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The Gulf region's first personal finance and investment magazine

MONEY*works*

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March 2008 Issue 112

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FUNDS

Oasis Crescent Capital to offer funds from DIFC

TAX

How to avoid the US tax trap

Revaluation

The GCC currencies debate heats up

Tables: Credit cards, loans, mortgages and insurance across the Gulf

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BPA audit applied for December 2006

The oil price crossed the US$100 a barrel mark last month – a far cry from what some commentators expected, given the fears of a US recession. In fact, US stocks went up last month, while reports of a plan to save Ambac Financial Group's AAA rating offered additional relief.

Fears about a US recession are, however, still present, even as good news emanates from the country's exports and investment fronts. Economists feel that the world's largest economy will have to spend some time setting its balance sheet right, following the losses that financial institutions suffered lending in the sub-prime market.

Back home, stock markets that are more correlated to the global markets look range bound, as international investors have been cautious, while Saudi Arabia didn't do badly for the month.

It is also quite significant that on the Dubai Financial Market, Emaar is no longer the bellwether stock; volumes in some of the other counters are looking much stronger. The property development company's price-to-earnings ratio is languishing around 11, while some of the other listed companies are currently commanding far higher investor interest, with P/E ratios beyond the 20s and 30s in the same market.

The theme of this month's magazine is investments, with experts writing on a number of topics. We also look at the problem of inflation, which has been causing us so much anxiety as prices have soared. We have included excerpts from some of the interviews that we were able to secure on the subject; you will be able to read the full interviews on our website after the online version is uploaded on the 10th of the month at www.moneyworks.ae.

We are also hosting our first property summit this month in Dubai to discuss some of the key issues regarding funds and regulations in the sector. We will provide you with a research report from the summit next month, along with the April edition of **MONEY*works***.

Enjoy reading this month's **PROPERTY*works***, which touches on relevant issues involving mortgage payments. In addition, we're offering an updated – and free – copy of our investor's guide to financial terms. It should keep you well equipped to handle financial jargon; something that has always been our endeavour and will remain so in the future.

Utpal Bhattacharya
Editor

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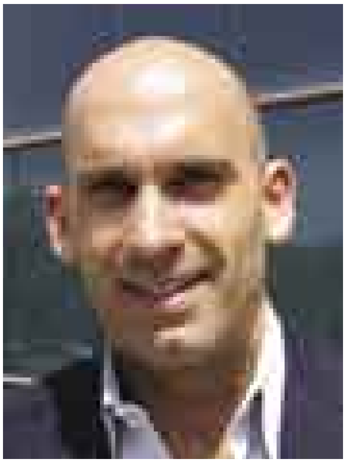

Bijan Khezri

Artist Pension Trust aims to list this year

Retail investors will gain exposure to the growing contemporary art market if Artist Pension Trust lists on a global exchange. A MONEY*works* report.

Artist Pension Trust (APT), a global financial services firm dedicated to artists with a presence in major international financial centres, plans to list the company on a stock exchange in order to offer art as an investment asset to retail investors.

APT has offices (called trusts) in New York, Los Angeles, Mexico City, London, Berlin, Dubai, Mumbai and Beijing. Each office targets 250 contemporary artists in its respective region and collects from them free works of art, which will be sold at a later date.

Bijan Khezri, CEO and president of APT, told MONEY*works* that the company is seriously considering taking APT Holding Worldwide Inc., the holding company of all eight ATP trusts, public this year. The owning of APT shares will give investors exposure to the upside of the art market, he explained. Khezri added that he is exploring the possibility of taking the holding company public on the Dubai International Financial Exchange.

"An IPO will not only help us finance what we are doing, but will also give tremendous exposure to artists participating in our programme. The listed company can become a tracker of the contemporary art market, as there is no other company that consolidates so much information on this young emerging market," he said.

""An IPO will not only help us finance what we are doing, but will also give tremendous exposure to artists participating in our programme." *Bijan Khezri*

APT's business model is unique in the sense that the company has no acquisition costs for the works of art it attains. The company enters into agreements with contemporary artists, who invest their own works of art toward an accumulation of 20 artworks over a 20-year period. The artists remain legal owners of their artworks, while APT is responsible for keeping the artworks safe and finding buyers for them.

When APT finds a buyer for an artwork, at the right price, the artist is given 40 per cent of the sale proceeds. Meanwhile, 32 per cent remains in a common pool that funds pensions for all contributing artists in the programme on a pro rata basis, meaning that the number of artworks contributed by the artist determines his or her share in the pool. All artists who contribute to the programme are eligible; it does not matter whether the artworks are actually sold.

In terms of revenue for APT, the company places 28 per cent of the proceeds from all sales in its kitty.

Conceptualised in 2003, APT has yet to begin selling its goldmine of contemporary artworks. Khezri said that sales will not begin until at least one of the trusts reaches its target of 250 artists and closes. The New York trust, which was the first to be set up, is likely to close in 2009.

APT has already signed more than 1,000 artists globally. It also boasts a collection containing 1,500 pieces of contemporary art, now in warehouses around the world. APT Dubai, which was set up last September, has signed 30 artists from the region.

Khezri pointed out that investing in contemporary works of art is similar to venture capital. While potential artists are vetted by the who's who among global museum curators before they are signed by ATP, it is to be expected that out of ten works of art, only two will fetch extraordinary value, while five will remain average and three will receive nothing.

"And yet investing in contemporary art gives a tremendous scope for growth, as we feel the art market will grow 30 per cent annually on average in the next 10 years. If you look at auction houses, they have doubled in 2007 over 2006, and they will see strong growth in 2008 as well," said Khezri.

Khezri added that the new wealth from emerging markets will continue to drive art market growth and that contemporary works of art will benefit the most, as the prices of old artworks have almost peaked.


Hassan Motala

Oasis to target retail investors from the DIFC

Oasis Crescent Capital is set to become one of the first asset management companies from the Dubai International Financial Centre to offer DIFC-domiciled funds to retail investors through retail distributors. **Ehab Heyassat** finds out more.

Collective investment funds incorporated at the Dubai International Financial Centre (DIFC) have started to create white-labelled products with retail distributors outside of the financial centre. Oasis Crescent Capital (DIFC) is one of the first asset management companies in the financial centre with a category-three licence to announce that it is in talks with two major distributors onshore to sell Oasis Crescent funds to retail investors in the UAE and the rest of the region.

Selling funds to retail investors outside of the financial centre has always been a grey area for asset management companies licensed in the DIFC. As per regulations, US$1 million is the minimum investment that a DIFC-domiciled fund is allowed to accept. However, as MONEY*works* reported earlier, white labelling is one of the solutions that will legally allow DIFC funds to access the UAE's retail investors, as a distributor can re-brand a DIFC fund and sell it to retail investors. In the process, the distributor becomes the investor in the DIFC-domiciled fund and meets the minimum investment criterion of US$1 million.

Hassan Motala, senior executive officer at Oasis Crescent Capital (DIFC), said that a detailed announcement regarding the firm's white-labelled products is likely to come through in the next couple of months. Motala refused to name the distributors that the firm is working with.

Oasis Crescent is the first asset management company in the DIFC to have incorporated an Islamic fund at the financial centre.

Oasis Crescent is the first asset management company in the DIFC to have incorporated an Islamic fund at the financial centre. The Shari'ah-compliant global income fund was launched last November and has assets of US$12 million under management. The fund invests in low-risk Shari'ah-compliant instruments such as sukuks and murabaha.

According to Motala, Oasis Crescent is now planning to incorporate a property fund in the DIFC that will feed into its Dublin-domiciled seven-year-old Global Property Fund.

Speaking about the other two funds incorporated in the DIFC, Motala said that both of these are feeder funds. The first one, called the Oasis Crescent South African Equity Fund, feeds into a 10-year-old US$500 million fund from the company. The second fund is called the Oasis Crescent Global Property Equity Feeder Fund, which feeds into a seven-year-old US$210 million global fund incorporated in Dublin.

Motala added that Oasis focuses mainly on global equity, property and income funds.

"Our key strength is protection in volatile times, and we outperform our peers because the companies that we invest in fare well in volatile market conditions. In 2001-2002, we outperformed our peers in volatile market conditions. Our global equity funds returned, on average, 13 per cent per annum year-on-year in US dollars," he said.

Motala also said that despite fears of a US recession, there are positive stories coming out of markets in China, India and the GCC, which should keep the global growth momentum going.

"With downturn comes fear; once that happens, every market is painted with the same brush. We think these are times to look for opportunities not only in the emerging markets, but also in developed markets. We think the next five years offer a great opportunity for patient investors," said Motala. MW

Oasis Crescent Capital was established in 1997. Headquartered in South Africa, it manages in excess of US$4.6 billion and has 19 registered mutual funds in three global jurisdictions, as well as four retail retirement funds. Its investment management companies serve over fifty segregated portfolios and over 38,000 retail clients.

Arcapita acquires power generation facility for US$695 million

Arcapita Bank, a leading international investment firm headquartered in Bahrain, has completed the acquisition of the Bosque power generation facility located in Texas, US, for a total transaction value of US$695 million. This asset-based investment is Arcapita's largest to date and means that Arcapita has now completed deals with a total transaction value of over US$22.5 billion.

The Bosque facility is a natural gas-fired power plant that is currently undergoing conversion to a more efficient combined cycle facility. Bosque sells its energy and ancillary services to the Texas power market, where increasing demand is leading to tightening reserve margins.

The Bosque facility will be managed by Fulcrum Power Services L.P., an energy management services company with expertise in the Texas power market.

The Bosque facility – Texas, USA

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The board of directors of Dubai Financial Market Company (DFM Company) has proposed a cash dividend of 10 per cent of the nominal value of shares, which is equivalent to AED800 million. The proposal follows DFM Company's announcement of an AED1.440 billion net profit for the year 2007, an increase of 80 per cent.

Al Ahlia Insurance, a DAMAC Holding company, has reported a net profit of AED32,263,631 for 2007, registering a growth of 29 per cent. The board of directors has recommended a cash dividend of 50 per cent and a bonus share issue of 10 per cent.

2007 annual profits for Global Investment House stood at KWD91.4 million (US$334.2 million), compared to KWD71.4 million (US$261.2 million) in 2006. The company's board has recommended a cash dividend of 50 per cent and a stock dividend of 10 per cent.

In an attempt to increase its ownership to 40 per cent in Bank of Bahrain & Kuwait, Global Investment House (Global) has purchased through the Bahrain Stock Exchange 33.5 million shares representing 4.34 per cent of the bank's capital. With this new purchase, the ownership of Global is 13.15 per cent.

DIB named best Islamic bank and call centre

Dubai Islamic Bank (DIB) has received the Best Islamic Bank Award and the Best Call Centre Award from Ethos Consultancy, the region's leading provider for benchmarking, mystery shopping, customer satisfaction surveys and brand audits.

The study included 28 banks and the benchmarking process involved branch visits, website contact and call centre calls. The study is carried out each year by trained and experienced researchers who focus on real scenarios whereby a prospective customer approaches a retail bank via three channels: branch, call centre or website. These channels are then evaluated based on response time and service quality.

DIB came out on top within the best Islamic bank and best call centre categories. According to the study, DIB has improved considerably from the previous year, with a response rate of less than one minute for all calls.

UAE consumers still optimistic overall

MasterCard Worldwide has released its latest MasterCard Worldwide Index of Consumer Confidence findings for the first half of 2008 across South Asia, the Middle East and Africa. The index revealed that consumer confidence in the UAE is still strong, despite a slight decrease in optimism.

The volatility in financial markets across the world, the announcement of heavy sub-prime losses by global financial heavyweights, rising oil prices and inflation costs seem not to have dampened confidence for the first half of 2008.

The current UAE index score of 78.5 out of a possible score of 100 decreased from 88.8 six months ago. Indications for the UAE are that consumer sentiment is overall positive and optimistic. In the Middle East and Levant, the UAE ranked third in consumer confidence, with Kuwait (93.3) and Saudi Arabia (92.2) currently ranked in first and second place.

The emirate of Ras Al Khaimah has been assigned sovereign credit ratings by two international credit rating agencies, Standard & Poor's and Fitch Ratings. Both agencies assigned the emirate a long-term foreign and local currency sovereign credit rating of 'A'. The rating outlook from both agencies is stable.

DMCC's Dubai Gold Receipt system enables high financing

The Dubai Gold Receipt (DGR) has enabled financing of over US$100 million over the past eight months, according to Dubai Multi Commodities Centre (DMCC).

Gold traders, bullion banks and vault operators have used the DGR, an electronic vault receipt system operated by DMCC, to enable US$103.8 million of financing against a total of 4,442 kilograms of gold and 1,500 kilograms of silver stored in DMCC-approved vaults in the UAE.

The design of DMCC's DGR system means that its geographical footprint can extend beyond the country, and gold traders across the world can access lines of credit from globally-based bankers/ financiers against their gold stored in UAE-based vaults.

The DGR system also enables transfer of title to the underlying gold or silver to trader members within the system through an electronic transfer endorsement process. Members can also carry out physical deliveries in the UAE against the gold or silver futures contracts traded on the Dubai Gold and Commodities Exchange.

Emirates International Telecommunications (EIT) and GO have together acquired 21 per cent of Forthnet, a fast-growing telecommunications company in Greece that trades on the Athens Stock Exchange. Forthnet is the largest alternative broadband operator in Greece, with a market share of approximately 20 per cent. EIT is also a majority shareholder in GO.

The value of the acquisition was EUR93 million (approximately AED500 million), making the joint venture the largest shareholder in the Greek alternative fixed-line operator.

EIT is a joint venture of TECOM Investments and Dubai Investment Group. GO is Malta's leading provider of telecommunications services and is the country's first and only quadruple-play operator (offering mobile, data, fixed and TV services).

Shareholders of Khaleeji Commercial Bank (KHCB) have approved the recommendation of the board of directors to declare a 15 per cent dividend. Shareholders also elected a new board of directors for a three-year term, reflecting the new shareholding structure of the bank. KHCB expects to widen and diversify its shareholder base by listing on regional stock exchanges, subject to regulatory approvals.

In other news, KHCB announced a net income of BHD21 million for 2007, an increase of 164 per cent over the previous year, in addition to increasing its assets by 180 per cent to BHD269 million. The year saw an increase in paid up capital from BHD30 million to BHD100 million.

Saudi ACWA acquires share in Multiforms

Saudi-based Arabian Company for Water & Power Development (ACWA Power Development) has acquired a 40 per cent stake in Multiforms, an architectural façade specialist and subsidiary of Emaar Industries & Investments (EII).

Mohammed Abdullah Abu Nayyan, chairman of ACWA Power Development

According to Mohammed Abdullah Abu Nayyan, chairman of ACWA Power Development, the company aims to support Multiforms' move into other new markets, including the Saudi market, where strong performance of the construction sector offers a robust growth environment.

Firas Rifai, CEO of Multiforms, added: "The acquisition will lend momentum of growth to Multiforms, as we are seeking to duplicate the success of the partnership with EII in other countries. Since our partnership with EII, we have posted a 900 per cent growth, and we've managed to secure a wide range of deals on some landmark projects both inside and outside the UAE. Multiforms has also booked orders worth AED1.7 billion for 2008 and 2009."

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

Emirates Integrated Telecommunications Company (du) announced its 2007 financial results, which showed a 254 per cent revenue growth. At the end of December, du's mobile customer base had exceeded 1.5 million, an acquisition of close to 30 per cent of the UAE population.

Masdar and CMS to reduce carbon emissions

Masdar, the initiative by the Abu Dhabi government promoting advanced energy and sustainability, signed an agreement with Emirates CMS Power Company to develop a project under the Clean Development Mechanism (CDM) of the Kyoto Protocol to reduce carbon dioxide emissions by the Emirates CMS power generation facility at the Taweela industrial zone in Abu Dhabi.

The CDM project, the first in the power sector in the Gulf, aims to increase energy efficiency and reduce CO2 emissions at the Taweela A2 Power Plant through the recovery and utilisation of waste heat in the desalination process.

Masdar is leveraging the CDM to assist in the creation of the necessary conditions for sustainable growth in the region and to address key environmental concerns. It is also actively developing a portfolio of CDM projects in oil and gas, power, renewable energy and heavy industry.

Saudi Arabia national budget projects SAR450 billion revenues

Saudi Arabia's 2008 national budget projected revenues at SAR450 billion and expenditure at SAR410 billion, resulting in a surplus of SAR40 billion. The revenues are 38 per cent lower than the year 2007 estimates of SAR621.5 billion. It is to be noted that the actual revenues of 2006 were higher by 73 per cent than the budgeted revenues reported for 2006, indicating the conservative estimates maintained by the government while preparing the budgets.

The 2008 budget is a continuation of the government's focus on optimising the available resources and giving priority to social infrastructure and services. The budget also places special emphasis on projects related to research, development and e-government, in addition to capital expenditures that will create more job opportunities, enhance economic activities and boost economic growth.

Oman's BankMuscat has reported a net profit of OMR84.2 million for 2007, an increase of 39.4 per cent. The bank's board of directors recommended a cash dividend of 50 per cent.

Morgan Stanley has initiated coverage on Dubai Islamic Bank (DIB) and Kuwait Finance House (KFH) in a report that forecasts that Islamic assets in the GCC will grow to 18 per cent of system assets by 2012 from its current 13 per cent.

The firm has initiated coverage of DIB with an 'overweight' rating and a target price of AED14.1, representing a potential upside of 28 per cent. Morgan Stanley analyst Marwa Elsheikh recommends that investors remain underweight in KFH, with a KWD3.10 price target.

Elsheikh estimates that the GCC's 22 Islamic banks have in excess of $300 billion of Shari'ah-compliant assets. The report predicts continued strong growth would be driven by a robust outlook for the region and an increasing share of system assets.

Suhaila Ahmed Al Shaikh Salem, a UAE national, was the winner of the grand prize of AED1 million in the 22nd monthly draw of National Bonds. The winner's son, Ali Moussa Al Khamiri, received the prize on her behalf from Mohamed Qasim Al Ali, CEO of National Bonds Corporation.

The 75-year-old grandmother bought National Bonds after her grandsons told her about the savings scheme. She says that she will continue to invest in the savings scheme, retaining her prize money in National Bonds.

Pictured from left to right are: Ali Moussa Al Khamiri, the millionaire's son, and his family with Mohamed Qasim Al Ali, CEO of National Bonds Corporation

Emaar.E.C, EMAL to invest US$5 billion

Emaar, The Economic City (Emaar.E.C), the Tadawul-listed company developing King Abdullah Economic City (KAEC), and EMAL International, the joint venture of Mubadala Development Company and Dubai Aluminum Company, have signed an MoU to establish a greenfield aluminum smelter complex in King Abdullah Economic City.

The project will have an initial direct investment of SAR18.4 billion (US$5 billion) and a first phase production design capacity of 700,000 tonnes.

From left to right: Fahd Al-Rasheed, CEO of Emaar.E.C; Amr Bin Abdullah Al-Dabbagh, governor of SAGIA; and Abdulla Kalban, CEO of Dubai Aluminum Company

The aluminum smelter complex will be among the largest of such facilities in the region. It will also initially create over 2,500 direct jobs and over 5,000 indirect jobs. With the potential to double the production capacity, the plant will drive downstream industrial investment to King Abdullah Economic City, creating an industrial investment hub in the region. Work on the plant is expected to start at the end of this year.

SICO concludes largest Bahrain Stock Exchange transaction in 2008

Securities & Investment Company (SICO) has concluded the largest transaction to take place to date on the Bahrain Stock Exchange (BSE). SICO's brokerage unit was involved in the purchase of approximately 147,637,621 ordinary shares of Bank of Bahrain and Kuwait for one of its institutional clients. The transaction had a total trade value of BHD122.8 million (US$325.8 million).

This transaction reflects SICO's position as a leading broker of GCC equities and reinforces its place as the most active broker on the BSE in terms of trading value/value of stocks traded.

SICO reported total assets of BHD104.832 million for the year 2007, with shareholders' equity totaling BHD42.106 million.

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

Ahli United Bank has reported a consolidated net profit, attributable to the bank's equity shareholders, of US$296.3 million for the year 2007, an increase of 42.8 per cent over the previous year. The board has recommended a cash dividend of 3.5 cents per share, together with a bonus share issue of one share for every 10 shares held by eligible shareholders.

Bukhatir Investments signs US$215 million syndicated loan facility

Bukhatir Investments Limited has signed a US$215 million syndicated loan facility, including a US$165 million term loan facility and a US$50 million commodity murabaha, which includes an over-subscription of US$15 million.

The facility includes an amortising term loan facility with a maturity of five years and a margin of 110 basis points over LIBOR for the first three years, stepping up to 125 basis points in years four and five. In addition, there is a three-year revolving facility and a commodity murabaha facility with a margin of 105 basis points over LIBOR.

Established in 1974, Bukhatir Group is one of the largest and most diversified business houses in the UAE, with interests in construction, manufacturing, real estate, information technology, trading, sports-oriented townships, television, retail and education.

SHUAA Capital and Orion Holding Overseas have announced the acquisition of a strategic 20 per cent stake in Orion Holding, as well as controlling stakes in five Orion Brokers subsidiaries in a transaction worth AED193 million (US$52.5 million).

As part of the transaction, SHUAA Capital has agreed to take seats on Orion's board of directors. Orion will also be represented on the board of SHUAA Securities, a company under formation and the brokerage arm of SHUAA Capital.

