR 3 month + 3% p.a. (minimum 7.5%) For downpayment less than 10%: IBOR 3 month + 3.5% p.a. (minimum 7.75%)	Up to 90%; as much as AED5 million	Maximum 60%	10%
Habib Bank AG Zurich	UAE nationals and expats	Up to 15 years	60 years	Variable rate: EIBOR+2.5%	Up to 70% of the property value	Max. 60% of income including all loans	30%
HSBC Bank Middle East Limited	UAE residents and non-residents	25 years	65 years	8.10 - 8.25% reducing balance rate	Up to 85% of purchase price	60% overall debt on all regular commitments	Min. 15%
Lloyds TSB	UAE nationals, expats	Up to 20 years	60-65 years, depends on company	8.5% variable, straight re-payment mortgage	Up to 70% for apartments and 90% for villas	Should not exceed 50%	Depends on property
Mashreqbank	UAE residents and non-residents	Up to 25 years	65 years for salaried 70 years for self-employed	Fixed rate – 6.25% onwards Variable Rate – 3.75% + 6-month EIBOR onwards	Up to AED12 million; depends on salary and property	55% including all loans	Minimum 10%; depends on project
Mawarid Finance	UAE residents and non-residents	Up to 25 years	60-65 years	7.5%	Up to 80% for apartments and 90% for villas	Depends on salary	Depends on property
National Bank of Abu Dhabi	UAE nationals, expats only in Abu Dhabi/Dubai	Up to 20 years Up to 50 years for investors in Abu Dhabi	65 years	Variable rate: 8.25%	Up to 80% for investment and 90% for live in	Up to 50% of monthly salary for expats	10% for properties in Abu Dhabi; 20% for properties in Dubai and 30% for other emirates
National Bank of Dubai	UAE nationals, expats and non-residents	25 years for nationals, 20 years for expats, 12 years for non-residents	65 years for nationals, 60 years for expats and non-residents	With salary transfer, starts at 7%; afterwards, EIBOR rate + 3.5%. Without salary transfer, starts at 6.99%; afterwards, EIBOR rate + 3.5% (Also offers Offset Home Loan - allows you to fast forward repayment of your mortgage and save on interest.)	Up to 80%; for select properties up to 90%, Plus AED5 million in Dubai	Residents: up to 60% Non-residents: up to 50%	Minimum 10% depending on the property
RAKBANK	UAE nationals, expats and non-residents	25 years	65 years	Variable and calculated on reducing balance	Up to AED8 million	60% of monthly salary for salaried individuals	Minimum 10%
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**. 4.29% for 1 to 5 year tenor; 5.19% for 6 to 10 year tenor; 5.47% for 11 to 15 year tenor.	Up to AED1 million for account holders, up to AED100,000 for non-account holders	50%	20% for account holders, 30% for non-account holders
Standard Chartered	UAE nationals, expats	25 years	65 years	Variable rate: 8.5%	Up to 90% or market value	Depends on the salary	Minimum 10%
Tamweel (Shari'ah compliant)	UAE nationals, expats and non-residents	15 years for fixed rate financing and 25 years for flexible rate financing	65 years for nationals, 60 years for expats	**Depends on scheme.** Floating rate of 7.9%	Up to 95% of the property value. (Varies from property to property)	55% of salary	Minimum 5%
Union National Bank	UAE nationals, expats	Up to 25 years	65 years for UAE nationals, 60 years for expats	4.5-6.75%	Up to 55 times of monthly salary for expats, 60 for UAE nationals	Up to 65% of monthly salary	As low as 10%
United Bank Limited 'Baitna'	UAE residents and non-residents	Up to 20 years	65 years	EIBOR rate + 2% for residents, +2.5% for non-residents	As much as AED4 million; depends on salary	Up to 60% of monthly salary minus other monthly installments	As low as 10%; depends on development

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

UAE

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

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

Independent Financial Advisers — UAE

Licence: The UAE Central Bank					
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Continental Financial Services	P O Box 62817, Dubai.	+971-4-3353433	+971-4-3352553		www.cibme.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.cibme.com
Globaleye	P O Box 24592, Dubai	+971-4-3489330	+971-4-3489331	admin@globaleye.com	www.globaleye.com
Holborn Assets	P O Box 333851, Dubai	+971-4-3369880	+971-4-3369961	rubina@holbornassets.com	www.holbornassets.com
LifeCare International	P O Box 71208, Dubai	+971-4-3318688	+971-4-3318001	information@lifecareinternational.com	www.lifecareinternational.com
Nexus Insurance Brokers LLC	P.O. Box 94455, Abu Dhabi, U.A.E P.O. Box 124422, Dubai, U.A.E	+971-2-626 6669 +971-4-397 7779	+971-2-626 3322 +971-4-397 4422		www.nexusadvice.com
Pioneer Insurance Brokers LLC	P O BOX 922, Dubai	+971-4-3599004	+971-4-3595535	pwealth@eim.ae	

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

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

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

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

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

Licensed Financial Intermediaries — UAE

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

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

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

Related Services — UAE

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

Letter of the Month

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

Dear Editor,

As you celebrate 10 years of financial publishing in 2008 and set a high standard with your editorial and articles, we take this opportunity to compliment you and your team for your pioneering work.