Overseas issuers are increasingly looking to raise local currency debt capital from the GCC markets that are flush with liquidity, according to Declan Hegarty, managing director, global markets financing, HSBC Bank Middle East Limited.

In Dubai, HSBC has a strong pipeline of potential international issuers from corporates and sectors such as energy and finance. However, it may still take some time for the local currency bond market to issue international papers, as these are mostly dollar-linked currencies.

According to Hegarty, the GCC bond market has been growing rapidly from US$24 billion in 2006 to US$46 billion in 2007. Hegarty also said that although the market is slow, given what has been happening around the world, the GCC bond market should better the efforts of 2007 in the next 18 months.

Venture Capital Bank, after completing its second year of being fully operational, has reported a net profit of US$32.3 million for 2007, a growth of 143 per cent.

Waha Capital to invest AED20 billion

Waha Capital, the Abu Dhabi-based and listed holding company previously known as Oasis Leasing, announced that its investments in aviation, finance, real estate, infrastructure, maritime and logistics sectors will exceed AED20 billion over the next three years.

The company's board of directors has finalised a strategy to achieve rapid growth through acquisitions, joint ventures and the creation of new business, increasing value for shareholders and ensuring consistent growth in income by identifying new investment sources.

According to Waha Capital's chairman, Hussain Al Nowais, the coming months will see new strategic partnerships with leading real estate companies in Abu Dhabi.

Hussain Al Nowais, chairman of Waha Capital

GCC Real Estate Fund to distribute dividends during first quarter 2008

Global Investment House has announced that its Global GCC Real Estate Fund is expected to distribute dividends to investors during the first quarter of 2008. The plan for 2008-2009 is to start liquidating investments and return the capital to the investors, plus their profit. The fund was established in 2005 with the intention of taking advantage of the booming real estate market in the GCC region and has fully invested its capital in a number of real estate opportunities in Kuwait, Bahrain and Oman.

DGCX volumes surge 95 per cent

Dubai Gold and Commodities Exchange (DGCX) reported record transactions in January 2008, with trading volumes surging by 95 per cent. Breaking all earlier records, the total value of contracts traded on DGCX in January stood at just over US$4.3 billion, up 130 per cent year-on-year from US$1.9 billion.

"Record transactions were also propelled, to an extent, by a fresh inflow of funds into commodities as participants looked for alternative investment options amid uncertain equity markets," said Malcolm Wall Morris, CEO of DGCX.

Wall Morris added that DGCX is set to roll out new initiatives in 2008 that will trigger the next level of growth in the market.

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Dubai Bank announced a net profit of AED211 million for 2007, an increase of approximately 102 per cent over 2006. The branch network experienced aggressive expansion during 2007, taking the tally from five branches in 2006 to 15 branches by the end of 2007.

Omniyat Properties announced that it will quadruple the value of its property portfolio in Dubai to AED21 billion (US$6 billion) in 2008, following a year that saw its sales double and its profits triple. The company also plans to enter Abu Dhabi, Bahrain and Saudi Arabia this year.

Bank of Sharjah's net profit for 2007 reached AED404 million, an increase of 26 per cent. The bank's board of directors will propose a 25 per cent cash dividend to shareholders.

Increased appetite for Middle Eastern funds

The region is experiencing an increased appetite among global investors for Middle Eastern funds, according to Gilles Rollet, chief executive officer of Mirabaud (Middle East) Limited.

Rollet said: "Rather than seeing western funds invest in the Middle East region, you will see western money invested locally through people and institutions they trust that have intimate knowledge of the market conditions here."

Rollet added that although the region has yet to reach the level of sophistication of markets in the west and Far East, change is rapidly coming, and with it investors from those markets.

Gilles Rollet, CEO of Mirabaud Middle East Limited

Bank of America Corp. and Chevron Corp. have replaced Altria Group, Inc. and Honeywell International, Inc. in the Dow Jones Industrial Average. The catalyst for these changes is the restructuring in progress at Altria, set to result in a much smaller and more narrowly-focused company. Honeywell is being dropped because it is the smallest of the industrials in terms of revenue and earnings.

Reliance Money debuts in the UAE targeting NRI customers

Reliance Money, the financial services and product distribution arm of Reliance Anil Dhirubhai Ambani Group, has announced a tie-up with Dubai International Securities for distribution of its financial products and services to non-resident Indians (NRIs) residing in the UAE.

Through the tie-up, the company will initially offer broking and mutual funds services to customers. Eventually, the company will also offer a mobile portal allowing users to get free real-time access to market information on their phones.

According to Sudip Bandyopadhyay, director and CEO of Reliance Money, the company plans to tap over 100,000 customers in the first year.

"This is our first initiative to reach out to the large NRI population in the UAE with our innovative cost effective financial products and services. This move, we feel, will enable a large number of NRIs to effectively participate in the India growth story," said Bandyopadhyay.

The CEO added that Reliance Money will target NRI customers with its portfolio management services, the entry level to which has been kept at US$50,000. The target for this service is to build up assets of US$1.25 billion in the region.

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Pershing Advisor Solutions, a subsidiary of The Bank of New York Mellon Corporation, has established a business relationship with the family office of the Bin Zayed Group.

The relationship enables Pershing Advisor Solutions and its affiliate, Pershing LLC, to provide the Bin Zayed Group's family office with its array of clearing, trading and financial services outsourcing solutions. The Bin Zayed Group is headquartered in Dubai and has business interests worldwide.

The Dubai Mercantile Exchange (DME) plans to launch two new financially-settled contracts for Brent and Oman crude oil in the near future, subject to obtaining regulatory approvals. Both futures contracts will be traded electronically on DME Direct, the exchange's electronic trading system.

The DME's new Brent contract will be cash-settled against ICE's Brent Crude Futures Contract, while its new Oman contract will be cash-settled against the DME's benchmark Oman Crude Oil Futures Contract.

The DME also announced that it will de-list its Brent-Oman Financial Spread Contract and WTI-Oman Financial Spread Contract upon launch of the new contracts.

"When the contracts are launched, traders will have the essential tools for making a commonly traded over-the-counter transaction, the spread between two sweet and sour crude oil benchmarks. We are confident that these new contracts will greatly add to overall liquidity and price transparency," said Gary King, DME chief executive.

Ajman launches first commercial bank

The emirate of Ajman in the UAE is in the process of launching its first commercial bank. Called Ajman Bank, the bank will be an Islamic entity offering the entire gamut of banking services in the country, with branches initially in Ajman, Abu Dhabi, Dubai and Sharjah.

Yousif Khalaf, CEO of Ajman Bank, said that the new bank will be operational by July this year, while retail banking is likely to be kicked off by the fourth quarter of 2008. According to Khalaf, the bank is going to bring a new level of customer service to the UAE market.

"We aim to start with the customer, taking the time to understand his financial needs, designing products that meet his needs and offering him a market-leading customer service," he said.

Merrill Lynch introduces Gulf Investible Index Certificate to GCC investors

Merrill Lynch has launched the Gulf Investible Index Certificate, a certificate offering investors the chance to invest in high-quality companies in the Gulf region based on the research of specialised Merrill Lynch analysts.

The certificate offers exposure to the largest and most liquid stocks listed in Abu Dhabi, Bahrain, Dubai, Kuwait, Oman and Qatar. The minimum investment is Euro100.

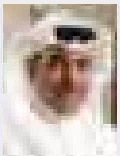
The index is composed of 20 stocks and composition will be reviewed on a semi-annual basis. On each review date, a committee of Merrill Lynch research analysts determines an eligible universe of stocks for the index according to criteria including market cap, trading volume and foreign ownership.

Bank of Sharjah has officially inaugurated its fourth branch, which is located in Al Ain on Khalifa Street. The new branch will offer a wide range of corporate and retail banking services.

Appointments - February 2007

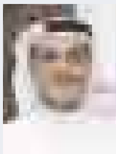
Arab Banking Corporation has appointed **Hassan Ali Juma** as president and chief executive of the ABC Group.

The Abu Dhabi National Energy Company has appointed **Klaus Reinisch** as the new global head of midstream.



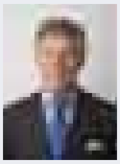
Khalid Al Jaber

Global Banking Corporation has appointed **Khalid Al Jaber** as head of compliance.



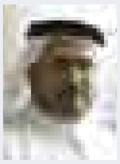
Mohamed Qasim Al Ali

National Bonds Corporation has appointed **Mohamed Qasim Al Ali** as its new chief executive officer.



Major General Arthur Denaro

Strategic Real Estate Advisors has appointed **Major General Arthur Denaro** as special advisor for the Middle East.

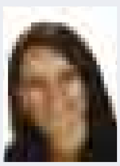


Asim Ahmed Al Ali

Dubai Bank has appointed **Asim Ahmed Al Ali** as the bank's human resources manager.

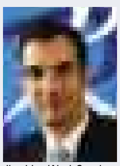
Mazin M. Al-Shakarchi

Merrill Lynch has announced the appointment of **Mazin M. Al-Shakarchi** as a financial advisor covering Qatar from the Bahrain office.



Wendy Scott-Hamilton

International specialist services firm **Mourant** has appointed private client expert **Wendy Scott-Hamilton**, who will be based in Dubai.



Ibrahim (Abe) Saad

Rasmala Investments has appointed **Ibrahim (Abe) Saad** as partner and head of private equity.

David Law

Morgan Stanley has appointed **David Law** as chairman of investment banking for its Middle East and North Africa business.

Chris de Bruin

Standard Chartered has appointed **Chris de Bruin** as head of consumer banking for the UAE.

Fahad Al Gurg

Private joint stock investment firm **Arzaq** has announced the appointment of **Fahad Al Gurg** as chief executive officer.

Wasim Sai

Real estate finance provider **Tamweel** has appointed **Wasim Sai** as the company's new chief executive officer.

Mashreq fund offers investors daily NAV

Mashreq's Makaseb Emirates Equity Fund (MEEF) is now offering daily dealing to its investors, as the fund's Net Asset Value (NAV) will be available at the end of each business day.

At present, no other UAE fund provides investors with the option of daily dealing. By switching to daily dealing, Mashreq intends to up the stakes in UAE fund management in hopes of encouraging other investment managers to follow suit.

"It is vital that investors today are provided with utmost flexibility in managing their investments. Markets are extremely volatile and daily dealing will help investors to better measure their funds performance vis-a-vis the markets over a period of time," said Imran Ahmed, managing director of Mashreq Asset Management.

MEEF is an open-ended investment fund denominated in US dollars that aims to achieve long-term capital appreciation through investment primarily in shares listed on the UAE stock exchange. The fund requires a minimum investment of US$10,000. Subscriptions and redemptions take place on each business day.

Imran Ahmed, managing director of Mashreq Asset Management

Noor goes exclusively with MasterCard

Noor Islamic Bank and MasterCard Worldwide have formed an exclusive relationship for NIB to issue only MasterCard credit and debit cards to the bank's customers.

According to the agreement, Noor Islamic Bank and MasterCard will also develop Shari'ah-compliant payment solutions that are "innovative, technologically advanced and customer focused".

Left to right: Denzil Lawson, general manager of MasterCard Worldwide for the Middle East and Levant, at the signing ceremony with Hussein Al Qemzi, group CEO of Noor Islamic Bank

GFH forms new energy banking entity

The region's first Shari'ah-compliant bank to focus on the investment, financing and service needs of the energy sector is now under formation, with a planned paid-up capital of US$750 million. The new bank, called First Energy Bank, is a strategic business concept from Gulf Finance House (GFH) and is meant to capitalise on the anticipated demand for investment in the global energy industry.

Once established, First Energy Bank will target consistent returns for clients by focussing on oil and gas upstream/downstream, transportation, petrochemicals, power and IWPP.

Investment activities of First Energy Bank are planned to include energy development projects, co-investment in development projects, asset/portfolio acquisitions, corporate acquisitions and mezzanine capital/preferred equity.

Emirates Islamic Bank (EIB) has opened its 22nd branch in the UAE, which is located in Al Twar on Al Nahda Road. The new branch will have all of EIB's retail banking products and services, 24-hour ATM withdrawal/deposit services, a separate section for ladies and a priority banking service for affluent customers.

Go to www.moneyworks.ae for regular news updates.

Tamweel has received a mortgage licence from Egypt's mortgage finance authority to launch operations in the country. A fully-owned subsidiary of Tamweel, the Egyptian company is expected to begin operations in the second quarter of 2008 with an authorised capital of AED333.4 million and a paid-up capital of AED66.7 million.

The company has registered its name, logo and trade licence under the name "Tamweel Egypt for Real Estate Finance EJSC" and will operate in Egypt under the same name.

Tamweel will introduce to Egypt both existing solutions and new ones that are based on the particular needs of the Egyptian market.

Emirates NBD and supermarket chain Choithram have a promotion offering customers the chance to win back shopping vouchers. The promotion is available to all customers interested in applying for loans, credit cards or new accounts from Emirates NBD.

Gargash and EIB give out National Bonds

Gargash Enterprises, the general distributor for Mercedes-Benz in Dubai, Sharjah and the northern emirates, has launched an initiative with Emirates Islamic Bank (EIB) and National Bonds.

Gargash Enterprises and EIB will give out National Bonds on every vehicle financed through the bank until May 2008. Bondholders have the chance of winning one of over 26,000 different prizes each month, the grand prize being AED1 million.

From left to right: Mirza Owais Omar, business manager of auto finance, Emirates Islamic Bank; Malcolm Cooper, group business manager of Gargash Enterprises and Sehba Ahmed, head of marketing at National Bonds

American Express and Etihad Airways link respective loyalty rewards programmes

American Express Middle East and North Africa and Etihad Airways have signed an agreement to link their respective loyalty programmes. American Express cardholders who are enrolled in American Express's membership rewards programme will be able to transfer their reward points to the Etihad guest programme's reward shop. Points collected can be redeemed for a wide range of rewards, including free flights and upgrades.

Where are all the exits?

Where are the exits in the regional Private Equity (PE) market and why are IPOs not happening? **Utpal Bhattacharya** speaks to industry experts to find out where the region's PE industry is headed.

PE investing in the Middle East continues to remain exciting, even as the credit crunch plays spoilsport to the industry in the developed markets. The cooling off of the western markets has, in fact, brought some of the industry bigwigs to this region looking for opportunities, mainly offering their leverage buyout skills.

Regional private equity outfits say that international private equity majors are increasingly looking at ways to deploy their capital in the regional markets using regional capital for leverage. With oil prices remaining at levels of over US$90 a barrel, the region is still flush with liquidity, giving western PE fund managers reason to believe that it will not be difficult to raise both equity and debt capital from the Middle East for investments within or overseas, in collaboration with regional partners or on their own, using new structuring techniques and skills as the valuable addition brought to the table.

Private equity in the Middle East and North Africa (MENA) region has never used much leverage when acquiring companies in the past, largely for two reasons. The first is the availability of inexpensive equity capital, while the second is traditional lenders' lack of knowledge about acquisition finance. Things were just beginning to change as international lenders started to work together with regional PE companies in recent deals; then along came the US sub-prime crisis, leading to the credit crunch. This predicament left lenders in a bit of a limbo, as they could no longer lend to the regional PE deals.

Although the impact of the western credit crunch is yet to be felt in the Middle East, some economists say that it will come with a lag effect. Undoubtedly, the question to ask is whether it will make any difference to the region's PE industry if or when the brunt of the credit squeeze hits the region. So far, responses from industry players have been mixed.

Khaled Al Muhairy, founder and CEO of Evolvence Capital, says that the credit crunch will affect everybody, but Shailesh Dash, senior vice president and head of private equity at Global Investment House, argues that it will not have much of an impact on the region.

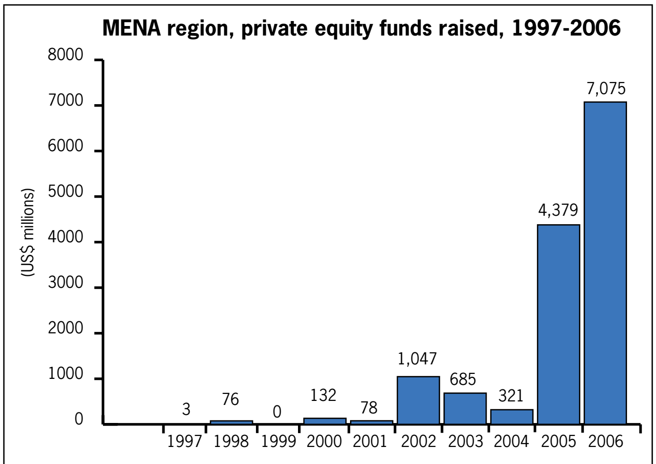
"An important thing to remember is that many PE firms have recently raised a lot of capital in the region. These will have to be deployed in the next 12-18 months and could act as a cushion if the ripple effect of the credit crunch hits the region," says Dash.

Buyout versus growth capital

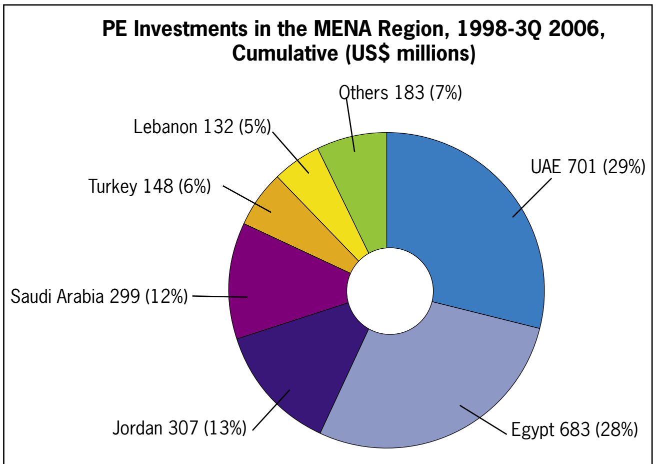
Significantly, regional investment managers are increasingly finding more acceptances of PE funds from private, family-run companies. In the past, deal flows from major family-held companies were not coming through unless there were some connections or family- run PE funds in the picture, but this state of affairs is changing. It is likely that some important buyout deals will go through this year involving family-held companies, particularly in the real estate and construction sectors. In some instances, PE funds could even buy out majority stakes in companies. Some of the larger PE firms are already saying that they will need to raise additional capital, given the recent demand for PE investment from large enterprises. This account differs from the past, when funds were mostly investing in minority stakes in mid-sized companies.

According to industry estimates, PE funds in the MENA region have assets under management of over US$13 billion, which could go up to US$20 billion over the next few years as more capital is raised in this asset class. However, apart from a couple of leverage buyout deals that Abraaj Capital has executed, the Middle East remains relatively indifferent to the structure with most PE investments being purely equity investments; moreover, note industry experts, the situation is not likely to change.

There is yet another reason leverage buyouts are not happening in the region,



Source: Zawya/KPMG/Abraaj



Source: Zawya/KPMG/Abraaj

according to Al Muhairy. He contends that at this point in time, most owners are not looking to make money from selling their companies. Instead, they are looking for growth capital, as the market has been offering tremendous growth in the last 10 years.

"A majority of companies in the region are going for equity growth, as they are growing fast. They have also found that they are being valuated much higher than they were in the past, so they are diluting minority holdings to raise money for increasing the production capacity of their companies. It is a cheaper cost of capital for them. I don't see leverage buyouts playing a big role in this environment," says Al Muhairy.

Dash is in agreement, adding that the credit crunch in western markets will impact any leverage buyout deals that could have been planned by fund managers in the region. The present scenario should also increase the number of growth capital investments going forward, he says.

Global Investment House is among those regional asset management companies that are in the process of raising more private equity capital in 2008.

"This year we are launching the Islamic tranche of our Buyout Fund with Dubai Islamic Bank and Millennium Capital. In the second half of the year, we will be launching our third Growth Capital Fund. We have recently hired a PE team in Turkey dedicated to doing PE investments and managing them in that country, and we intend to do the same in India before the end of the year," discloses Dash.

Evolvence is also raising more capital. Apart from a real estate fund, the firm has plans to launch a second India fund of funds.

Al Muhairy justifies the fundraising going on in the industry and says that the number of deal flows is increasing in the MENA region. Companies have seen how some of their peers made big money in the valuation game, especially in the construction sector, he explains.

"The number of deal flows is increasing, as companies have today understood how they can take advantage of valuations. Many construction companies are up for strategic sales today. In the last two months, I have seen five of them. They have looked at the Al Habtoor deal and what Arabtec got. This was an industry that had a P/E of five sometime back. Today they are getting a P/E of 14 and 15, three times the increase in valuations," Al Muhairy says.

However, most of the shareholders of these construction companies are actually cashing out. As such, the capital that they are looking to raise by diluting equities of these companies goes into the owners' pockets, not to the capacity building of these companies.

Exits

One issue that seems to be dogging PE funds in the region is overcrowding, as there are now more than 50-60 managers. According to Al Muhairy, a number of these managers are equity cheque writers, not fund managers, and there have been mistakes made that are bound to show up when exits happen.

But the other issue is exit itself, as not many exits have occurred in the past 10 years. Except for a couple of high profile transactions on the stock markets, there have been mostly trade sales or sales to co-investors. In fact, according to KPMG, of the US$6.5 billion invested by private equity funds in the MENA region until recently, only five per cent has been realised through 13 exits (there have been a couple of more exits since the KPMG report). And, out of these 13 exits, four of them were to co-investors. The industry has questioned some of these deals as not exactly private equity transactions, but rather flipping investments.