MKA, Dubai

Thank you for your kind words. Ten years is a long time in financial publishing in the GCC. During the last ten years, significant changes have taken place in the region's financial services industry. New securities markets have been launched in countries where there were none before. Markets trading commodities derivatives have also been launched, while international financial markets have been established. In these last ten years, reforms have been undertaken by various governments, while regulatory infrastructures have been modernised and skill levels have been enhanced.

At MONEYworks, it has been a very satisfying experience to be able to record most of these milestone developments.

It is also apt that we have come out with a special supplement this month to look at the future of GCC banking and financial services. We hope you enjoy reading it.

We also assure you that we will continue to bring you readable, impartial financial information to assist you with informed decision-making in the years to come.

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.*

From the Hip
James Thomas

Stock options not the be-all

James Thomas on what employee stock options will really mean for you at the end of the day.

QUESTION

"I am an accountant by profession. I have been working mostly in companies in the GCC, but recently I got a job offer that gives me stock options in a medium-sized financial services company. I am not very happy about the remuneration this company is offering me, as it barely matches my current salary. The managers of the finance company have told me that stock options are a big bonus for me to join them. What would your advice be on the pros and cons of this offer?"

This is an interesting scenario that is becoming more and more prevalent as more companies start to offer these types of benefits to attract and retain their employees.

Employers here in Dubai and the Middle East in general are struggling to keep up with the rapid increases in the cost of living and are simply not able to keep increasing salaries as a way of attracting staff. Various surveys have shown that employees do not just want increases in their salary, but would also like additional benefits that make them feel appreciated by their employer. These benefits can include medical insurance, life cover and pension schemes, as featured in last month's **MONEY***works*, and stock option schemes such as the one being offered with this position.

The theory behind a stock option scheme is that if you are going to ask the most from your employees, they will expect something in return over and above their salary. A plan that rewards employees with a share of the fruits of their labour should draw a connection between work and reward. When employees are rewarded based on their contributions to the company's success, they feel like owners. As owners, employees have more incentive to increase the company's profitability. However, this strategy will work only if the company and its management create ways for employees to understand the company's challenges and contribute to the solutions.

Stock options are widely used by young companies in rapidly growing markets. The company gives employees the right to buy shares at a set price during a specified time period. The employee faces no obligation to exercise the option and no financial risk or actual benefit until the option has been exercised. The logic behind this scheme is that it should be an incentive to employees to maximise their efforts to help grow the company and make it more profitable, so their share entitlement will also increase in value, thus increasing their overall package.

The advantage of a performance-based type of incentive is that it is flexible and relatively inexpensive to implement for the employer. For the employee, it offers the chance to benefit from the company's growth and to actually see something in addition to your salary for your hard work, which could be significantly higher than a normal cash bonus.

The main disadvantage of a stock option scheme is that the options can be seen as a less certain benefit than cash. As an employee, you have to hope that the company share price increases. Price can, however, be affected by any number of outside influences that are out of your control.

If you have worked hard all year but the stock option price was granted at a time when the shares were valued higher than the shares were worth, then there is no point in exercising the option to buy the shares, as you will immediately lose money if you wish to then sell the shares. Therefore, it would actually cost you money rather than make you anything, so the option is effectively worthless.

Two examples of high profile share option schemes spring to mind. The first was the Microsoft scheme. When Bill Gates was in the early stages of growing Microsoft, he did not have the finances to pay huge salaries, so he offered share options in the company. The share price rose and produced thousands of millionaires within the company as the long-standing employees exercised their options.

The other example is Enron, where the staff were heavily incentivised with share options and encouraged to buy shares within their pension schemes. Unfortunately, the company then collapsed, so the employees lost not only their bonuses, but also their pensions.

In summary, I would suggest that stock options are viewed as a nice added extra to the package being presented to you and not a major factor in taking the job. The usual factors should be considered first, such as whether you actually like the job, the company and the people that you are going to work for. Only then should the share option package be considered. MW

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

A tale of two rich siblings

Sheikh Sultan bin Saud Al Qasimi on how sibling rivalry could potentially destroy shareholder value.