Says Al Muhairy: "Exits will always be an issue in our region, as most of the time exits are through sales to individuals. You do not have 200 fund managers in the Middle East to whom you can go prior to exiting from a portfolio. Until that happens, we will not be able to institutionalise the process of exits and keep on depending on this family or that."

Many fund managers also feel that that the region will continue to see sales of portfolio companies to other PE funds, as the IPO process is sometimes quite cumbersome due to inefficiencies and bureaucratic hurdles. Additionally, because of the lack of a regulatory framework for PE investing and the lack of understanding at the regulatory levels, it is easier for PE funds to do trade sales and even easier to sell to another PE fund that plans to take the portfolio company to the next level of growth.

Fund managers expect portfolio companies to move many hands within the PE community

Khaled Al Muhairy, founder and CEO of Evolvence Capital

Shailesh Dash, senior vice president and head of private equity at Global Investment House

in the near future before being exited out of PE, something that will also bring down the average internal rate of return for funds in the Middle East (the first fund will make a better return than the second, the second will do better than the third, and so on). The managers argue that with large numbers of PE players coming to the market, there is bound to be a greater demand for good deals, which in turn will raise the pricing over a period of time. But this also means that it will be easier for PE funds that have come in earlier to exit from some of their portfolio companies through sales to other funds.

"The PE funds that have already got into the MENA market and have built up a strong portfolio will benefit from the large number of new funds that have come or are coming to the market. These new funds will always be looking for good investment opportunities. And a good portion of the supply will come from PE funds that were in the market earlier than them," a fund manager sums up.

Value in the GCC, Russia and Singapore

As the more developed markets in the west continue to look unpromising, **Matein Khalid** points to opportunities across the GCC and emerging markets.

Although the US is probably in a recession and a big chill has fallen over the emerging markets, there is still merit to be found in the GCC, Russia and Singapore.

The GCC

It is interesting to note that on the DFM, former bellwether share Emaar has been replaced by Dubai Islamic Bank and Sorouh. The Dubai market was hypersensitive to foreign fund selling in January and now has a high correlation with the global emerging markets indices. The highest beta share in Dubai, a de facto warrant on the local exchange index, has been the DFM itself. After all, the DFM fell 38 per cent from its AED7.01 high in November to a low of AED4.35 in the global market panic that preceded the Fed rate cut in mid-January. While the DFM has now recovered to AED5.9, it is a buy on any weakness, as regional liquidity in the GCC can only be goosed by the dramatic fall in dollar interest rates.

The DFM has posted a net income growth of 70 per cent, higher than most listed stock exchange operators in the world, even as exchange trading volumes have tripled. The valuation of DFM shares is not cheap, either, at 24X current earnings. The creation of new UAE funds, more foreign fund managers, more IPO listings and negative UAE dirham real interest rates all suggest that the DFM could well trade in an AED5-7 range, which is my fair value buy and sell level for the shares. At AED5, the DFM would trade at 15 times forward earnings, which is not an excessive valuation multiple for the highest growing listed stock exchange operator in the Middle East.

While the GCC market valuations have contracted since the bubble peak of 2006, Saudi Arabia is still expensive at 20X earnings. However, I believe the most attractively valued markets, apart from the UAE, are Bahrain and Kuwait, where valuations of 14 times earnings on the index do not capture the prospect of 20 per cent corporate profit growth. At a time of rising risk aversion in the emerging markets, it is also significant that no GCC country has a current account deficit or a banking system with systemic exposure to the Wall Street credit or mortgage derivatives bubbles. At US$90 crude oil, for instance, the Kuwait current account surplus is almost 50 per cent of GDP. With modest valuations and excellent macro fundamentals, I believe that the UAE, Kuwait and Bahrain could offer a 20 per cent upside to investors in the next twelve months.

On the other hand, since oil prices could fall by US$20 from their current levels in a US recession, my sector rotation bias would be with defensive sectors, like telecoms, electricity and pharma, that have a low correlation with oil prices. The credit crisis could slow bank loan growth and lead to a correction in GCC property prices, which could be traumatic for mortgage financiers, Islamic banks, property developers, contractors, cement producers and commercial banks exposed to real estate. While global real estate faces its gravest test since the US consumer recession of the early 1990s, "irrational exuberance" in GCC property is living on borrowed time. I believe property prices and inflation, not crude oil or geopolitics, represent the greatest macro risk to the GCC financial markets.

Russia

The Russian stock market was not immune to January's global market panic, falling 17 per cent. However, Russia remains the cheapest BRIC market, trading at only nine times earnings for corporate profit growth rates that could well exceed 20 per cent in 2008. Investors should now focus on low-risk, high-dividend shares that are in plays on domestic consumption rather than commodities prices, even though commodities like crude oil, nickel and steel have not priced in a recession.

Moscow, unlike other emerging markets in Central Europe, was a victim of hot money fleeing the asset class and not a fundamental deterioration in the economic/business cycle or sovereign investment case. After all, the Russian Central Bank has more than US$400 billion in reserves and the rouble has been one of the hardest currencies against the dollar. Of course, it is inevitable that fund managers sell not what they want, but rather what they can during an emerging markets crisis. As such, the most widely held, liquid, large cap names held in global portfolios were all victims when the grizzles ran amok on the Russian stock exchange, notably Gazprom, Sberbank, VTB, Lukoil and UES.

The next few milestones for Russia will be the choice of supposed president Dmitri Medvedev's prime minister, the role of Putin in the Kremlin, the economic policies of the new government and the central bank's focus on inflation, which has exceeded the IMF's eight per cent target.

The above uncertainties and the credit crunch/recession on Wall Street mean that it is still premature to be aggressively bullish on Russian equities. A defensive name is the Russian utility UES, whose shares will be anchored by electricity reform and the spin-off of power transmission companies. UES will also benefit from an increase in electricity tariffs. UES is a buy at US$1.10 for a US$1.35-1.40 target.

Russian retailer X5 is also insulated from global credit woes or the US recession. X5 is the fastest growing retailer in Russia, and backing by billionaire oligarch Mikhail Friedman's Alfa Group makes it one of the most attractive pure play retail names in a society where salaries, wealth and government pensions have soared in value. While Russian banks Sberbank and VTB are both controlled by the government, investor sentiment on the sector is negative and VTB is dependent on the international capital markets to finance its loan growth. An alternative would be to purchase the Templeton Russia Fund, a closed and country fund, or the NYSE at 56-60 for a 75 target.

Singapore

Singapore is one of the most prominent victims of the bear market in Asian equities. The Straits Times Index lost 25 per cent of its value in three months, falling from 3,800 in October to 2,900 now. In the process, the bear run has created compelling value opportunities in Singapore.

As the most open economy in Southeast Asia and a proxy for global risk, it is natural that Singapore's GDP growth would only fall two to three per cent if the US recession was vicious and protracted. Singapore companies would also face earnings downgrades, particularly airlines, shipbuilders and financials. Low trading volumes will hit SGX (the exchange operator in the Lion City), lower property prices will hit real estate blue chip Keppel Land and the commodities conglomerate Noble will be hit by lower tonnage traded and the freight rates. Yet, I believe it is

now an opportune time to build a strategic position in defensive Singapore shares.

For example, DBS, the largest bank in Southeast Asia, now trades at a price/book of 1.2, higher only than its panic valuation levels reached during the 1998 Asian crisis and the SARS outbreak in 2003. Temasek is the largest shareholder in DBS, and the bank is not expensive at 10 times current earnings and a 5.2 per cent dividend yield. A fall in SIBOR money-marker rates, loan growth slowdown in Singapore and Hong Kong and any additional CDO bombshells could well drag DBS to book value, but I doubt it. If one of the best managed growth banks in the emerging Asian markets trades much below 15 Singapore dollars, it is an ideal entry point.

An alternative strategy would be to buy the shares of such REIT'S as Cambridge, the industrial and logistics real estate trust that trades at NAV and offers a yield of 10 per cent at a time when the Singapore government debt trades below three per cent. A high dividend, fundamentally inexpensive REIT is an anchor of value at a time when fear, not greed, rules Wall Street. MW

Opinions expressed in this article are those of the author and do not necessarily represent those of the MONEYworks group of magazines. This article should not be misconstrued as financial advice. Don't forget that investments can go down as well as up and you may not get back the amount originally invested.

India to be least impacted

The Indian equity market could get hit in the short to medium term if the US enters a deep recession. For long-term investors, though, India is the place to be invested in. **Nilesh Shah** explains why.

The year 2008 has certainly thrown investors some surprises, one being the dramatic correction in the Indian equity market. India, the country that was supposed to be least impacted by the potential US recession, is one of the worst performing equity markets in the emerging world. Moreover, the speed and magnitude with which Indian equity markets have collapsed year-to-date was least anticipated.

The sharp correction in the Indian equity market resulted from several circumstances occurring over a short period of time. For one, the Chinese H share market started correcting from mid-November 2007 onwards, and the narrowing of the valuation gap with Indian equity valuations prompted foreign institutional investors to sell Indian equities.

The global financial system also witnessed unprecedented losses due to the US sub-prime crisis and other related issues. As such, a number of global financial institutions either had to recapitalise themselves or cut their balance sheet sizes; some did both. This situation resulted in across the board liquidation of trading and investment positions around the world. India was no exception, witnessing regular selling from foreign institutional investors in January 2008. Around the same time, domestic liquidity was locked in application money for IPOs.

Retail investors play a fairly important role in Indian

Chinese PE ratio

Source: Bloomberg

equity markets. As falling prices resulted in margin calls, which many retail investors were not able to pay, further pressure was added on the way down.

Capex-driven growth

While it is difficult to predict the bottom of the Indian market, one can always look dispassionately at the fundamentals. The Indian economy is driven mostly by domestic demand, and it is far less dependent on the developed world than some of its peers. If the US goes into a deep and prolonged recession, as some suggest, then the Indian economy will not remain insulated. It will suffer like everybody else. However, if the successive rate cuts by the US Fed result in only a mild slowdown, then the Indian economy will remain in good shape. In either case, India will be one of the least impacted economies.

India is predicted to transform from a US$1 trillion economy to a US$2 trillion economy over the next five years. In other words, the India that was built over the last 50 to 60 years is in the process of doubling in the next three to five years. The country is also going to add 70 GW of electricity in the next three to five years to the current installed capacity of 136 GW. Similar capacity addition is planned for major ports, gas production, cement, steel, coal, aluminum, etc.

This capex-driven spending could result in the Indian economy growing at eight per cent or more for many years to come. The Reserve Bank of India (RBI) has judiciously created more than US$100 billion of liquidity in the banking system to fund the credit demand, while Indians today save in excess of US$350 billion every year, a factor that will also help to fund the credit demand and sustain growth.

Indian companies within the limitations of infrastructure bottlenecks and democracy are turning out to be globally competitive, with better profitability, more superior growth and a higher return on equity than most of the peer group. Additionally, India's economic fundamentals in terms of inflation, GDP compositions, growth rate, liquidity and currency valuation are all in good shape. The

Indian PE ratio

Source: Bloomberg

	Annual capacity/production		
	Current installed	**Addition over next 3-5 years**	**Growth**
Electricity (GW)	136	70	51%
Major ports (mt)	456	485	106%
Refining (mmtpa)	147	88	60%
Gas production (mtoe)	29	54	180%
Cement (mt)	173	80	46%
Steel (mt)	45	40	89%
Coal (mt)	430	250	58%
Aluminum (ktpa)	1,470	1,330	90%
Infraspending (US$ billion)	220	500	125%
Source: Planning Commission, IIFL Research			

longer-term outlook of the Indian economy is certainly bullish, as the Indian economy is driving along the same path that was walked on by Japan from the 1960s to the 1980s, the tiger economies of Asia from the 1970s to the 1990s and China from 1980 onwards.

Key differentiators

Two of the softer issues that differentiate India from its peers across the emerging markets are the independence of regulators like the Reserve Bank of India (RBI) and the entrepreneurship of India's people. The RBI is judiciously managing interest rates, liquidity, currency, economic growth, inflation and the government's borrowing programme. All indications are that the country's growth trajectory will be superior as well as sustainable.

Indian entrepreneurship also gives reassurance that India as a nation has arrived and will continue to grow for many years to come. Until the beginning of the 18th century, India, along with China, was contributing a substantial portion of global GDP. Colonisation, however, resulted in a reduction of that share to abysmally low levels. Now, with the relaxation in bureaucratic rules, the availability of global capital and the vision to create globally-competitive businesses, Indian entrepreneurship is taking the country forward.

In spite of short-term corrections here and there, we think it is time to be long-term investors in India and to benefit from a transition that is heralding the dawn of a new world order; or, dare we say, the return to the past, giving the nation that offered the world many of its firsts the due place it deserves.

The writer is chief investment officer of ICICI Prudential Mutual Fund.

Will America's flu infect Central & Eastern Europe?

While it is apparent that Central and Eastern Europe will not be insulated from the effects of the sub-prime crisis, **Simon Wetton** expects the impact to be moderate and growth to continue.

The Financial Times (FT) recently raised the issue of whether or not Central and Eastern Europe (CEE) would escape the effects of the current global market turmoil. Following the comments of Varel Freeman, a senior banker from the European Bank for Reconstruction and Development, the FT suggested that the region might not "ride out" the upheavals caused by the US sub-prime crisis.

Freeman told the FT that the "spreads over international benchmark interest rates paid by borrowers in the region had risen markedly since last June". He also said that it had become more difficult to finance deals since December, but warned that it would be wrong to call it a "sea-change" on the basis of a few weeks' experience. The market is re-pricing risk, so it's a different world, Freeman said.

In the same article, Gyorgy Suranyi, regional head of Intesa Sanpaolo, an Italian bank with a big Eastern European presence, was quoted as saying: "We can't escape from the risks created by global markets and we have to manage those risks in a conservative manner. But the overall risk in the bulk of countries seems to us to be manageable."

The article went on to state that bankers and economists are most concerned about countries running high current account deficits, including the Baltic states, Romania and Bulgaria, with the biggest upheaval so far in the region being in Kazakhstan.

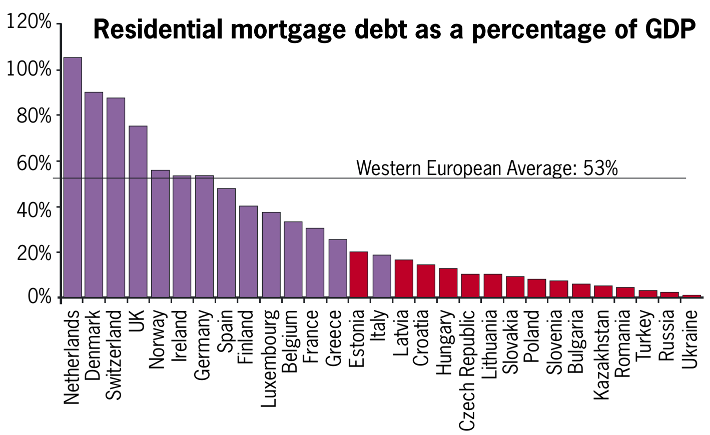
The true picture

While there is no doubt that the sub-prime issues will have some impact on the CEE economies, it is more likely that the effect will be more indirect than direct, as the tightening of the global lending market imposes constraints on transactions. This is truer for the CEE region's real estate market, both in real and relative terms, as it is generally not directly exposed to sub-prime issues to any significant degree; a view also held by many other economists and market commentators.

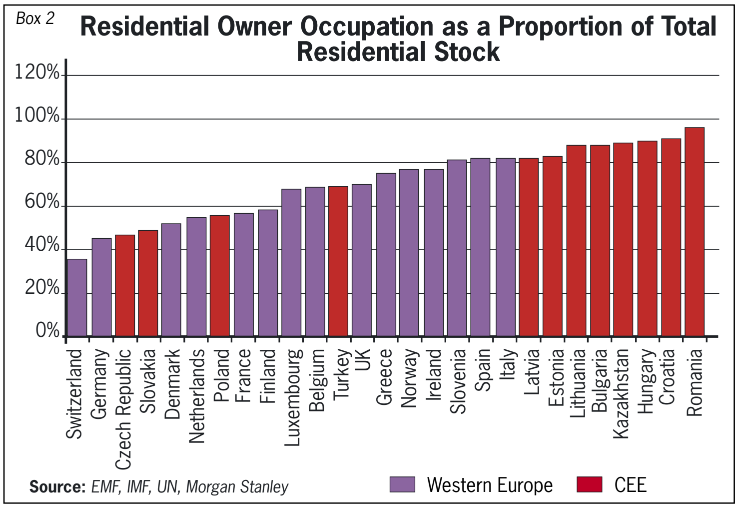
The overall prospects for the majority of the CEE markets are positive, as the CEE markets at present have economic cycles and growth rates that are relatively independent of those of Western Europe. The likelihood is that growth in the CEE states over the next few years will remain relatively high compared to that in their westerly neighbours, though it will no doubt be lower than has been experienced in the recent past. Furthermore, markets such as Russia, with their very high foreign currency reserves and high global hard commodities prices, sit closer to the Gulf states in terms of growth prospects and financial security, even though we would concede that there are some political matters worthy of careful consideration.

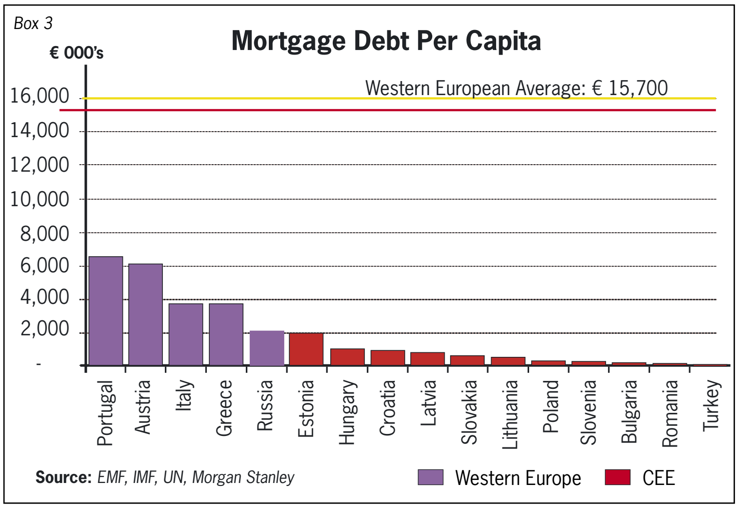
In looking at prospects for the CEE region, however, it is important to consider certain factors that will be to the region's benefit when compared to its Western European counterpart. The most striking of these factors is the significant difference in levels of corporate and personal debt in the region, despite relatively high levels of home ownership. To a considerable extent, this high proportion of ownership has been a direct result of the return of state assets, especially residential assets, to personal ownership (as part of the widespread "restitution"

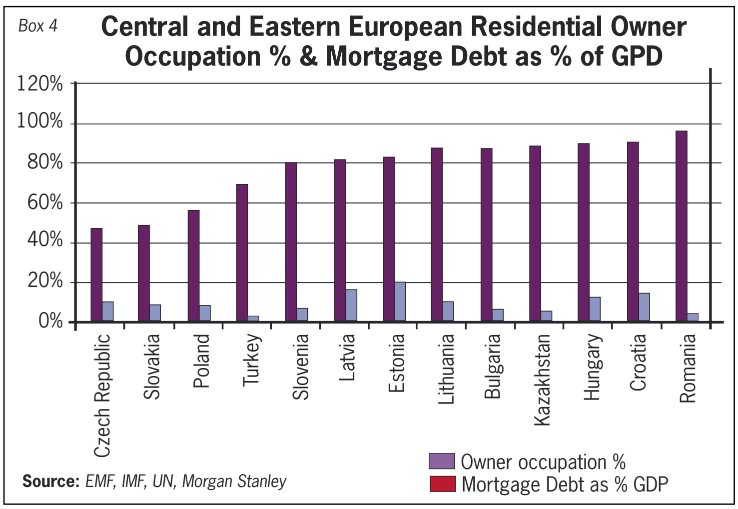
Box 1



Source: *EMF, IMF, UN, Morgan Stanley*







process after the demise of communism), free of any debt (as illustrated in box 1).

This peculiar situation means that most of these countries have lower levels of mortgage debt as a percentage of GDP, combined with a higher proportion of home ownership (see box 2) than nearly all of their Western European counterparts.

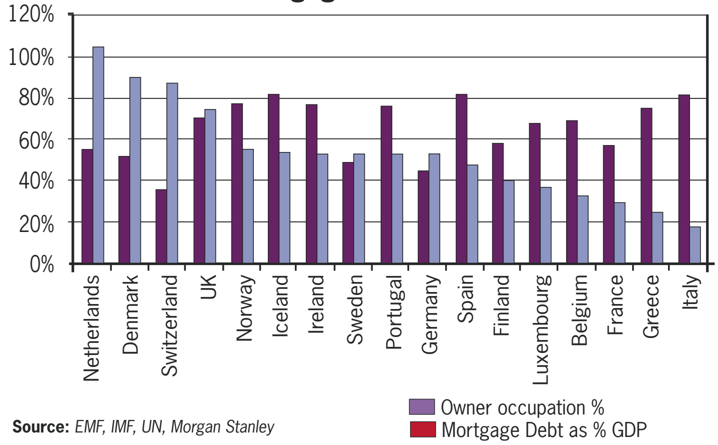
However, it cannot be ignored that at the same time, household savings ratios have in general been falling, causing the CEE economies to run into current account deficits; this is most notable in the Baltic states, Bulgaria and Romania, as much of the lending to home owners (limited to date) has come from foreign lenders. As the availability of such foreign debt reduces, some cooling off of the residential housing market, and in turn other real estate sectors, will inevitably occur. This effect should, however, be tempered by the combination of a shortage of supply of modern residential property and the current overall low levels of mortgage debt, as a result of which households should still be able to increase their total debt burden without suffering to the same degree the ill effects that may be expected to occur if house prices fall in their Western European counterparts (see box 3).

Against this backdrop of low intrinsic base debt levels, certain CEE countries have experienced significant increases in corporate and personal real estate lending (much of this from foreign lenders), albeit from a low base level. The Baltic states are the most exposed, with higher levels of foreign currency loans than anywhere in the CEE region. Until recently, these states experienced more than 40 per cent loan growth year-on-year, and more than 65 per cent of total loans outstanding in foreign currencies, particularly euros. We are of the opinion that the biggest of the potential risks lies in the possibility of local currency devaluation (most notably in the Baltic states), as the majority of corporate real estate loans are denominated in foreign currencies (principally euro) and any devaluation may negatively impact the banks.

Banking on solvency

For the most part, banks appear to be in reasonable financial health. When comparing the CEE countries to their western neighbours, in terms

Box 5 **Western European Residential Owner Occupation % & Mortgage Debt as % of GPD**



Source: *EMF, IMF, UN, Morgan Stanley*

of ratios of corporate real estate, personal mortgage debt to GDP and owner occupation percentages, the overall level of banks' exposure to real estate would suggest that the risk is greater in Western Europe than in CEE. Concerns of asset bubbles should be balanced against the fact that although asset prices have risen sharply in some areas of CEE, such as retail and residential, they still remain very low relative to Western Europe, while inflation and GDP growth have traditionally continued to be far higher than in the west. As indicated in the two charts below, the total exposure of the banks, without exception, is significantly lower in CEE than the west. (See boxes 4 and 5)

Therefore, the likelihood is that any corrections in asset values in CEE will be temporary and that factors for long-term real estate growth remain intact. Note again that there remain, in most countries and sectors, major supply shortages of key real estate such as residential, logistics and, in certain parts of CEE, retail.

CEE growth to stay?

CEE GDP growth has, for the most part, remained strong, ranging from four to eight per cent across the region; even if the US and Western Europe were to fall into a recession, it seems not inconceivable that the CEE region will experience continued growth, albeit at lower levels than before the sub-prime effect. Let's also not forget that the general condition of the overall banking sector in the region has improved considerably over the last 10 years, as large portfolios of non-performing loans to privatised and state industries have been written off or absorbed by the state. In fact, the overall lack of sophistication of the majority of the regional lenders in CEE may have been their saving grace in recent times, as traditionally the regional lenders have stuck to lending within their own backyard.

Over-leveraged

The overall most exposed investors in Europe today are those who have been buying cash flow producing assets with excessively high leverage in order to achieve high equity returns. These investors have tended to be the same buyers who have been driving down yields in competing for acquisitions, paying too high a price with too little equity because their banks have let (or encouraged) them to do so.

These circumstances have resulted in many of the "securitisation" lenders, who were fuelling the liquidity bubble, having to pull back their lending and, generally speaking, now only being able to offer much less aggressive LTV/LTC terms, along with bigger spreads and bigger fees. Such has the knock-on effect of reducing the number of buyers able to compete for assets and will no doubt result in yields rising to more sustainable levels. This situation is, in fact, good news for investors with cash. Over a five-year investment horizon, it is likely that it will represent an opportunity to identify acquisitions and distressed opportunities that parties may not be able to finance or may even be forced to dispose of in order to remedy covenant breaches in other more troubled transactions.

The current environment provides a good excuse for lenders to improve (increase) their lending margins and charge slightly higher fees, though overall, these changes should not be excessively detrimental to appropriately-leveraged and structured transactions.

It should be noted, too, that the CEE real estate markets remain highly inefficient in comparison to those in Western Europe, and the lack of good advisors, coupled with a reluctance on the part of owners to seek advice, can result in tremendous opportunities for well-positioned investors.

Change is good

There are, and will no doubt continue to be, changes in the CEE markets as a result of the ongoing sub-prime problems, but we believe that these will be less extensive than in many other regions for experienced investors in the region; any adverse changes should prove surmountable. Over the medium term, changes may well present an excellent buying opportunity for those with cash and see a retrenchment of those more speculative investors who might find a greater need to focus on their core markets.

The writer is a partner at Mornington Capital Ltd.

Rising volatility provides opportunities for hedge funds

The US credit crunch, while upsetting global markets, has created new opportunities for smart hedge fund managers. Rising volatility, active central banks and differing performances between regions and sectors will make for interesting times, writes **Antoine Massad**.

As a result of the US credit crunch, many economists cut their forecasts for 2008 global growth at the end of 2007. Nevertheless, most of them are still expecting moderate growth outside of the US, especially in the Asian emerging markets. Given the many uncertainties, global equity markets are likely to stay volatile for the time being, but valuations in developed markets still look attractive.

Equity hedge

Despite the fact that the valuation gap between small, medium and large cap companies has shrunk, we anticipate that the latter will outperform, but with greater variation between sectors than we have seen so far. Markets are expected to fluctuate considerably according to changing economical and financial sentiment, creating an environment for those managers who are able to select the right stocks and sectors.

Relative value

Volatility arbitrageurs are able to benefit from changing volatility and frequent mood swings, and convertible arbitrage remains attractive because of the high level of implied volatility. Times of increased market volatility are generally good opportunities for new launches, and many firms, especially in the US and Asia, are taking advantage of this chance.

Within relative value strategies, multi-strategy managers have excellent prospects; they have plenty of cash to invest rapidly in the most promising investments.

Event-driven sector

The event-driven sector offers opportunities to both distressed and special situation managers. Distressed strategies should do very well in 2008; buyers are mostly on strike because of the credit crunch and the sub-prime crisis, so prices are still under pressure.

Some managers are now concentrating on undervalued credit structures of companies in defensive sectors, which are being offered at discounted prices with scarcely any takers. Many institutional asset managers have had to sell these issues, as they were downgraded regardless of their intrinsic value. Forced liquidations like this are offering new opportunities for specialist managers who have the capacity and expertise to value these positions correctly.

After a two-year upturn, merger and acquisition activity has been slowing down since the second half of 2007, as the previously dominant private equity funds have been faced with tougher financing terms. Banks have also become reluctant to provide loans, making large takeovers more difficult.

Following a record year in 2007, we anticipate a lower, but still acceptable level of mergers and acquisitions in 2008, as strategic takeovers should fill the gap. Spreads are likely to be healthy, since there has been a general decline in interest in merger and acquisition arbitrage.

Sectors such as mining, energy and financials will see further consolidation. Sovereign wealth funds will also broaden their horizons to invest their enormous currency reserves. They will increasingly diversify out of fixed-income investments and take large stakes in companies facing temporary problems.

Hedge Funds: Trucking ahead despite demanding environment

	2000-03 CARR	2004	2005	2006	2007
HFRI Fund of Funds Index	4.80%	6.87%	7.48%	10.43%	**10.12%[2]**
Sharpe ratio[1]	0.32	1.41	0.89	1.03	**0.89**
MSCI World Index	-8.58%	9.19%	14.05%	14.83%	**3.73%**
Sharpe ratio[1]	N/A	1.18	1.22	1.22	**N/A**
Citigroup World Government Bond	6.67%	4.84%	5.10%	3.10%	**5.71%**
Sharpe ratio[1]	1.12	1.31	0.55	N/A	**0.14**

Source: Bloomberg and HFRI. Data from HFRI may change during a period of approximately four months after publication. Returns in US dollars.
[1]Sharpe ratio is calculated using the risk-free rate in the appropriate currency over the period analysed. Where an investment has underperformed the risk-free rate, the Sharpe ratio will be negative. Because the Sharpe ratio is an absolute measure of risk-adjusted return, negative Sharpe ratios are shown as N/A, as they can be misleading. [2]As at December 31, 2007; estimated as per January 24, 2008 by HFR.
Equities: MSCI World Index hedged to US$. Bonds: Citigroup World Government Bond Index hedged to US$.

Global macro

The environment for global macro will be challenging. The Federal Reserve's rapid interest rate cuts have considerably steepened the yield curve in the US, a circumstance that many macro managers have exploited. However, the lower interest rates may not do the trick this time, as consumers are challenged by too much debt and declining home values.

We expect further rate cuts by the Fed and later by the ECB and BOE. The higher fixed-income volatility will persist for some time, until the US economy shows signs of stabilising. The US dollar may rebound sometime in 2008 when Europe, which usually lags behind the US in the economic cycle, is also forced to cut rates. In addition, the US presidential election may be a catalyst. Most global macro managers are lightly positioned at present, awaiting some clarity from the markets.

Commodities also remain attractive, and the outlook for precious metals in particular is favourable. Gold shares are cheap compared to bullion, while energy has more muted prospects. The very high oil price reflects short-term bottlenecks in meeting global demand, which are likely to be reduced by technical sales in early 2008. Amongst the industrial metals, aluminium looks good, while in soft commodities, rising demand, changing consumer preferences and limited land available for cultivation could well provide further upside potential.

Managed futures

Managed futures or commodity trading advisors do not have many clear trends to follow at the moment. This situation could change quickly, though, as trends have been known to appear quickly and unexpectedly, thus creating new prospects.

The only sure thing that can be said about 2008 is that uncertainty will remain. We are convinced that the global economy will continue to grow, albeit less robustly than in the past two years, but further nasty surprises could emerge in the credit market. The scale of damage in the US and the impact it will have on other markets remains unclear. In this environment, we expect increased volatility and clear differentiation between sectors and markets. These factors will favour those hedge fund managers who are able to identify trends and profit opportunities early and exploit them.

We have already seen in 2007 that hedge funds can profit from turbulent markets and higher volatility. Diversified funds of hedge funds should perform well compared to traditional asset classes such as equities or bonds, just as they did in 2007.

The writer is the CEO of Man Investments, Middle East.

Revaluation: the answer to inflation in the GCC?

Double-digit inflation growth in the Gulf has placed significant pressure on the quality of life for residents and operating costs for enterprises. **Utpal Bhattacharya** finds out what economists and financial analysts have to say as the debate heats up in favour of a currency revaluation in the GCC.

I knew an expatriate school teacher some years ago who taught at a school in Dubai. He has since gone back home with his family after failing to keep up with the rising cost of living. This story is no longer an uncommon one to hear, especially given that India, one of the largest suppliers of both skilled and unskilled workers to the Gulf states, has enjoyed terrific economic growth in the past few years. In certain industries, salaries being offered now more than match those being offered in the Gulf.

Unconfirmed reports estimate that in the last year or so, some of the largest construction firms in the GCC have lost over 10 per cent of their managers to Indian employers who not only offer to match their salaries, but often come up with better packages. This trend has been particularly notable in the financial services sector and other areas requiring specialised skills.

While these developments suggest nothing in particular, other than the fact that the Gulf states have witnessed a high turnover of expatriate workers in recent times, they do merit a question about the ability of regional companies to retain skilled employees when the purchasing power of the expatriate workforce, the workhorse of the GCC's economic engine, is fast declining.

What's happened?

A number of factors have caused companies operating in the GCC to feel much less confident about being able to remain competitive if inflation continues unabated.

Operating costs have risen very quickly, in many cases doubling in the last three years. While several GCC governments have taken measures to stem inflation growth by introducing such mechanisms as rent control and subsidising the cost of food, these are piecemeal measures and are not likely to have a lasting impact unless regional central banks come up with monetary policies to properly manage money supply in their respective economies.

This is not the first time that the US monetary policy has increased pressure on the GCC. While imported inflation is not the only driver of the inflation experienced in the Gulf states, imported loose monetary

Diversification through domestic demand

The non-oil sector will be hit by appreciating local currency. However, it should not be a major concern, according to Turker Hamzaoglu, Merrill Lynch emerging markets strategist.

How will revaluation impact the debt market and repayments?
The impact of a revaluation on debt markets is unlikely to be overly significant. GCC countries are not heavily indebted. The initial concern is that the local currency value of the dollar-denominated revenues will be eroded by the appreciation. However, this view is flawed in our view. Without the appreciation and flexible exchange rate regimes, inflation will continue to increase, eroding the purchasing power of local currencies anyway.

Will any specific industries be negatively/positively affected by revaluation?
It's true that the nascent non-oil sector will be adversely affected with an appreciating currency. However, this represents only a very small part of the story.

Most of the diversification away from the oil sector is taking place either through domestic demand (real estate, housing, transport services, etc.) or exports in sectors that reflect supply bottlenecks in the region (refineries, petrochemicals, liquefied natural gas, metals, etc. – they have relatively higher pricing power) or tourism.

This economic diversification model is less dependent on exchange rate-related price competitiveness than many would think.

Gulf currencies undervalued 37%

Emma Lawson, Merrill Lynch FX strategist, feels that the GCC constituents will take a gradual approach towards containing inflation.

By how much do the Gulf currencies need to revalue?
We believe they are around 37 per cent undervalued, but they are unlikely to move this much. A gradual approach to change is most likely.

Will the percentage of revaluation be left to each individual country depending on the rate of inflation in each country?
They may revalue by differing amounts, depending on their inflation problem. However, initially each may move a relatively uniform amount, such as five per cent. This may be done to ease the economy into a new regime if they also peg to an undisclosed basket.

Do you think all the Gulf countries will move together when it comes to revaluation? Why or why not?
There is a strong incentive to move together because of the intended GCC monetary union. However, coordination can be difficult to achieve and as inflation pressure rises, some countries may be forced to move sooner. We believe that the UAE and Qatar will be forced to move soonest, if the GCC does not move as a group.

For these responses in full, check our online March edition at www.moneyworks.ae, published March 10.

Inflation pressures from domestic factors

Although the GCC pegs are contributing to inflationary pressures, inflation is mostly being driven by domestic factors, namely the rise in rents, says Monika Malik, senior economist at EFG-Hermes.

Do you think the GCC countries should revalue their currencies?
The GCC countries have two choices: re-pegging the currency against the USD or linking the currency to a basket. We believe that the basket will be more beneficial in the longer term. Just re-pegging the currency would mean that GCC interest rates will still have to follow US rates and imported inflation would still increase if the USD weakened after the one-off revaluation.

By how much do the Gulf currencies need to revalue?
We believe that with the pick-up in inflation across the region, a revaluation would involve an appreciation of around five to 10 per cent. While the rise in inflation originally started in the UAE and Qatar, inflation is reaching multi-year highs in Saudi Arabia, Oman and Kuwait. With regards to moving to a currency basket, if the first move is not strong, then speculation will remain high for further GCC currency appreciation, and this will limit freedom on the interest rate front. We believe that an initial first move of between five to 10 per cent will have the benefit of removing most of the speculation, while not affecting international competitiveness for the non-oil sector.

How would revaluing or not revaluing impact the GCC economies?
A revaluation to the USD will result in lower price for imported goods and services in GCC currency terms and help to tame inflation. However, it has to be noted that although the GCC pegs are contributing to inflationary pressure, inflation is mostly being driven by domestic factors, namely the rise in rents.

Revaluation impact on stock market to be positive

Fahd Iqbal, GCC strategist with EFG-Hermes, believes that any revaluation of currencies will have a positive impact in the region's securities markets.

What's your opinion on the impact of any revaluation on the securities markets in the region and also the DIFX?
We believe the impact on the stock market will be relatively minor and overall positive. The countries in the GCC are not export-reliant (apart from oil exports, of course) and the consumer is not well represented on the stock markets in general. Therefore, the most obvious routes for a revaluation to feed through to the stock market are simply not present. We expect investors will look to play the revaluation by buying shares ahead of time and selling after any potential revaluation. We also see an easing of costs for companies due to: (i) cheaper raw material imports from non-USD pegged countries, especially important for the real estate sector; (ii) easing of wage inflation and (iii) easier debt repayments on foreign denominated debt (assuming no change in interest rates). Finally, foreign investors will see returns from GCC markets that revalue being less offset by a weaker dollar than before.

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policy and lack of sterilisation of the massive surplus liquidity in the system is creating tremendous growth-related price pressures. According to Merrill Lynch, some GCC countries are now experiencing a money supply growth of over 30 per cent year-on-year as oil price continue to hover north of US$90 a barrel.

John Greenwood, chief economist with Invesco, emphasises the need for judicious sterilisation of the surplus liquidity coming into the system to keep inflation at bay. While an offshore entity specially created to channel the extra liquidity coming into the system could help, Greenwood suggests mirroring the way China is managing money by increasing the reserve ratio of banks.

"You can either sterilise by issuing central bank bonds or increase the reserve requirements of banks, as China is doing," he says.

The Dutch disease

Greenwood argues that it is probably not a good idea to fix the price of a currency to the value of a commodity. He contends that with the GCC countries mostly focused on oil and gas, price fluctuation in the commodity is bound to impact these economies. When the price of the commodity goes up, it is bound to increase the money supply in the system and put all other industries under tremendous pressure because of rising inflation.

"We used to call this the Dutch disease in Europe. There was a time when Holland developed a lot of offshore oil and gas, which led to the increase in the value of the Dutch guilder. But this also made the other Dutch industries very uncompetitive," says Greenwood.

The analogy does work in the GCC, as the economies have been under growth pressures with surplus liquidity coming from the sales of a commodity, fuelling inflation even as other industries suffer from it.

Greenwood further explains that countries with fixed exchange rates

The threat of a lag effect of the US downturn

The GCC has yet to feel the lag effects of the US downturn. John Greenwood, chief economist with Invesco, told MONEYworks that when it happens, there will be some cooling of the regional economies.

When do you think the current US slowdown will impact the GCC?
The GCC is currently witnessing the lagged effect of the strengthened demand in the US up until late last year. We are now exactly between the lag of the US turning down and the rest of the world softening. Some countries have not softened very much.

What is the lag period?
It varies and could be anything up to two years.

So we're still enjoying the effects of the US growth last year?
Yes. Since you are pegged to the US economy, which was expanding and growing before sub-prime and picking up inflation, developing countries pegged to the US dollar also would be showing the same pattern of expansion and price increase. In such cases, often and even more so, you will have an exaggerated form of the US business cycle. So when the US is expanding, such countries will expand even more rapidly; when the US turns down, with a lag, these countries will also see the downturn.

Is de-pegging from the USD a solution?
There is no simple solution. One of the unique things about the GCC countries is that they are heavily focused on one or two industries, primarily oil and gas, extraction and some downstream activities. So the economies are bound to be impacted by fluctuation in price of one commodity. We can see analogies of that with other economies like South Africa in the past, when it was very dependant on the price of gold, or Chile, which was dependent on the price of copper. South Africa has become much less dependent on gold today, but Chile is still very dependent on copper.

In general, it is not a very good idea to fix the price of the currency to the value of a commodity. If you do that, it might sound good when the commodity price goes up and the money supply increases, but when that happens, every other industry in the country is decimated.

So, one of the long-term objectives of these economies should be to diversify always from oil and develop other sources of revenue.

What do you think will happen when the lag hits us in the GCC?
There will be some cooling off. The price of oil will probably weaken, and secondly, the imports from developing countries will also diminish. So, there will be a reduction in global demand and spending, which will be reflected in the slower growth of income and spending power in this region. It could still take a year or two for that to happen.

For this response in full, check our online March edition at www.moneyworks.ae, published March 10.

do not have the ability to manage their own costs. These countries will always be the price takers of the world, and most countries in the GCC fall into this group, he says.

Merrill Lynch argues that even with the revaluations of local currencies, unless they are substantial, the effect on imported inflation will be marginal. Moreover, the effects of the imported extra-loose US monetary policy would be more detrimental to the GCC macro balances, as more businesses are created regionally and demand for housing goes up as more people come to the region to work. Significantly, the service sector constitutes almost 50 per cent of the CPI basket in the region (rent accounts for an average 25 per cent of the basket; the highest is in the UAE at 36 per cent).

"Arguing that imported inflation is a small component of the inflation problem [in the GCC] is thus flawed, in our view. A lack of action on exchange rate policy continues to fuel inflation and drive wage demands, which in turn fuel inflation [mainly through service prices]. Revaluation and a move to a basket could break this vicious cycle," claims Merrill Lynch.

The suggestions

Leading financial analysts are of the view that the GCC countries should move to re-pegging their currencies to a basket of currencies in the long term, as re-pegging the currencies against the US$ would mean that GCC interest rates would still have to follow US rates.

Additionally, imported inflation would still increase if the US$ weakened after the revaluation.

Monika Malik, senior economist at EFG-Hermes, maintains that in the case of revaluation, speculative pressures would increase whenever US policies or fundamentals diverged from those in the GCC, with the market expecting further action from central banks. But linking GCC currencies to a trade-weighted basket would enable Gulf countries to counterbalance any US$ weakness, as Kuwait does with the KWD gradually appreciating against the US$, or any subsequent US$ strengthening.