Noted academic Gurcharan Das, author of *India Unbound*, argues that "rather than rising with the help of the state, India is in many ways rising despite the state", adding that the entrepreneur "is clearly at the centre of India's success story".[1] One of those success stories has been the late Dhirubhai Ambani, possibly one of the greatest entrepreneurs of the 20th century.

Reliance Group, the business empire Ambani built, is today worth US$125 billion, making his two sons the fifth and sixth richest men on the planet. Since their father's passing in 2002, the sons have been at odds with each other, carrying out a lengthy public battle that ended with the splitting of the family business into two main groups. Mukesh, the elder of the two brothers, now controls Reliance Industries, while Anil, the younger brother, is at the helm of Reliance Capital, Communications and Energy. Ironically, both sons made sure to feature biographies of their late father on their websites, praising his legacy and including quotes from him, such as: "We bet on people."

Media reports covered the brothers' disputes as early as November 2004, which finally ended in a truce brokered by their mother, Kokilaben. The truce resulted in the complete split of the Reliance Group between the male siblings in 2006. Prior to the truce, Anil had sent the Reliance Group's corporate governance committee a 500-page document highlighting flaws within the group under the chairmanship of his brother, citing a "deep concern that RIL has failed to adhere to the highest standards of corporate governance, transparency and disclosure". He also requested that "appropriate steps" be taken in the interest of the shareholders.[2]

Anil, who ultimately won control of the energy business unit, had opposed his elder brother's post-split plan to set up power plants in the Maharashtra and Gujarat free-zone projects, effectively putting the projects on hold due to India's lack of sufficient power supplies. Anil had previously taken his brother to the High Court in Mumbai for another clash concerning the price at which Reliance Industries would sell current and future gas supplies to his group. Yet, these disputes look like minor disagreements compared to the current disagreement that is arousing the interest of the world's media and business communities.

In a Cain-and-Able-like example of sibling rivalry involving tens of billions of dollars, the latest episode in this once-admired family business came this summer when Mukesh threatened to invoke a clause that he claims gives him the right of first refusal in the transfer of any Reliance shares, as stated in the 2005 truce allowing him to scupper a deal that would see his younger brother merge Reliance Communications with South Africa's MTN Group. The deal would effectively put Anil in control of a giant worldwide communications conglomerate valued at US$70 billion, potentially allowing him to break into the rank of the richest five people in the world.

Sadly, it seems to the outside observer that ego rather than shareholder's interest plays a significant role in the ways in which the brothers are conducting their business. In a country that is still plagued by illiteracy, malnutrition and poverty, little else would justify Mukesh building a 60-storey house costing US$2 billion. Anil's admiration for celebrities goes beyond marriage and friendship and has recently extended into potentially pumping US$1 billion into Steven Spielberg's DreamWorks Studios, a risky venture that fails to account for Hollywood's declining profits but would see Anil rubbing shoulders with the likes of George Clooney and Brad Pitt.[3]

At a time when Indian businessmen have been making positive headlines around the world, such as Ratan Tata's recent purchase of carmakers Land Rover and Jaguar and Lakshmi Mittal's takeover of Arcelor, the Ambani brothers have been the stuff of ridicule by the world press. A recent LEX column in the Financial Times noted: "My ebitda is bigger than yours. Is this what the latest spat between the two Ambani brothers boils down to?"[4]

For a firm whose profits account for 10 per cent of the entire corporate sector of India and whose revenues are equivalent to 3.5 per cent of its GDP[5], the perpetual spats between the two brothers could potentially have ramifications across all sectors in the country. Should they be left to their own accord or should the state step in?

This story is still an inspiring one, but for all the wrong reasons. It allows others to draw lessons on what to avoid to make sure a business that was built with blood, sweat and tears does not fall victim to excesses, ego and sibling rivalry. The late giant of an entrepreneur Dhirubhai Ambani, who once proudly proclaimed that he bet on people, almost certainly always won. Sadly, one bet he seems to have lost is that on his sons. MW

(Footnotes)

1 http://forum.atimes.com/topic.asp?topic_id=7795

2 http://www.hindu.com/2005/01/24/stories/2005012405411200.htm

3 http://www.latimes.com/business/printedition/la-fi-reliance19-2008jun19,0,3496576.story

4 http://www.ft.com/cms/s/ca583564-3c05-11dd-9cb2-0000779fd2ac,Authorised=false.html?_i_location=http%3A%2F%2Fwww.ft.com%2Fcms%2Fs%2F1%2Fca583564-3c05-11dd-9cb2-0000779fd2ac.html&_i_referer=

5 http://www.appliedcommerce.com/wvupdates2.htm

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