"A trade-weighted basket would also provide greater flexibility on monetary policy. A move to a currency basket would allow a great interest rate differential with US interest rates, and an increase in monetary tools would help the GCC authorities set a policy more in tune with the needs of the domestic economy. Real interest rates are currently negative across the region and far too low for the level of economic activity," notes Malik.

Merrill Lynch FX strategist Emma Lawson believes that the GCC countries will revalue their local currencies five per cent initially and move to re-pegging to a basket of currencies. She also feels that the rising inflationary pressure from the domestic economic strength, in addition to the Fed's aggressive monetary easing, means that the local economies will be forced to address their currency regimes.

Yet, with local currencies undervalued around 37 per cent, the question to ask is whether a five per cent revaluation will be enough to ease the situation. Here analysts and economists differ in their opinions about what the percentage of revaluation should be if governments decide to revalue.

According to Malik, the appreciation should be between five and 10 per cent. Faisal Hasan, head of research at Kuwait-based Global Investment

Revaluation to be negative for tourism

A revaluation of regional currencies could negatively impact certain industries like tourism and aviation, according to Fadhel Malhlooq, head of brokerage at Securities & Investment Company, and Najla Al-Shirawi, the company's chief operating officer.

Do you think the GCC countries should revalue their currencies?
We don't think the GCC countries would revalue their currencies, particularly now that all countries have taken steps to fight the impact of inflation on their nationals. Revaluation will only be a short-term remedy for a problem that may continue long term. Revaluation will not address the problem of policy inflexibility, as the GCC states would still be controlled by the Fed policy.

Do you think revaluing is a political decision, or is it a function of other factors?
The GCC countries are under pressure to prove that politically and economically they are united and that their union under the GCC is successful. The GCC governments will have to continue to coordinate their currency policies going forward if they want to meet the target set for the common currency in 2010. There is a strong case for the GCC countries to continue with a dollar peg, at least until the economies become more diversified away from energy and reduce dollar-denominated reserve funds. Also, bold moves on the common currency will be easier to manage because most of the GCC states are small, immature and have no experience in managing an independent monetary policy.

Will any specific industries be negatively/positively affected by revaluation?
The tourism and airline industries in some GCC states may negatively be impacted by a revaluation, especially since both industries are booming on the basis of attractive competitive prices compared to international players.

For this response in full, check our online March edition at www.moneyworks.ae, out March 10.

Link currency to a basket of currencies

Waleed Hasan, a financial expert at a foreign bank in Riyadh, feels that the high oil price will help to absorb any negative impact from revaluation.

Do you think the GCC countries should revalue their currencies?
The GCC countries should move away from fixed exchange rates towards currency baskets. However, with the current pressure on the US dollar, it will be only rational to revalue the currencies. With the oil price hovering around US$100, it makes sense to revalue, as the impact of a stronger local currency will be absorbed by higher oil prices.

Do you think all the Gulf countries will move together when it comes to revaluation?
We do not expect a large revaluation. Approximately 80 per cent of the exports and 70 per cent of the imports of the GCC are in US dollars. It is difficult to predict if all the GCC countries will unanimously take a decision. A more prudent approach could be to link the currency to a basket that will comprise the US dollar and other important traded currencies. Kuwait has managed to do this.

For this response in full, check our online March edition at www.moneyworks.ae, out March 10.

Inflation control to help markets

Faisal Hasan, head of research at Global Investment House, says that equity markets will benefit from measures to check inflation.

What will happen to billions of US dollar assets on the books of asset managers in the region if they revalue local currencies?
In the event of revaluation, there will be a decline in the value of dollar-backed assets. For example, in the event of the revaluation of the UAE dirham, the country's revenues from oil revenues will fall at a time when government spending on infrastructure has surged. The emirate of Abu Dhabi has an estimated US$700-800 billion in foreign assets, primarily denominated in US dollars. Any dirham revaluation will reduce the value of such assets. This is also true for the estimated billions in offshore wealth controlled by UAE residents, which would also suffer. On the other hand, a 10 per cent dirham revaluation will do little to combat the UAE inflation rates, the genesis of which lies in soaring rents, high wages, the surge in steel, cement and food prices.

What's your opinion on the impact of any revaluation of securities markets in the region and also the DIFX?
Inflation acts on equities through interest rates. It is evident that the effect of inflation on the performance of the regional equity markets will be determined by the monetary policy framework of the GCC countries. Fixed exchange rate jurisdictions are likely to behave differently from countries having floating exchange rates and independent monetary policy aimed at fighting inflation. So, if countries move towards currency baskets, they will be better equipped to control inflation, which in turn will contain interest rates and rising cost of goods for companies. The result will be better valuations of companies, and that in turn will impact the bourses positively.

For this response in full, check our online March edition at www.moneyworks.ae, published March 10.

House, also endorses those figures in the short term, while Khalid Shamsi, a financial analyst with Riyadh Bank, says the appreciation should be 20 per cent. M.R. Raghu, head of research at Kuwait Financial Centre (Markaz), argues that a revaluation will need to be between 20 and 30 per cent.

There are also those who strongly feel that revaluation is a short-term approach and will not work as a remedy for the current malady. Najla Al-Shirawi, chief operating officer of Bahrain-based investment bank Securities & Investment Company, and Fadhel Malhlooq, the bank's head of brokerage, hold that revaluation would not address the problems of policy inflexibility because the GCC states would still be controlled by the Fed policy.

John Sfakianakis, chief economist of SABB, a subsidiary of HSBC in Saudi Arabia, says that if the reason for revaluing is based on the assumption that inflation will decline significantly, then this kind of reasoning is not well warranted. If the US$ begins to gain strength against the euro, then such reasoning, based purely on currency terms, could be challenged.

"Only if we see a significant weakening of the US dollar would we then see the revaluation debate, intra-governmentally, being revisited. A small revaluation of, say, five per cent would not begin to rectify the inflationary issues we see in all the GCC countries. Instead of just looking at the external environment, we should be looking inside our countries to see how inflation can be rectified and seriously addressed," Sfakianakis adds.

This statement brings us back to the view that the best thing to do is to have an independent monetary policy for every state, or at least some cohesion among the GCC states in how they manage their money independently from the monetary policy of the US until the time the currency union is in place.

Two worlds

The debate on the best course of action for the GCC remains heated, as the US$ has not shown signs of strengthening and inflation, exacerbated by high food prices globally, has not shown any sign of abating. Further complicating the situation is the fact that the GCC must manage two populations: nationals and expatriates. The price rises have not affected these two groups similarly, leaving GCC governments to take different actions for both groups.

A Merrill Lynch research report puts the situation into perspective, attributing two reasons to the short-term bias of the GCC countries when addressing the inflation problem. The first is that GCC governments believe that inflation is temporary. Banking on a correction in global energy and food prices, which governments see as the main driver of inflation, they are providing massive amounts of money (as subsidies for nationals) to deal with the cost of inflation. Given their large fiscal surpluses, the governments may stick with this strategy in the short term, rather than address the currency regime, says the report.

The second reason governments are dragging their feet is that inflation is a bigger problem for expatriates in the GCC. The report notes: "In the UAE and Qatar, where rental prices have gone up 15-30 per cent year-on-year, nationals have benefited most as landlords. In a more extreme case, house ownership is closed to expatriates in Saudi Arabia, where rental price is one of the main drivers of CPI inflation."

Merrill Lynch believes that countries with the highest expatriate population, such as the UAE and Qatar, are likely to be the first to address inflation via a change in currency regime. While we will have to wait and see, one thing is for sure: if inflation is not contained, then industries other than oil and gas will be under tremendous pressure to remain competitive. In the long term, this circumstance could be very damaging for a region that is diligently attempting to diversify its economies away from oil.

Revalue to bridge dollar depreciation

There is a need to revalue the GCC currencies. But revaluation can only help to fight imported inflation, not domestic inflation fuelled by high rents, says M.R. Raghu, head of research at Kuwait Financial Centre (Markaz).

Do you think the GCC countries should revalue their currencies?
Absolutely. The dollar peg served these countries when the US dollar was strengthening. It served the purpose of aligning GCC currencies to a strong and appreciating currency. However, things have taken a U-turn, with the dollar steadily depreciating against all major currencies in the world, thanks to high fiscal and current account deficits. GCC currencies have also depreciated against all major currencies, even though it is running one of the highest fiscal and current account surpluses.

By how much do the Gulf currencies need to revalue?
Estimates vary between 20 to 30 per cent. They need to essentially bridge the gap of dollar depreciation.

Will the percentage of revaluation be left to individual countries depending on the rate of inflation in each country?
Yes, certainly. But it will depend on the extent of imported inflation. If the imported inflation is high, then revaluation will help in directly reducing the inflation. However, if it is an issue of domestic inflation (Qatar with its soaring rents), then revaluation may not be the right solution after all.

For this response in full, check our online March edition at www.moneyworks.ae, out March 10.

No decision without costs

Dr. John Sfakianakis, chief economist of SABB in Riyadh, believes that whatever decision one takes, costs will be incurred. Here are excerpts from his responses.

How would the GCC economies be impacted by revaluing or by not revaluing?
If you revalue, you make your exports more expensive and your imports hopefully cheaper. At the same time, you'll end up getting fewer oil revenues when you translate the US dollar revenues into the local currency or when you repatriate those revenues.

What will happen to billions of US dollar assets on the books of asset managers in the region if they revalue local currencies?
US dollar assets can remain unaffected as long as those dollar assets stay in dollars and predominantly are reinvested in the US or economies that are closely related or pegged to the US dollar. However, when these US dollar assets are converted into euros or other currency, they will naturally be affected by the currency volatility and prevailing economic conditions.

Will any specific industries be negatively/positively affected by revaluation?
Well, the non-oil private could be negatively impacted, as its exports could be affected. This will depend on the size of the revaluation. Hence, the decision to revalue is not that simple and the decision to revalue will have to be carefully examined. But in economics, like in life, there is no free lunch; hence, there are no decisions that are devoid of costs.

For this response in full, check our online March edition at www.moneyworks.ae, out March 10.

The man with a brand

Paras Shahdadpuri, chairman of the UAE-based Nikai Group of Companies, has had tremendous success in growing a family trading outfit into a well recognised brand in the region. Here he tells **Ehab Heyassat** how he did it and where he intends to take the group.

Can you tell us how Nikai got started?

I started my career with India's diplomatic services. I served in Indian embassies in China, the US, Libya and Saudi Arabia before quitting my job and starting my own business in commodities like tea, coffee, rice, fertilisers, etc.

Once I got into trading electronic goods, I felt it was important to create our own brand. We used to import electronics from Japan those days, so we decided to have a Japanese name for the brand. Then we discovered that there was an existing Japanese company with the same name. We bought it. That company was not doing exactly what we were doing, but it was licensed under the electronics activities category. And that's how Nikai got started in 1995.

Today the Nikai group is the umbrella for electronics trade, IT, HR services and foodstuff distribution.

How did you choose Dubai as your base?

After I left my job with the Indian government, I went to set up an export business. India was still a closed economy those days, so I set up an office in London. I used to travel to London through Dubai. Once, I missed a connecting flight, which put me in the difficult position of waiting for another 22 hours at the Dubai airport before I could take the next flight. I did not want to stay at the airport for that long, so I spoke to an Emirati official working at the airport. I spoke in broken Arabic, but he replied in Hindi. I told him the story, and in 10 minutes he got me the visa. That was enough to make me look at Dubai.

"As for an IPO, I'm open because it's the right thing to do. It's about public participation, and the new funds will grow the business."

I came to Dubai for the first time in my life and was amazed by its telecommunications infrastructure, good road network, easy licensing procedures for investors, good port facilities, excellent security, good schools with an Indian syllabus, proximity to my home country, free foreign exchange policy and the list goes on. And it was enough for me to decide to move my company here and settle in Dubai.

And you closed the London office?

Correct. I could not afford to maintain two offices. I had to close our London office after a few months of opening it.

I started my business, as I told you, trading commodities like tea, coffee, etc. from India to various places. Similarly, I used to buy urea from Libya to ship it to India.

These were big bulk shipments, which also gave me a lot of spare time in between. And that's how I started looking at other ways of investing my time and getting involved in other activities. Interestingly, I got into the electronics business by chance and we have grown ever since. In all humility, I would like to say that we made history in the UAE. In the past 40 years, we were one of the rare private-label brands that sustained its presence and growth year after year. Today, we have achieved a position where we are ranked along with top Japanese and Korean brands in the UAE. This has been the culmination of focus, dedication and sincerity in our overall conduct and commitment to achieve our objectives.

We like to think that we are among the top six brands in this part of the world. We now have plans to expand to other parts of the world. Our endeavour is to build a strong brand in the Middle East and Africa region and then replicate that in the CIS markets. We are worried about piracy and duplication of our brands in some countries.

Are all your companies privately owned?

Yes, one hundred per cent owned by me. Of course, like most businesses, we have a silent local partner.

What are the group companies?

Nikai has the complete range of consumer products such as LCD and plasma TVs, refrigerators, washing machines, etc. In our food business, we are strong distributors of some Uniliver products from India in many countries in the Middle East. We are also in the IT, outsourcing and staffing businesses. We own a few Subway restaurants as well. Today we also have offices in Africa, China

"We are now about to enter the real estate market as developers and we're also looking into investing in the healthcare industry as well."

and other places, with a staff strength of about 400 employees.

We are now about to enter the real estate market as developers and we're looking into investing in the healthcare industry as well.

Commodities trading and electronics are different industries. How do you manage them?

In business, you have to use a lot of common sense. Apart from strong fundamentals, it does involve a lot of passion; it needs focus and commitment. You should be able to swim across troubled waters and have the guts to face challenges and obstacles squarely. There are always ways to walk through obstacles. The ability to do this also helps you to sustain your passion, which is important for success in business. Armed with these elements, I have never found it difficult to enter new areas of business. In fact, I find it hard to fail. I know some people will feel that I'm talking rubbish, but if you have done your homework and SWOT properly, you can turn challenges into opportunities.

You should also not shy away from taking the help of professionals. In my case, I like to pass the baton of my business once it reaches a certain stage of growth to professionals to allow myself the opportunity to start a new business; to incubate it, nurture it and then hand it over to senior professionals.

So your model is micromanaging and then transferring it to professionals?

Yes, but to be honest, micromanaging is not the best model to practice for too long. I did not have a lot of money when I began. I had to take care of every detail myself. I continued to do this, perhaps for too long. Recently, I realised that you don't have to micromanage for too long. So, after you have incubated a company two to three years, pass it to professionals to take it to the next stage of growth.

Do you use *wasta* in business?

I never use *wasta* to bend rules or get favourable treatment. Two things I never do: bribe and *wasta*. Like anyone else, I too have issues with local departments here, and even if I have *wasta*, I never use it. If it is my right to have something, it is possible, in this country, to get it.

You have talked about your silent partner, but the rules of the game are changing. Your comments?

This is a welcome step forward. I've been a chairman of the Overseas Indians Economic Forum and currently I am a board member of the Indian Business Council in Dubai. I have always been talking to very senior people, including Sheikha Lubna Al Qasimi and others, about opening up. I have always said that someone owning 51 per cent of a business while he is not the actual owner is not right. This model forces expat businessmen to do something that they don't wish to do. This also, at times, makes expat businessmen feel insecure.

I'm in favour of the long-awaited law that will allow expats majority shareholding of their businesses. Let the local shareholding be genuine. We want our Emirati friends to be part of the business and genuinely partcipate in equity.

So you welcome real partners from among local businessmen?

Absolutely. In this case, one plus one equals 11 and not two, as the local partner not only brings his own capital, but also his time, contacts and local experience. This could lead to amazing growth of our businesses.

Aren't you late getting into the real estate business?

An entrepreneur is never late. The market is like a cake. If you have one per cent of the cake, you are already looking at another one per cent, resulting in 100 per cent growth. An entrepreneur looks at bringing innovations and looks at things differently to increase his share in the market. So, it's never too late, not even 10 years from now.

This real estate market has a long way to go in the UAE. I think the developments in the UAE's real estate market is a story reflecting well-placed economic growth. All economic activities in the world have their own cycles. In the UAE, the real estate cycle is on the up. There could be room for a 10 per cent correction after 2010.

We want to be a service provider in this market. Everybody talks about service, but very few are actually capable of offering that service. We have established good service standards in Nikai and are known for our excellent service and competitive pricing. Nikai is known as Mr. Reliable and we hope to achieve the same benchmarks as developers. As I said, if you do your homework with focus, sincerity and passion, you can never go wrong!

Business is an art, not a science; you can have a painting sold for millions, while another goes for almost nothing. Also, it's not about luck at all.

What exactly are you planning to do in real estate?

We are still putting the final plans in place. Things will become clearer in the coming weeks. As of now, we have set up a company and are looking for opening offices. It is an offshore company, but we are exploring ways of bringing it under the Nikai umbrella. For the first time, I took

"Higher inflation rates and rising cost of operation is a serious issue. Dubai made its name because of the low cost of operations and its competitiveness. Unfortunately, Dubai is losing its edge; costs are going up and are catching up with Europe and the Far East."

partners in this venture, mostly friends. More people bring more ideas and limit the risk.

Are you going to do other ventures with partners?

We will take one step at a time. But partnership is definitely a good way to go forward.

What are your thoughts about the inflation in our economies as of late?

Higher inflation rates and rising cost of operation is a serious issue. Dubai made its name because of the low cost of operations and its competitiveness. Unfortunately, Dubai is losing its edge; costs are going up and are catching up with Europe and the Far East. It is, of course, causing anxiety in the trading community. Our sales are growing fast, but our profits are not; sometimes they are stagnant. This is a major worry for us. We hope the government will take steps to help the business community. I'm really worried about manufacturing activities, as it is getting more expensive to operate here.

Are you saying that growth is being seriously affected by inflation?

This is a serious worry; the cost of operation has really shot through the roof. Rents for staff housing, offices and warehouses have skyrocketed. The roads are getting more crowded and time is wasted in travel, while transportation itself is becoming expensive. UAE businesses have been sourcing large numbers of employees from India. But now the Indian talent has become very expensive, due to the boom in the Indian economy. All this has contributed to a tremendous increase in the cost of operation in a short period of three years. I feel inflation is in the double-digits right now. The government needs to take steps to do something about it.

Are businesses thinking of relocating to cut costs?

Yes. People are feeling the pinch of escalating costs. Some are thinking of partially relocating, if not entirely. We urge the government to step in and come up with ideas to support businesses.

What do you think about revaluing the UAE dirham?

It will be good for us. We are partially in manufacturing, so the raw material could become cheaper. General imports could be at much cheaper prices.

Do you have any plans of diluting your equity to partners or through an IPO?

This is a new thought. In the past, I have been quite possessive about what we have created. Now yes, if it comes to diluting, I do not mind, but I will do it only if there is a huge added value. I would like to have partners that have lots of contacts, and also the vision to take the company to new frontiers.

As for an IPO, I'm open because it's the right thing to do. It's about public participation, and the new funds will grow the business.

How to avoid the US tax trap

Do you visit the US often? If so, make sure to keep a close watch on the total number of days you stay in the country per year. **Virginia La Torre Jeker, J.D.** explains why.

As businesses have become more international, the number of foreigners spending time in the US has also increased. Many come to the country looking for business or educational opportunities; some hold investment visas or spend time there for an overseas employer.

US visitors also include those seeking medical treatment or those on holiday who wish to spend time travelling. Whatever the purpose of the visit, a foreigner's days of physical presence in the US can quickly add up, and, if cautious planning is not exercised, can result in the individual being treated as a US resident with major tax exposure.

Three separate sets of US tax laws (income, gift and estate) can come into play for a foreign individual spending a significant amount of time in the US, even if he has no intention of becoming a resident for tax purposes. These same rules apply if the individual obtains a so-called green card, thereby becoming a lawful permanent resident of the US.

Income tax

Once a non-US individual is classified as a resident for income tax purposes, he is subject to income tax in the same manner as a US citizen, meaning that he is taxed on his worldwide income (income from all sources whether within or outside the US) at a maximum rate of 35 per cent. This worldwide income tax covers the period from commencement of the residency period until its conclusion (determination of which is also tricky under the tax laws). Income that is taxed includes wages, interest, dividends, rents, capital gains, royalties, gambling winnings, etc., regardless of whether these items arose from outside the US.

The individual in question also becomes responsible for filing tax returns. Many times, foreigners do not understand these rules and do not realise that they have a duty to file, even if they are only earning wages from an employer in a foreign country. Filing is required even if the salary and/or housing allowance is below the foreign earned income (and/or housing) exclusion amount thresholds permitted for US taxpayers working overseas. Failure to file could result in loss of the ability to claim these exclusions.

Once an individual qualifies as a resident, a series of complicated tax rules come into play if that person is the beneficiary of a non-US trust or if he owns stock in a closely-held non-US corporation. For example, an individual US resident shareholder can currently be taxed on certain income earned by the corporation, even if no actual corporate distribution has been made to him. The taxation of trust distributions also becomes complex and results in harsh consequences. Thus, careful planning is critical before acquiring resident status.

Estate and gift taxes

If the individual is considered a US resident for gift and estate tax purposes, there is also exposure to these taxes. The maximum rate for each of these taxes is currently 45 per cent.

The test applied to determine whether a foreign individual will be regarded as a resident for estate and gift tax purposes differs from that applied for income tax purposes. These tests are discussed more fully later.

Assuming the foreign individual is considered a resident under gift and estate tax rules, the gift tax would be imposed on that individual's transfer, in a calendar year, of any property to a single donee, if that property had a fair market value exceeding US$12,000 (2008 amount). The gift tax is imposed on the donor of the gift and applies regardless of where the property is situated at the time it is transferred.

At death, the estate tax would be imposed on the fair market value of the worldwide assets that made up the estate of such a foreign resident individual after the allowance of certain deductions and credits. The US allows a Unified Credit amount, which can offset gift tax and/or estate tax liability. If a taxable gift is made, the Unified Credit is applied first to reduce

gift taxes owed as a result of the transfer. At death, any Unified Credit that has not been used to mitigate gift taxes incurred throughout the person's life is used to eliminate or reduce estate tax liability.

As applied to a resident individual, the currently available Unified Credit eliminates estate tax liability on an estate having a total fair market value of US$2 million and eliminates gift tax liability on taxable lifetime gifts having a total fair market value of US$1 million.

Residency determination

The determination of residency for income tax purposes is very precise. A foreigner is considered a US resident for a particular calendar year if he meets the requirements of either the green card test or the substantial presence test for that year.

Under the green card test, a foreign individual will be considered a resident for any year in which he has been legally granted the privilege of residing permanently in the US pursuant to the US immigration laws. Such resident status continues until the lawful residency privilege is rescinded or determined to have been abandoned. A foreign individual's abandonment of his resident status is not automatic simply because he relinquishes his green card. In certain cases, he must duly notify the Department of Homeland Security and the Internal Revenue Service.

The substantial presence test is a numerical test. It is satisfied if the individual is physically present in the US for a certain number of days: either in the current calendar year or over a three-year "look-back" period.

An individual will qualify under the substantial presence test if he is physically present in the US: (1) for 183 days or more during the current calendar year or (2) for at least 31 days during the current calendar year and the sum of the days present in the US during the current calendar year, plus one-third of the days he was present in the US during the immediately preceding calendar year, plus one-sixth of the days he was present in the second preceding calendar year, is 183 days or more.

To illustrate the operation of the look-back period rules, assume that in 2008 a foreign person spends 15 days investigating business opportunities in the US and 20 days on holiday there. Later that year, he spends 30 days meeting with his employer's customers. In 2007, the individual spent 120 days in the US for treatment of a pre-existing medical condition. In 2006, he spent 60 days purchasing property and seeking investments and 60 days on business for his employer.

The number of days counted for purposes of the substantial presence test for 2008 is 125: 2008 = 65 days + 2007 = 40 (one-third of 120) + 2006 = 20 days (one-sixth of 120). In this example, the individual would not be considered a US resident for the 2008 calendar year. He was neither in the US during 2008 for at least 183 days nor was the weighted average over the three-year look-back period greater than or equal to 183 days.

A foreign person who spends substantial time in the US should carefully monitor the number of days that will be counted for purposes of the test, since planning can prevent income tax exposure. The rules governing what constitutes a day are extremely important. An individual is treated as "present" in the US on any day if he is physically present there at any time during said day. The days of arrival and departure generally count as two full days (assuming they are not the same). An exception exists if the person's presence in the US is prolonged due to a medical condition that arose while he was in the US. These days are disregarded. They will be counted if the person goes to the US to be treated for a condition that arose at a prior time. An individual can be present in the US for up to 121 days each year without being in danger of violating the substantial presence test under the three-year look-back rule.

If an individual inadvertently spends too much time in the US triggering the substantial presence test, it may be possible for him to avoid being considered a resident for income tax purposes under a special exception. This requires submission of evidence to the IRS.

The rules that apply to determine whether a foreign person is a resident for US income tax purposes do not apply for the gift and estate tax provisions. Generally, for these rules, resident status depends upon whether the person has his domicile in the US. Domicile is acquired in a place by living there, for even a brief period of time, so long as the individual has no definite, present intention of leaving. Physical presence in a place without the requisite intention to remain there indefinitely will not qualify.

Various factors are considered in determining domicile for the gift and estate tax rules including the duration of stay in the US and other countries; frequency of travel between the US and other countries (as well as between locations abroad); the size, cost and nature of dwelling places and whether these are rented or owned and the location of valuable possessions, family and close friends, church and club memberships and business interests. The foreign individual should be able to prevent classification as a resident by keeping these factors in mind and ensuring that as few connections as possible are maintained in the US. US dwellings should be rented rather than owned, while valuable and cherished possessions, as well as a majority of friends, associations and memberships, should also be maintained abroad.

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Al Mal's growing stature

Al Mal Capital is expanding its asset management business and research capabilities, along with its brokerage and investment banking reach. The company is also confident of a 15 per cent return on equity. **Tara Asok** reports.

Given the volatility in the market, managing assets these days is no small feat. But, trained asset managers are the only recourse in such times, as they are supposed to offer the right financial solutions to help investors survive difficult market conditions. Al Mal Capital is one such asset manager. Although the company is new in the league, it is not without promise.

Al Mal, with a paid-up capital of AED333 million, boasts relationships with high net worth clients in excess of 300. Aside from asset management, the company also focuses on brokerage and investment banking.

Operating along these three key "client facing" lines of businesses, Al Mal has, over the last two years, been building its ability to address the UAE growth market over the next few years.

Nasser Nabulsi, Al Mal's executive chairman, says: "The changes that we anticipate in our home market will be to expand within our core competencies. We have dedicated enough time and effort to build our team, and we feel the returns have just started to positively impact our earnings. We have built an exceptionally qualified asset management team and our main goal will be to leverage the talent that we have garnered and the relationships that we have established to expand our product offerings."

Asset management

Al Mal plans to launch a MENA Public Equity Fund by April or May this year. It also plans to launch the Al Mal Real Estate Fund II around September.

The company launched its first fund in April 2006. Called Al Mal UAE Equity Fund, it is currently capitalised at AED255 million and has returned 16.55 per cent, outperforming the MSCI UAE Index by 44 per cent. Another fund, the Al Mal Real Estate I, closed in January 2007 with a capital of AED151 million.

More recently, two private equity funds (called the program funds), Al Mal Capital Partners Fund L.P. (a conventional Cayman Island-based fund) and Al Fares Private Equity Fund (a UAE Central Bank-approved and Shari'ah-compliant fund), were launched in January 2008. The two funds will together raise US$100-120 million and are set to operate side-by-side, searching out opportunities in the Middle East and North Africa region. The funds aim to give investors access to highly sought-after stakes in founder shares, as well as in pre-IPO and late stage investments in prominent companies preparing for public entry.

Apart from these funds, the two program funds from the company intend to raise a committed capital of AED350 million. Both funds will be available to all nationalities and will target returns in excess of 20 per cent over a five-year term. Al Mal will be responsible for due diligence, investment selection, ongoing management of the asset portfolios and overall portfolio risk management as fund manager, a role undertaken in these funds by Al Mal's in-house private equity team. An investment advisory committee comprising senior Al Mal Capital executives will provide guidance to the program. Al Mal intends to seed the program with AED35 million of its own capital to participate alongside investors.

Al Mal also launched what is known as the AL Mal UAE Falcon Index in September 2006. This benchmark is designed to provide a real time, liquid and tradable representation of performance of the UAE equity market. Due to its characteristics as a tradable basket, the index is being used as a practical benchmark for investors in the UAE, as well as international investors from the GCC, Europe, Asia and North America. According to Nabulsi, during 2008, the company will continuously work towards developing a regional index, which Al Mal feels is the absolute need of the hour.

"We have built an exceptionally qualified asset management team today. Our goal will be to leverage the talent that we have in our company and the relationships we have established to expand our product offerings," says Nabulsi. "Since the establishment of our equity research group in October last year, we have built a team of nine analysts with specific industry expertise, covering energy, real estate, banking, construction and telecommunications."

He adds: "We have been recruiting analysts with experience not only from the MENA region, but also from Latin America, Asia, Europe and North America. Our goal is to offer our clients a global perspective when making investment decisions in the region."

IPO and financials

There are strong indications that Al Mal is heading towards an IPO in the future. As such, Nabulsi's statements might seem rather low-key. When one considers the expansion the company has undertaken in the DIFX, Egypt and Jordan, there is hardly any doubt that Al Mal is making significant efforts to break into the top league.

One instance of the company's efforts is its entry into Saudi Arabia in December 2007, offering its brokerage services on the Saudi Stock Exchange (Tadawul). Al Mal Securities in the Kingdom is a controlled subsidiary of Al Mal Capital PSC. This new subsidiary is not only the first Gulf-sponsored company to obtain a Saudi brokerage license, but also the first to launch brokerage services in the Kingdom. With a capital of SAR60 million, the branch is 55 per cent owned by its parent company and the rest is divided equally among five regional investors.

"As an investment bank, we are always evaluating new opportunities. We do not expect to expand outside our core business lines. Nevertheless, even within these core areas, our expansion must make sense for each business. A local brokerage operation in Saudi Arabia and other countries in the region will allow us to provide better service to our regional clients. Future expansion will be focused only in markets that will enable us to provide better service to our clients," says Nabulsi.

Al Mal has yet to declare its results for 2007, but going forward, an annual growth rate of 20 per cent is expected. Although the company closed its first year of operations with a small net profit, Al Mal sources say that it has been

Nasser Nabulsi, Al Mal's executive chairman

profitable since inception. A 15 per cent net return on equity is also expected for the period ending December 31, 2007.

While the company refuses to comment on the demand for Al Mal shares on the OTC market, it claims to be "very satisfied" with the value it has generated for its shareholders. Since the company is not listed and shares are not yet quoted on any exchange presently, it also refrains from predicting a multiple at this point in time.

Says Nabulsi, "The company is fully on track with the goals that have been set out by our founding shareholders and we feel we have created significant value for them."

Nabulsi adds that Al Mal is continuously investing in its business and is, most importantly, focused on investing in talented people to join the team.

"In order to compete in this market, we feel that we will always have to invest in our business with the goal of constantly improving the quality of our service to our clients. The establishment of our top level research team in October has been a big investment for our company. This investment in our research capabilities will better allow us to address the growth of the institutional investor in the region," he says.

Robust growth prospects: Saudi's Jarir Marketing

Saudi Arabia's Jarir Marketing Co. (Jarir) is on a buoyant path of growth. **Richard Lee** gives the stock a thumbs-up.

Jarir Marketing Co. (Jarir), a Saudi joint stock company, is a leading distributor of office products, school supplies, books, children's toys, sports equipment, computers and computer accessories in Saudi Arabia. Although the company began with just one store in 1979, Jarir has turned itself into one of the most recognisable brands in the Kingdom. Jarir was ranked ninth on Forbes Arabia's top 40 brands in the region, reflecting its strong brand recognition among both retail and corporate consumers. Built on the success it has experienced in Saudi Arabia, the company has expanded its presence into other GCC countries in recent years, with stores located in Doha, Abu Dhabi and Kuwait.

Jarir's business operation can be broadly categorised into two divisions: retail and wholesale. The retail division is a network of 20 superstores (including four corporate sales offices) and targets end-users (including showroom customers), as well as private and public sectors (namely banks, private companies, hospitals and government organisations). The wholesale division consists of a distribution chain of six stores targeting resellers, which include wholesalers, retailers, bookshops and intermediaries.

In terms of earnings contribution, the retail division accounts for 88-89 per cent of Jarir's revenue and net profit, with the remaining 11-12 per cent being contributed by the wholesale division.

Earnings Analysis

Jarir is expected to register exciting growth over the next three-year period, charting a CAGR of 20 per cent in its top line. The growth will mainly be driven by a combination of two factors, the first being a same-store sales growth of five per cent. The second is the addition of new stores, averaging four units per annum in the next three years.

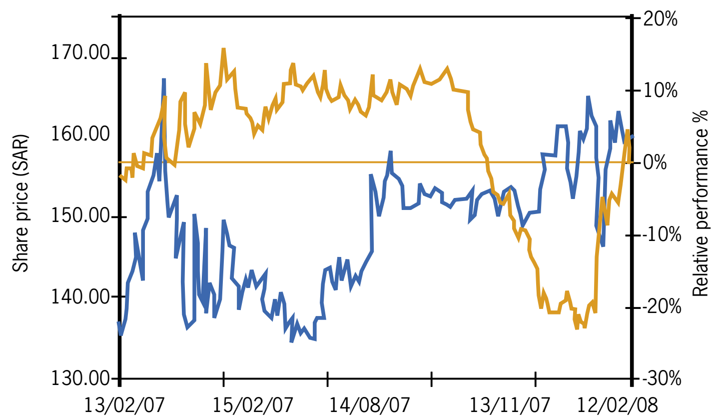
We are of the view that the growth is well within the reach of Jarir, considering its historical CAGR of 24 per cent in sales for the six-year period from 2000 to 2006. In fact, the projected numbers are lower than management forecasts, which point to a higher same-sales growth rate of eight per cent and a more aggressive expansion drive of five new stores per year.

In terms of net profit, Jarir is expected to grow by a CAGR of 22 per cent for the next three years, backed by higher sales as well as a steady expansion in operating margins. Management has been effective in keeping costs in check during past years and is expected to have its eye on costs in the near future, thereby protecting its margin in the years ahead.

Key issues

In any retail business, cost management is the key to earnings growth. To meet our profit forecasts, Jarir has to be diligent in managing its costs, especially when its expansion plan may put pressure on operating costs. Based on its historical track record of a rising operating margin at mid-teen levels, we are confident that the company will be able to keep costs under control

Share price performance vs Tadawul Index



Source: EIS Asset Management

in the foreseeable future by raising efficiency.

Raising same-store sales is another important issue for Jarir. The company is constantly monitoring its product mix in order to maximise same-store sales, which were raised from SAR66 million in FY06 to approximately SAR74 million in FY07 for Jarir's retail outlets, translating into an encouraging growth rate of 12.4 per cent. For the next two years, we are expecting a more moderate growth rate of five per cent per annum.

Jarir also has an aggressive plan to add five new stores to its network yearly, particularly in the other GCC countries. A successful implementation will certainly help to boost its top line. However, considering the rising real estate prices in the region, the rental costs may become prohibitive in certain geographical areas. Thus, we do foresee challenges in meeting the expansion target of five new stores per year. Our forecasts assume an expansion of four new stores annually from FY08 to FY10.

Valuation

Jarir's share is currently trading at PER multiples of 13.9x and 11.3x for FY08 and FY09 respectively. The share is attractively valued, considering its 20.2 per cent CAGR in net profit over the next three years. Thus, in valuing Jarir's stock value, we are tagging a 10 per cent premium to the benchmark Tadawul Index, which is trading at PER multiples of 15.4x and 14.1x for the next two years. Based on the above assumption, Jarir's fair value is estimated to be between SAR194.70 and SAR206.8, with a midpoint of SAR206.80 per share.

Conclusion

Jarir can boast of exciting times ahead, with high growth expected in both the top line and bottom line. Considering its valuable franchise, strong management team and a proven track record, the stock offers good value at its current price. The company recently declared a dividend payment of SAR4.00 per share (representing a dividend yield of 2.5 per cent), with the due date set on March 10, 2008. With a target price of SAR206.80, offering a potential upside of 29 per cent, the stock is a BUY.

The writer is a senior analyst with EIS Asset Management.

Share Statistics

Market cap (SAR million)	4,800
Number of shares outstanding (million)	30
Avgerage daily volume traded ('000 shares)	67
Avgerage daily value traded (SAR'000)	10,009
Free float (est)	34%
Share price: 52-week high/low	SAR167.00/SAR135.00
Net debt / (Cash) (SAR m)	172
Net gearing (x)	0.3
Book value/share (SAR)	20.30
Major shareholders:	
Jarir investment company	12%
Mohammed Abdulrahman Al Akil	9%
Abdulkarim Abdulrahman Al Akil	9%
Nasser Abdulrahman Al Akil	9%
Abdullah Abdulrahman Al Akil	9%
Abdulsalam Abdulrahman Al Akil	9%

Source: EIS AM Estimates

Valuation Statistics

FYE 31 December (SAR million)	2006	2007	2008F	2009F
PER (x)	19.7	17.4	13.9	11.3
Price to Book (x)	7.6	6.2	5.1	4.2
DPS (SAR)	4.00	4.60	5.75	7.05
Dividend Yield	2.5%	2.9%	3.6%	4.4%

Source: EIS AM Estimates

Financial Statistics

FYE 31 Dec (SAR million)	2006	2007	2008F	2009F
Revenue	1,505	1,742	2,034	2,502
Operating income	242	278	349	430
Net profit	243	276	345	423
EPS (SAR)	8.11	9.21	11.50	14.11
EPS growth	38.1%	13.6%	24.8%	22.7%
Revenue growth	24.4%	15.7%	16.7%	23.0%
Operating margin	16.1%	15.9%	17.2%	17.2%

Source: EIS AM Estimates

Re-Rewind: Extra Selective

The flight of western capital has been the primary driver behind the recent corrections in GCC markets. It is now time for selective stock picking, urges **Fahd Iqbal**.

Last month's correction in Arab and international markets is strongly reminiscent of the events of late July 2007. Now, as then, performance across the GCC region has been largely determined by the scale of foreign investor (particularly western institution) penetration. Evidence suggests that the Dubai market is the most heavily owned within the GCC, followed by Abu Dhabi and Qatar. Kuwait recently removed the 55 per cent capital gains tax on foreign investors and is therefore only in the early stages of attracting western institutional investors. Oman and Bahrain, aside from a few select stocks, lack the overall liquidity required to attract significant levels of western institutional involvement.

In terms of performance, all the GCC markets troughed on January 22 and have settled into a sideways pattern since then. Dubai has been the most strongly affected, falling 13.7 per cent in the period up to February 19. Qatar and Abu Dhabi followed, falling 7.3 per cent and 2.5 per cent respectively. Those markets with little western institutional presence, on the other hand, showed a more muted performance. Oman fell the most, losing 1.4 per cent, followed by Bahrain (+1.0 per cent) and Kuwait (2.6 per cent). The only anomaly is Saudi Arabia, which has fallen 22.1 per cent in spite of being closed to foreign investors.

The primary driver behind the corrections in Dubai, Abu Dhabi and Qatar has been the flight of western institutions that are looking to lock in profits already generated and/or cover losses incurred in other geographies. Fear of contagion spreading into the Middle East and North Africa region is also likely to have been a factor, although, as we have highlighted, we believe these fears are unwarranted. The situation has been further exacerbated by domestic retail investors engaging in a mixture of herding behavior and forced selling due to margin calls. We believe the latter point was responsible for the particularly acute drops in the market.

Out of all the GCC markets, the reaction from Saudi Arabia was the most unexpected. Given that the market is entirely closed to foreign investors, we would have expected performance to be more in line with markets such as Kuwait and Bahrain.

In our view, there are several reasons behind the sell-off: (i) the Saudi market has recently experienced significantly higher levels of speculative activity than the rest of the GCC; (ii) margin calls due to leveraged trading; (iii) the exchange's later opening hours relative to the UAE; (iv) the Saudi market was trading at a material premium to the GCC, on a trailing P/E basis, prior to the correction and (v) reported earnings growth in the high single-digit-range year-on-year, which is markedly below the GCC average. However, on this latter point, we would highlight that growth was in line with our expectations and represented a continuation of the trend seen since the first quarter of 2007. Lastly, we cannot rule out the possibility of strong selling pressure coming from foreign investors via mutual funds.

It is worth highlighting that the sell-off coincided with the beginning of the results season. FY2007 earnings growth so far has been largely positive, at double-digit growth levels (except for Saudi Arabia). However, performance has so far shown little correlation to the strength in earnings growth.

The results season is usually a key trigger for these markets, but the impact of FY2007 results were clearly negated by the environment of global uncertainty. The positive earnings announcements should continue to support the market (and individual stocks), limiting downside risk for the moment. Looking further ahead, though, these markets are likely to be moderately positive at best, with significant re-rating more likely to occur at the time of the next news flow. Periods of volatility are likely to arise should further similar incidences occur in global markets, and a significant recovery in global markets (especially the US) would be strongly supportive for regional sentiment. In contrast to the correction in July 2007, therefore, we are approaching the markets with a much more stock-selective approach this time. MW

The writer is a senior analyst and strategist at EFG-Hermes UAE Ltd.

GCC funds end 2007 strongly

December 2007 was one of the best months ever for GCC funds. The performance, however, lagged behind the benchmark, observe **M.R. Raghu** and **Amrith Mukkamala**.

GCC equity funds returned 50 per cent on average during 2007, beating the benchmark return by three per cent. Oman was the best performing market (+62 per cent), followed by KSA (+41 per cent). Investors would have also been rewarded if they had embraced Shari'ah-compliant GCC funds during 2007. The best performing Shari'ah-compliant GCC fund returned a whopping 84 per cent, while the best performing conventional GCC fund returned 57 per cent.

December 2007 was a rollicking month for GCC stock markets, but not necessarily for GCC asset managers. While the MSCI GCC Index was up 14 per cent for the month, the weighted average return on GCC equity funds was only 10 per cent, thereby significantly underperforming. The month of December saw growth in all six GCC markets, with Saudi Arabia posting a return of 18 per cent, its highest-ever monthly return since 2001. MSCI GCC Index was the second best performer with a return of 14 per cent, due to the higher weight of Saudi Arabia in the index.

In response to the performance of Saudi Arabia, fund managers increased average allocation to KSA by three per cent during December 2007. The overweight position on KSA has increased considerably since the market generated more than eight per cent month-on-month in six of the twelve months in 2007. In the month of April, the weighted average allocation to KSA was at 29 per cent, compared to 35 per cent allocation in the month of December. The bulk of this reallocation came from Kuwait, whose allocation had been significantly reduced from 30 per cent in April to 19 per cent in December.

All 24 GCC funds tracked by Markaz performed well in December 2007 and posted positive returns. Six out of those 24 funds posted the highest monthly returns since their inception. The funds include AlAhli GCC Trading Equity Fund (17.89 per cent), Amanah GCC Equity Fund (17.87 per cent), Vision Emerging GCC Fund (10.93 per cent), AlRajhi GCC Equity Fund (9.99 per cent), SICO Gulf Fund (8.4 per cent) and Arab Bank Mena Fund (6.39 per cent). The top five funds had high exposure to the month's top performing Saudi Market. Furthermore, the top two funds also had high exposure to the UAE market, which was the month's second best market.

The MSCI GCC Index performed better than conventional funds during December 2007, with a recorded return of 13.6 per cent. With monthly returns of 10.93 per cent in December compared to 3.2 per cent in November, Vision Emerging GCC Fund was leading conventional funds. Saudi Investment Bank's GCC Equity Fund was a close second, with a monthly return of 10.86 per cent against 8.24 per cent in the last month. Gulf Premier Fund made a strong comeback in December, with monthly returns of 10.13 per cent after a decline of 1.15 per cent in November. For the month of December, Gulf Premier Fund reduced its exposure in Kuwait by four per cent and increased its exposure to the UAE and Saudi markets by two per cent and one per cent respectively.

Four out of the top five funds outperformed the MSCI GCC benchmark in terms of YTD returns. Vision led with both monthly and yearly returns by posting 56.49 per cent returns for 2007 and maintained its top performer status among the conventional funds. Arab Gateway Fund by Shuaa Capital was in the second position, with a return of 49.28 per cent for the year. The fund focused on the manufacturing sector, which formed 41 per cent of its total portfolio. In December, it also increased its exposure in the Saudi market by eight per cent to 38 per cent. Global GCC Large Cap Fund posted an annual return of 48.92 per cent after a decline of 22.86 per cent in 2006. Markaz GCC Fund was in the fourth position, with returns of 48.40 per cent in 2007.

The benchmark for Standard & Poor's GCC Investible Shari'ah Index posted returns of 6.56 per cent for December, compared to -2.7 per cent returns in November. However, the top five funds in the Shari'ah category outperformed the benchmark index by a good margin. The top three holdings of AlAhli GCC Trading Equity Fund – Saudi Basic Industries (21.80 per cent), Dar Alarkan (9.6 per cent) and Al Rajhi Bank (7.10 per cent) – reported strong performance in December 2007. The Markaz proprietary quantitative asset allocation model is underweight on Saudi Arabia, with a target weight of 28 per cent for February 2008 (67 per cent for January 2008). The UAE carries an underweight position at 14 per cent (17 per cent for January). Kuwait is the only GCC market in which the model is overweight at 29 per cent (23 per cent for January), while weights remain unchanged for Bahrain, Qatar and Oman at two per cent, eight per cent and one per cent respectively. The model is overweight on cash to an extent of 18 per cent.

Performance of select GCC equity funds - top five December 2007 returns

Dec 2007			AUM	Performance (%)				Geographic equity asset allocation						
	Fund name	Inception	(US$ mn)	Dec-07	2007	2006	LTM Risk	Saudi Arabia	Kuwait	UAE	Qatar	Oman	Bahrain	Other MENA
1	Vision Emerging GCC Fund	May 05	52	10.93%	56.49%	6.17%	10.31%	18%	19%	10%	18%	23%	9%	2%
2	GCC Equity Fund	Jul-04	157	10.86%	43.33%	-38.76%	16.11%	65%	12%	10%	8%	1%	4%	0%
3	Gulf Premier Fund	Apr-03	248	10.13%	43.19%	-37.64%	16.45%	35%	25%	21%	9%	7%	2%	0%
4	Khaleej Equity Fund	Mar-04	64	9.40%	44.13%	-13.77%	11.07%	22%	29%	25%	10%	5%	9%	0%
5	Global GCC Large Cap Fund	Feb-05	68	9.29%	48.92%	-22.86%	12.90%	40%	17%	28%	11%	2%	1%	0%

Source: Markaz Research. Note: Ex-Saudi funds have not been included in the analysis; % figures are rounded off.

This is an excerpt from research published by Kuwait Financial Center (Markaz). Please visit www.markaz.com to access this report and others. Queries can be addressed to M.R. Raghu, head of research, at rmandagolathur@markaz.com. Amrith Mukkamala is a research analyst at Markaz.

Banking sector still fragile

The banking sector still remains fragile and current valuations do not reflect the difficulties banks face in replacing past sources of revenue growth, argues **Peter Hensman**.

In the end, it was not surprising that the Federal Reserve responded aggressively to the deteriorating financial and economic situation in the US. While the market operations implemented at the end of 2007 were successful in stabilising money market liquidity conditions, the continuing drag from the underlying credit woes showed no sign of abating, and most risk spreads continued to widen.

Some speculate that the Federal Reserve was wrong-footed into cutting interest rates immediately after the Martin Luther King Day holiday by the unwinding of rogue trades at Societe Generale in France. However, poor market conditions across a range of markets, as well as the downgrading of the monoline insurer Ambac on January 18, forced the Fed to act before the meeting scheduled for January 29 and 30 (It is arguable that the Fed could have used the excuse of the unexpectedly weak employment report earlier in the month to justify an intra-meeting cut). Not only did these events lead the Fed to cut interest rates between meetings for the first time since September 17, 2001, but also the 1.25 per cent rate reduction in January exists as the largest drop in a single month since August 1982. Clearly, the policy of gradualism in interest rate changes is well and truly over.

The change in sentiment in the US has been such that the economy has overtaken the situation in Iraq as the biggest factor in the run up to the November presidential election. Meanwhile, the bi-partisan consensus on the need for a fiscal response has helped a package worth US$168 billion rapidly pass both Houses. This package includes US$100 billion of tax rebates/child credits and US$40 billion of measures to support business investment, together with an increase in the maximum size of mortgage that Fannie Mae and Freddie Mac are able to purchase (with the limit raised from US$417,000 to US$725,000 – equivalent to 125 per cent of the median mortgage in the US).* This increase will make it easier for homeowners to refinance their mortgages, reduce the monthly interest burden and aid the transmission of the rate reductions by the Fed into the wider economy.

Recent data, such as the ISM survey of the non-manufacturing sectors of the US economy (i.e. service industries, construction and utilities), suggest that the economy has slowed sharply into the early part of 2008 – the January reading was the lowest since October 2001, well below the consensus expectation and pointing to contracting activity for large parts of the US economy. Nevertheless, the aggression of the policy response is likely to contribute to a return toward trend rates of growth in the second half of 2008 (although given the deleveraging of the financial system, it is uncertain whether this activity lift will last into 2009).

The attitude of central bankers in Europe differs from the dominant attitude in the US. In Europe, the focus remains on the risk of further upside surprises on inflation (although there are now belated signs that the European Central Bank is gradually accepting that the deterioration in the financial sector will have a negative impact on growth in the Eurozone). The difference in approach is largely driven by the divergent mandates of the inflation targeting at the European Central Bank and the Bank of England, as well as by the dual objectives of maintaining employment levels and price stability for the Fed.

Recent commentary from Mervyn King (recently reappointed governor of the Bank of England for a second five-year term) highlights the position taken in Europe well. In a speech on January 22, King emphasised that the "re-pricing of risk that is still continuing is not a process that we should try to reverse" and that the consequence of higher savings rates in the UK "will slow economic activity, possibly quite sharply". Yet King's major concern is that the increases in energy and food prices reflect a permanent reduction in living standards, as the costs of necessities stay at permanently higher levels; therefore, these increases should not be accommodated by easier monetary conditions. It should be noted that credit condition surveys in the UK and Eurozone show a similar degree of tightening in the availability of debt to that seen in the US. The inability or lack of willingness to cut official interest rates implies that the growth slowdown in 2008 could be more serious in Europe than in the US.

On the whole, the continued revelations about unanticipated financial sector difficulties suggest that it remains too early to reverse a structural underweight position in western banks. While the US interest rate reductions are undoubtedly aimed at aiding the recovery of the banking system, and global investors have injected large amounts of capital that will underpin balance sheet strength (both of which could see short-term improvements in the relative performance of the banking sector), current valuations still don't reflect the difficulties that the banks face in replacing past sources of revenue growth, nor do they reflect the negative effect on earning power from what is likely to be a prolonged de-gearing of bank balance sheets even before the possibility of further regulation is considered. MW

*The writer is a global strategist at Newton Investment Management. The Bank of New York Mellon Group of Companies operating in the UK includes: Mellon Global Alternative Investments Ltd. (registered in England and Wales no: 04134550); Mellon Fund Managers Ltd. (registered in England and Wales no: 01998251); BNY Mellon Asset Management International Limited. (registered in England and Wales no: 01118580); Newton Capital Management Ltd. (registered in England and Wales no: 02675952); Newton Investment Management Ltd. (registered in England and Wales no: 01371973); Pareto Investment Management Limited (registered in England and Wales no: 03169281); Pareto Partners (Marketing) Limited (registered in England and Wales no: 04591582); WestLB Mellon Asset Management UK Limited ***(registered in England and Wales no: 03173991); Walter Scott & Partners Limited*** (registered in Scotland no: SC93685). Each of these companies are authorised and regulated in the UK by the Financial Services Authority; and Mellon Bank N.A. (licenced by the Comptroller of Currency, Washington DC, ISA, Registration No 6301 - London Branch registered in England and Wales no: BR001970); Eagle Investment Systems Corp (London Branch) (registered in England and Wales no: BR005891; Mellon Analytical Solutions Europe Limited**** (registered in England and Wales no: 01796367); Mellon International Limited (registered in England and Wales no: 3755033). Each of the aforementioned companies has its Registered Office at The Bank of New York Mellon Centre, 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom. (17b) * Please note that calls to BNY Mellon Asset Management International Limited are recorded and may be used for training and/or monitoring purposes. **Registered Office at One Charlotte Square, Edinburgh, EH2 4DZ. ***Registered Office at Woolgate Exchange, 8th Floor, 25 Basinghall Street, London, EC2V 5HA ****Registered Office at 1 Whitehall Riverside, Leeds, LS1 4BN. Disclaimer Version MB.UK.1*

Getting too cold for comfort

As the International Monetary Fund revised its outlook for global economic growth, the news could not have been worse for emerging markets, writes **Dr. Oliver Stönner-Venkatarama**.

Economic data from the US has repeatedly delivered unfortunate surprises, while the International Monetary Fund has downwardly revised its outlook for global economic growth. The revision was not only driven by the global cyclical slowdown, but also by a reduction of China and India's shares in world GDP. Strong economic growth of both these economies has been a key pillar of the so-called decoupling scenario. Not surprisingly, financial market trends since the beginning of the year have not underpinned the decoupling scenario. Latin America has shown the strongest year-to-date equity performance among the emerging market regions, despite its stronger dependency on the US markets. This market trend fits the unexpected strength of the US markets, year-to-date, in comparison to the other mature markets. What conclusions should investors draw from these apparently contradicting market trends?

Most importantly, the slowdown of the US economy has weighed far more heavily on the sentiment of global markets than was expected. As such, market participants widely ignore the still substantial growth differential between the emerging and mature markets.

On the positive side, determined monetary and fiscal policy measures in the US should limit the period of economic weakness. As a result, further corrections of the stock market may induce more risk-friendly investors to start some bottom-fishing. This circumstance could stabilise the US markets within the next few months, which appears to be the major precondition for an improving sentiment in the emerging markets.

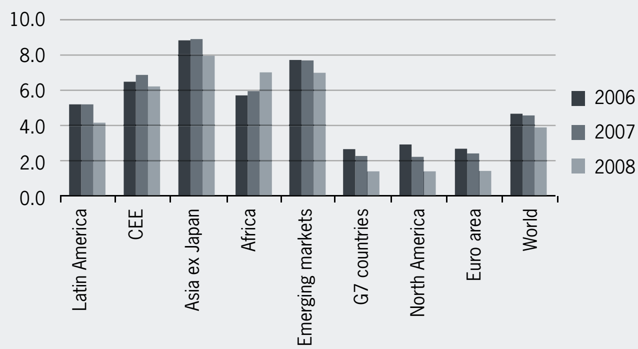
As a result of a decline in market turbulences, investors might be more willing to recognise the promising high growth levels and attractive domestic economic trends in several emerging markets.

Additional support for emerging markets is likely to arise from monetary easing during the course of the year. Price pressure has been quite strong, mainly driven by energy and food prices, but the global economic slowdown is projected to bring some relief to the emerging market central banks. Furthermore, governments and central banks might accept a stronger appreciation of their currencies in order to dampen the external price pressure, which would pave the way for a reduction in interest rates. The ongoing debate about monetary policy prospects in India emphasises this concept. Despite the Reserve Bank of India's recent decision to leave interest rates unchanged, expectation of some cautious monetary easing seems reasonable. This implication also applies to Brazil, Indonesia, Turkey and Hungary.

In other markets, such as China, South Africa and Mexico, further significant monetary tightening seems unlikely, since the central banks have already acknowledged the risks implied by the global economic slowdown. In China, cyclical risks in conjunction with the harsh winter are probably the reason for the government and central bank to soften their stance on inflation, while stabilising growth may be prioritised in the coming months.

The global economy is slowing, but not falling

% change, year-on-year



Finally, economic data underpins the perception that domestic demand trends are still intact in the bigger emerging economies, such as the so-called BRIC countries. Assuming that the US monetary and fiscal policy might limit the period of economic weakness, particularly the investment plans of emerging markets, corporates should remain widely unchanged.

Recent surveys in Brazil, Russia and India point to a fairly robust corporate confidence in future growth prospects, leading to the conclusion that the major and most liquid emerging markets probably provide the best opportunity to build up investment positions for a recovery of the global markets. Such a strategy might also be complemented by additional bets in Mexico, Indonesia, Malaysia and the Gulf countries. Mexico benefits directly from an improvement in the US outlook, while Indonesia, Malaysia and the Gulf countries remain attractive due to their energy and commodity resources. Furthermore, there continues to be speculation about an appreciation of some GCC currencies.

Dr.Oliver Stönner-Venkatarama is the emerging markets investment strategist at Cominvest.

More pressure on the dollar

The US dollar is under pressure again, with the significant risk of an economic downturn of the world's largest economy. **Hussam Saba** provides a rundown on what's happened during the last month.

Although it was little supported by economic data throughout the month, the US dollar gave back most of its earlier gains, particularly against the euro, the Aussie dollar and the Canadian dollar near the end of the month, pressured by FOMC minutes and the Fed's seasonal forecasts.

The minutes, aside from emphasising growth risks, reaffirmed the markets' expectation that a further rate cut from the Fed will be seen down the road. Some members noted that the risks of a downturn in the economy were significant. Against the backdrop of a deepening housing correction, slowing consumer spending, tightening credit conditions, deteriorating labour markets and softening business investments, the accumulated 125bps cuts in January were needed to help the US economy expand at a moderate pace over time. Analysts are now expecting rates at 2.5 per cent at the Fed's next meeting.

Together with the minutes, FOMC also released the latest central tendency forecast for growth, inflation and unemployment. The GDP growth forecast was revised downwards from 1.8-2.5 per cent to 1.3-2.0 per cent for 2008. Core PCE, on the other hand, was revised upwards from 1.7-1.9 per cent to 2.0-2.2 per cent. The unemployment rate was noticeably revised higher, from 4.8-4.9 per cent to 5.2-5.3 per cent.

Economic data from the US proved poor in general. In particular, the business activity component of the ISM non-manufacturing index, which was formerly the headline index, dropped sharply from 54.4 to 41.9 in January. Readings below 50 indicate that services industries, which contribute to almost 90 per cent of the US economy, are contracting. Such a poor reading of 41.9 is the worst since 2001.

The NY state manufacturing index spurred further worries about the risk of a deeper slowdown and a recession in the largest economy in the world, as it went down sharply from 9.0 to -11.7, the first negative reading in three years. The consumer confidence measured by the University of Michigan index fell to a 16-year low at 69.3 points.

The Bank of England (BoE) also cut rates by 25bps to 5.25 per cent to avoid a recession and to give the economy a push. The accompanied dovish statement signaled that a further rate cut was underway. Although the inflation report showed BoE expectations for an upside risk of inflation, the BoE release of meeting minutes revealed that the decision to cut interest rates was supported by eight out of the nine monetary policy committee members. More importantly, one of them voted for a cut of 50bps. Though inflation pressures remain the issue for most committee members, it is slower growth that is still the major concern.

The main focus in the Eurozone was the ECB rate decision. There was a significant change in tone from Trichet after ECB left rates unchanged at four per cent, as was widely expected. Trichet emphasised that "uncertainty about the prospects for economic growth is unusually high" and admitted some downside risks to growth beginning to materialise. He also acknowledged that "as the reappraisal of risk in financial markets continues, there remains unusually high uncertainty about its overall impact on the real economy". It is now clear that the EU area will get its share from the world slowdown and that the ECB will have to cut its rates in the end.

Volatility in stock markets was overwhelming. As further rate cuts are a done deal, markets went down as the world's biggest banks announced their write-down losses in Q4, resulting from mortgage-packed securities. Economic data released from the US indicated a negative future for the economy. The Dow Jones Industrial Average crashed six per cent in one day after the release of the ISM non-manufacturing index. It also affected the Japanese yen as a low-yielding currency. However, the latter ended the month up against most majors.

From a local perspective, all GCC currencies (except the Kuwaiti dinar) followed the greenback, as they are pegged to it. Local stock markets followed the trend of their US counterparts and went down sharply for a couple of days before mildly recovering.

The writer is a market analyst with Advanced Currency Market.

Investors keep on partying

While equity investors have spent the past month struggling to understand what happened in the aftermath of a massive sell-off in January, commodity investors have never had it so good. A report from **MF Global.**

Whether its geopolitical concerns, supply disruptions or flight off to safe haven assets, commodity investors continue to make merry. What will further add to their cheers is the intriguing buyout/merger tussle among mining giants of the world. First, though, let's look at what's happened with the performances of precious metals, base metals and energy futures during the past month.

Performance

Interest in gold has not died down, primarily due to its appeal as a safe haven asset. Gold also remains a preferred alternative to investing in US dollar-based financial assets. The price of gold (near month NYMEX futures, quoted in US$ per ounce) has fluctuated within 880-926 levels and has gained support at the slightest hint of any bearish data on the US economy, or on news of possible disruptions in crude oil. Higher crude oil prices raise concerns over inflation, and gold is considered an inflation hedge.

Silver has also performed well, partially tracking gold's progress and gains in the industrial metals complex. Silver (near month NYMEX futures, quoted in US$ per ounce) has risen by five per cent, month-on-month, to US$17.28 per ounce.

In the industrial metals complex, supply disruptions in China and Chile, as well as a decline in stocks at the warehouses of the London Metals Exchange (LME), have supported an uptrend in copper (three-month forward contract, quoted in US$ per tonne). Copper has gained over eight per cent to US$7,735, despite the fears of a US economic recession. This gain happened primarily because China, the world's largest copper consumer, was ravaged by severe snowstorms in the past month in the central regions of Hunan, Guizhou, Anhui and Jiangxi. Consequently, Tongling Nonferrous Metals and Jiangxi Copper Company, two of China's largest copper refining companies, have suffered disruptions due to power slippages caused by the snowstorms.

Meanwhile, in Chile, state-owned copper giant Codelco has witnessed a fall in output due to growing energy problems. The LME stocks have also seen a steep decline of around 17 per cent in 2008 to approximately 164,000 tonnes.

Aluminum has gained over 11 per cent to US$2,765, again as snowstorms threatened production at China's largest aluminum producer, Chinalco's Guizhou plant. Power problems caused in South Africa have also affected BHP-Billiton's Hillside and Bayside smelters.

In the energy complex, after briefly softening to around US$86 (near month NYMEX futures, quoted in US$ per barrel), crude oil futures have climbed back to over US$93, as Venezuela threatened to cut back its supplies to the US, the world's largest consumer.

Coal prices (near month ICE futures, quoted in US$ per tonne) have also risen sharply, by over 13 per cent, to US$145. China has stepped up its coal demand to battle the power outages and rain has continued to disrupt mining activity in Australia, the world's largest exporter.

The mergers

There is currently a battle between the mining giants and the massive resource-consuming countries of the world, as leading mining companies are attempting to merge with other leading miners to diversify risks (due to the cyclical nature of commodity prices) and gain economies of scale. BHP-Billiton, the world's largest metals miner, has made an unsolicited takeover offer to Rio Tinto, the world's number three, valuing the latter at around US$147 billion.

This combination would control over 40 per cent of the world iron ore trade, almost as much as Vale, and also control major aluminum, uranium and coking coal mines in the world. Vale (formerly Companhia Vale do Rio Doce), the world's number four, has offered to buyout Xstrata, which is the sixth largest miner in the world. If this deal is finalised, the world's largest iron ore miner could get to build a portfolio of copper and coal mines from Xstrata.

BHP-Billiton, the world's largest metals miner, has made an unsolicited takeover offer to Rio Tinto, the world's number three, valuing the latter at around US$147 billion. This combination would control over 40 per cent of the world iron ore trade.

If these deals go through, the aforementioned miners could gain unprecedented advantage through scale, as well as complete control over market pricing. Moreover, there would be a greater bargaining prowess against some of the world's fastest growing economies, like China and India. Both countries are struggling to meet the demand for resources to satisfy their industrial growth objectives.

These developments have already set alarm bells ringing in China, which is the world's largest mineral resources consumer. China is currently engaged in a battle to prevent the deals from going through by investing in leading mining and smelting companies. While the outcome of this ordeal remains to be seen, one thing is clear: the party-time continues for commodity investors!

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	01624 699222	Platinum Offshore Access	None (I)	$20,000	5.25%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	$5,000	4.75%	fiYly
Alliance & Leicester Int Ltd	01624 663566	US Dollar Savings	None	$100,000	4.10%	Yly
Nationwide International Ltd	01624 696000	Tracker Premium	None	$50,000	3.75%	Yly
Clydesdale Bank International	01481 711102	Instant Savings	None	$10,000	3.25%	Yly
No Notice Euro Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	None (I)	€15,000	4.50%	Yly
Nationwide International Ltd	01624 696000	Tracker Premium	None	€50,000	4.35%	Yly
Northen Rock (Guernsey)	01481 728555	Euro Direct Saver	None	€5,000	4.30%	Yly
Zurich Bank International Limited	01624 671666	Euro Reward	None	€5,000	4.25%	Yly
Bank of Scotland International	01534 613500	Base Rate Tracker	None	€35,000	4.25%	fiYly
No Notice Accounts						
Irish Nationwide (IOM)	01624 673373	Instant Quarterly	None	£25,000	6.60%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access	None (I)	£10,000	6.55%	Yly
Scarborough Channel Islands	01481 712004	Offshore Reserve	None	£25,000	6.35%	fiYly
Alliance & Leicester Int Ltd	www.alil.co.im	eSaver Offshore 1	None (w)	£1,000	6.30%	fiYly
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	None	£5,000	6.30%	fiYly
Notice Accounts						
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 60	90 Day (I)	£25,000	6.82%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege 90	90 Day	£5,000	6.80%	Yly
Anglo Irish Bank Isle of Man	01624 698000	Privilege 30	30 Day	£5,000	6.72%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore 32	32 Day (I)	£25,000	6.70%	Yly
Irish Nationwide (IOM)	01624 673373	International 90 Day	90 Day	£50,000	6.70%	Yly
Monthly Interest						
Anglo Irish Bank Isle of Man	01624 698000	Privilege Income	7 Day	£5,000	6.35%	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Base Rate Tracker Access	None (I)	£10,000	6.35%	Mly
Scarborough Channel Islands	01481 712004	Offshore Flexi-60 Direct	60 Day (B)	£5,000	6.30%	Mly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Base Rate Tracker 180	180 Day (I)	£25,000	6.20%	Mly
Scarborough Channel Islands	01481 712004	Offshore Reserve	None	£25,000	6.15%	Mly
Fixed Rates						
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed Term Bond	3 Yr Bond	£10,000	6.95% F	OM
Irish Nationwide (IOM)	01624 673373	6 month Fixed Term Bond	6 month bond	£50,000	6.90%F	OM
Irish Nationwide (IOM)	01624 673373	1 Year Fixed Term Bond	1 Yr bond	£50,000	6.90%F	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed Term Bond	3 Yr Bond	£10,000	6.55% F	Yly
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Fixed Term Bond	4 Yr Bond	£10,000	6.32% F	Yly
Current Accounts						
Clydesdale Bank International	01481 711102	Current	None	£2,500	4.07%	Mly
Royal Bank of Canada (CI)	01534 283000	Executive Plus	None	£50,000	3.505%	Mly
Abbey International	01534 885000	Offshore Gold	None	£50,000	3.45%	Qly
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	None	£5,000	3.25%	Mly
Farbian Private Bank	01624 645000	Reserve	None	£5,000	2.75%	Qly
Accounts for Non UK Residents						
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eSaver	None (W)	£1	6.25%	Yly
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eIncome	None (W)	£1,000	5.80%	Mly
Bradford & Bingley Int. Ltd.	www.bbi.co.im	eAccess	None (W)	£1,000	5.70%	Yly
Standard Bank	01534 881188	Expatriate Savings	90 Day	£10,000	5.65%	Yly
Abbey International	01534 885000	Tracker Term 7	04-09-08	£10,000	5.35%*	OM

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	2.25	2.75	3.25w	3.75	4.50	4.55	4.55	4.75	Qly	Yes
Bank of Scotland International Ltd	01534 613500	Flexible Plus Current	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	Mly	Yes
Barclays	01534 880550 01481 723176	International Cheque International Premier Chq	0.10i 0.10	2.00 2.00	2.00 2.00	2.00 2.00	2.00 2.00	2.00 2.00	2.00 2.00	2.00 2.00	Qly Qly	Yes Yes
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	3.00 - 3.00	3.00 - 3.00	3.00 - 3.00	3.00 4.50 3.00	3.00 4.75 3.00	3.00 5.00 3.00	3.00 5.15 3.00	3.00 5.25 3.00	On Closure On Closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Premier Offshore Banl	0.12 0.37	0.37 0.62	1.17 1.42	1.87 2.12	2.12 2.37	2.12 2.37	2.12 2.37	2.12 2.37	Mly Mly	Yes Yes
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	0.05	0.10	1.25	1.75	1.75	1.75	Qly	No
Isle Of Man Bank	01624 63700	Gold Account	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	Mly	Yes
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Money Market Currency	2.50	2.50	2.50	2.875	3.25	3.312	3.312	3.312	Qly	Yes
Lloyds TSB Offshore Banking	01624 638000	International Sterling	1.15	2.20	2.75	3.50	4.45	4.60	4.60	4.60	Mly	Yes
NatWest	01534282828	Advantage Cheque	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	Mly	Yes
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	3.655	3.905	4.655	4.655	4.655	Mly	Yes
Royal Bank of Scotland Intl. Ltd	01534724356	Royalties Cheque	1.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50	Mly	Yes
Schroders (CI) Ltd	01481 703700	High Interest Call	-	-	4.468	4.468	4.718	4.968	5.218	5.218	Mly	Yes
Standard Bank	01534 881188 / 01624 643643	Optimum	1.93k	1.93	2.68	.93	3.18	3.43	3.43	3.43	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: January 31, 2008 Source: Moneyfacts

Best Buy Tables - OFFSHORE

€URO ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	€5K	€10K	€25K	€50K	€100K	€250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore Euro Call Offshore Gold	0.85 -	1.35w 0.50	2.00 1.00j	2.00 1.00	2.25a 1.00	2.50 1.50	Yly Qly	No 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	4.00	4.00	4.00	4.00	4.00	4.00	Half Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Reserve International Savings	- 1.75	- 1.85	- 1.95	4.25h 2.20	4.25 2.40	4.25 2.40	Yly Yly	No No
Barclays	01534 880550	International Cheque International Tracker	0.10 -	0.10 -	1.40e 2.45e	1.40 2.45	1.40 2.75a	1.40b 3.25b	Qly Qly	No No
Bristol & West International Ltd	01624 644333	Euro Savings	-	2.65	2.75	2.85	3.00	3.30	Yly	No
Clydesdale Bank International	01481 711102	Instant Savings Current Instant Savings	- 2.86 -	3.90 2.86 3.83	3.90 2.86 3.83	3.90 2.86 3.83	3.90 2.86 3.83	3.90 2.86 3.83	Yly Mly Mly	No No No
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	- - -	1.50 - 1.50	1.50 - 1.50	1.50 - 1.50	1.50 3.00a 1.50	1.50 3.25b 1.50	On closure On closure Qly	Yes No Yes
HSBC International	01534 616000	Offshore Bank Online Saver Premier Offshore Bank Premier Online Saver Premier Serious Saver Serious Saver	0.00 - - - - -	0.20 - 0.45 - 2.365 2.115	0.20 3.54j 0.45 3.83j 2.365 2.115	0.47 3.54 0.72 3.83 3.015 2.765	0.47 3.54 0.72 3.83 3.015 2.765	0.94 3.54 1.19 3.83 3.415 3.165	Mly Mly Mly Mly Mly Mly	No No No No No No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10a	0.25b	Qly	No
Irish Permanent International	01624 641641	Instant Access Instant Access	3.40v 3.35v	3.40 3.35	3.40 3.35	3.40 3.35	3.75 3.69	3.75 3.69	Yly Mly	No No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access Call	- 0.937r	- 0.937	4.50e 0.937	4.50 1.062u	4.50 1.125m	4.50 1.687n	Yly Qly	No No
Lloyds TSB Offshore Banking	01624 638000	Euro Intl. Account (Expatriates only)	0.45	1.30	1.60	1.85	2.20	2.70	Half Yly	No
Nationwide International Ltd	01624 696000	Euro Savings Euro Tracker Premium	2.50t 4.05	2.50 4.05	2.55 4.05	2.55 4.35	2.55 4.35	2.60 4.35	Yly Yly	No
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 Offshore Euro Direct Saver	4.30 4.05	4.30 4.05	4.30 4.05	4.30 4.05	4.30 4.05	4.30 4.05	Yly Mly	No No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	2.32	2.37c	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
Schroders (CI) Ltd	01481 703700	High Interest Call	-	-	-	2.968u	2.968	3.218b	Mly	Yes
Standard Bank	01624 643643 01534 881188	Offshore Reserve Optimum Offshore Moneymarket Call	1.56 0.56 -	1.56 0.56 -	1.56 0.56 -	2.06 1.31 3.50	2.31 1.56 3.60	2.43 2.06 3.60	Half Yly Qly Mly	No No 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 Call	4.25 2.75	4.25 2.75	4.25 2.75	4.25 2.75	4.25 2.75	4.25 2.75	Yly Qly	No No

a = Rate applies from €75K. b = Rate applies from €150K. c = Rate applies from €200K. e = Rate applies from €15K. 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.

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US$ ACCOUNTS - NO NOTICE OFFSHORE ACCOUNTS

	Telephone	Account Name	$5K	$10K	$25K	$50K	$100K	$250K	Int paid	Chq. Book
Abbey National	01534 885100	Offshore US$ Call Offshore Gold	0.00 -	1.85 0.00	1.85 0.35u	2.10 0.85	2.35 1.35	2.70 1.70	Yly Qly	No No
Alliance & Leicester International Ltd	01624 663566	US$ Savings	4.85	4.85	4.85	4.85	5.05	5.05	Yly	No
Anglo Irish Bank Isle of Man	01624 698000	Privilege Access	5.00	5.00	5.00	5.00	5.00	5.00	fi Yly	No
Bank of Scotland International Ltd	01534 613500	Halifax Int G'teed Saver International Savings	- 0.60	- 0.60	- 0.90	3.75 2.00	3.75 2.35	3.75 2.55	Yly Yly	No No
Barclays	01534 880550	International Cheque International Tracker	0.10 -	0.10 -	1.50u 1.80u	1.50 1.80	1.50 2.80	1.50 3.00x	Qly Qly	No No
Bristol & West International Ltd	01624 644333	Easy Access	1.75	1.75	1.75	2.00	2.25	2.25	Yly	No
Clydesdale Bank International	01481 711102	Instant Savings Current Instant Savings	- 3.45 -	4.40 3.45 4.41	4.40 3.45 4.41	4.40 3.45 4.41	4.40 3.45 4.41	4.40 3.45 4.41	Yly Mly Mly	Yes Yes Yes
Fairbairn Private Bank	01624 645000	Accumulation High Interest Accumulation Reserve	- - -	1.00 - 1.00	1.00 - 1.00	1.00 - 1.00	1.00 2.50v 1.00	1.00 2.75x 1.00	On Closure On Closure Qly	Yes Yes Yes
HSBC International	01534 616000	Offshore Bank Online Saver Premier Offshore Bank Premier Online Saver Premier Serious Saver Serious Saver	- - - - -	0.48 - 0.73 - 1.225 0.975	0.90 3.88u 1.15 4.12u 1.795 1.545	1.45 3.88 1.70 4.12 2.705 2.455	1.96 3.88 2.21 4.12 3.495 3.245	2.07 3.88 2.32 4.12 3.615 3.365	Mly Mly Mly Mly Mly Mly	No No No No No No
Investec Bank (CI) Ltd	01481 723506	Private Interest Current	-	-	-	0.05	0.10v	0.25m	Qly	No
Irish Permanent International	01624 641641	Instant Access Instant Access	2.25 2.23	2.75 2.72	2.75 2.72	3.25 3.20	3.30 3.25	3.30 3.25	Yly Mly	No No
Kaupthing Singer & Friedlander (IOM) Ltd	01624 699222	Platinum Offshore Access Call	- 1.062k	- 1.062	5.25u 1.312t	5.25 1.312	5.25 1.375v	5.25 1.375	Yly Qly	No No
Lloyds TSB Offshore Banking	01624 638000	US International Acc.(Expatriates only)	0.10	0.60	1.10	1.35	1.65	1.80	fi Yly	No
Nationwide International Ltd	01624 696000	US Dollar Savings US Dollar Tracker Premium	3.30h 4.55	3.30 4.55	3.35 4.55	3.45 4.85	3.90 4.85	3.90 4.85	Yly Yly	No No
NatWest	01534 282300	Advantage International	1.70	1.80	1.90	2.10	2.35	2.50	Qly	No
Royal Bank of Canada (Channel Islands) Ltd	01534 283000	Executive Plus	-	-	-	-	2.875	3.125x	Mly	No
Royal Bank of Scotland Int Ltd	01534 286850	Royalties International	1.70	1.80	1.90	2.10	2.35	2.50	Qly	No
Schroders (CI) Ltd	01481 703700	High Interest Call	-	-	-	2.281	2.281	2.531r	Mly	Yes
Standard Bank	01534 881188 /01624 643643	Offshore Reserve Optimum Offshore Moneymarket Call	1.62 0.00 -	1.62 0.00 -	1.62 0.00 -	1.87 0.18 3.75	2.24 0.68 3.85	2.49 0.93 3.85	Half Yly Qly Mly	No No No
Woolwich Guernsey	01481 715735	US$ International Gross	-	-	1.49u	1.54	1.79	2.03	Qly	No
Zurich Bank International Ltd	01624 671666	Call	1.00	1.50	2.00	2.50	2.75	3.00	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 - MARCH 2008

LENDER	INTEREST RATE%	MAX.% ADVANCE	ARRANGEMENT FEE	SPECIAL FEATURES
Bank of Scotland	Libor+/-1%	85	0.25%	Special schemes GBP70,000 minimum.
BM Solutions	5.09% 2 year tracker 5.89% 2 year fix	 85	2.5% 1%	Applicant must work for Govt Agency or Multi National Company.
Cheltenham & Gloucester	5.67% 2 year Fix 5.83% 2 year Fix 5.67% 5 year fix 5.63% full term tracker bank base plus 0.34%	85	 GBP995 Nil	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.
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	6.69% 3 year fix	75	GBP499	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.
Heritable Bank	6.79% 2 year fix	85	0.5%	IMP Clients receive a special discount. 6% redemption penalty over the first two years.
HSBC	7.5%	80%-90% 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	6.34% via discount to 01/03/2010	80%	GBP295	Maximum of five properties to GBP1 million borrowing. Flexible mortgage.
Irish Permanent (Isle of Man)	Base +0.65% - 1.25%	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 +1-1.5%	80	0.5%	Terms can vary via different Royal Bank operations areas.
Saffron Building Society	5.99% Bank of England base + 0.74%	UK Expats 85% Foreign Nationals 75%	Loans to £350,000 £595 Loans to £500,000 £795	Maximum holding £1.5 million. Up to five buy to let properties.
Stroud & Swindon	BTL Under review Family occupation 5.74%	75	£695	No repayment penalties at any time. Up to four buy to let properties. Totally flexible BTL overpayments/ underpayments.
TMW	5.68% 5.89% 6.19%	80 80 80	2 year fix 1.5% 1.5% 0.5%	5% during fix rate. 2 year tracker 5% in fixed period. 5 year fix 5% in fixed period.

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 £250 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 @ 15/02/08 - 5.25% 3 month LIBOR 5.63%. 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, Alarabi Silver, Alarabi Gold, Internet Card)	Al Mubarak Silver – 75 or 130, Al Mubarak Gold – 180, Alarabi Silver – 200, Alarabi Gold - 350	Al Mubarak cards: N/A on purchases and cash withdrawals Alarabi cards: 1.97% on purchases, 3.45% or SAR45 on cash withdrawals	51 days	Cash on demand, ongoing merchant discounts, free supplementary cards. Al Mubarak cards are Shari'ah compliant.	800 124 4040 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: 1.97% on purchases, SAR75 on cash withdrawals Amanah card: N/A 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: 3,000 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 4040 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	6% yearly	Up to 60 months	None	Approved companies only. Must have been with current employer for six months. Minimum salary SAR2500.	800 124 1222 www.alrajhibank.com.sa
Arab National Bank	Al Mubarak Finance	4.4% yearly	Up to 60 months	None	Government employees must have min. salary of SAR3000 and must have been with current employer for three months. Private company employees must have min. salary of SAR4000 and must have been with current employer for one year.	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	8.75 – 9%	Up to 42 times salary for nationals, 75% of end of service benefits for expats	Up to 108 months for nationals, up to 60 months for expats	120	800 766 66 www.bdof.org
Bank Muscat	Consumer Loan	9%	Up to 51 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	9%	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	9%	Up to 51 times salary	Up to 132 months for nationals	250	800 77077 www.nbo.co.om
Oman Arab Bank	Personal Loan	9%	Up to 32 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	9%	Up to 25 times salary for nationals, up to 8 times salary for expats	Up to 72 months	150	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% 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% 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% 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% 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% 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% 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: 9.5%	Up to 70 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	3,500	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: 9.99%	Up to 250,000	3,000	Up to 72 months	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 9.75-11.50% 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	3,000	Up to 84 months for nationals, up to 48 months for expats	4658555 www.standardchartered.com/qa

Credit cards — QATAR

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

Home Contents Insurance — QATAR

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

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during February 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: 9.5%	Up to 22 times monthly salary	300	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)	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: 8.5-10.25%	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	Reducing balance rate: 6.75% for nationals, starts at 9.5% for expats	Up to 51 times monthly salary for nationals Up to 10 times monthly salary for espats	200 for nationals 400 for expats	Up to 84 months for nationals, up to 60 months for expats	17214433
Shamil Bank	Personal Finance (Tamweel Al-Shamil)	Fixed rate: starts at 4.39%	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 - 250, Gold - 400	Standard/Gold – 2% on purchases, 4% on cash withdrawals	45 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 – 2.39% Emirates-Citibank card – 2.49% 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	1.67% on purchases. 4% on cash withdrawals	21 days	17214433
Shamil Bank	Al-Rubban MasterCard (Classic, Gold)	Classic – 15; Gold – 25	300	One-off fee on garantee of 6.5% or 0.6% per month on purchases, US$10 on cash withdrawals	51 days	17878777
Standard Chartered	MasterCard/Visa (Classic, Gold)	With salary transfer Classic 10, Gold 25, otherwise 20 and 60	Classic - 200, Gold - 800	Classic 2.25% with salary transfer, otherwise 2.95% - Gold 1.7% with salary transfer, otherwise 2% on purchases, 5% on cash withdrawals	50 days	Toll free: 80001802

Home Contents Insurance — BAHRAIN

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

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during February 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	6.25%	Up to 15,000	250	Up to 72 months	812000
Burgan Bank	Consumer Loan	6.25%	Up to 15,000	200	Up to 60 months	804080 www.burgan.com
Commercial Bank of Kuwait	Personal Loan for nationals only Consumer Loan	10.25% 6.25%	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	6.25%	Up to 15 times salary maximum 15,000 Up to 50 Times salary maximum 70,000	250 350 for nationals	Up to 60 months Up to 180 months	805805 www.e-gulfbank.com
National Bank of Kuwait	Consumer Loan Expatriate Loan	6.25%	Up to 15,000	250 for nationals, 600 for expatriates	Up to 60 months	801801 www.nbk.com

Credit cards — KUWAIT

PROVIDER	CARDS OFFERED	ANNUAL FEE (KWD)	MIN. SALARY (KWD)	INTEREST/PROFIT RATES	INTEREST FREE CREDIT	VALUE ADDED	CONTACT
Bank of Kuwait and Middle East	Visa/MasterCard (Standard, Gold) Visa Platinum, MasterCard CyberSmart Card	Free for the first year, afterwards Standard 25, Gold 40, Platinum 75, CyberSmart 5	With salary transfer: Standard 250, Gold 700; otherwise Standard 300, Gold 750; Platinum 1,000	1.25% 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	1.3% 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	1.2% 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 February 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 February 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. 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	170	250	50,000	Cover against accidental damage, fire, and theft; everything inside the house such as furniture, landlord's fittings, permanent fixtures and fittings, interior decors, safety locks up to AED1,000, jewelry up to AED2,500, servants with extra charge (AED150 per person)	Dubai – 04 337 9800 Sharjah – 06 572 3434 www.gargashinsurance.com
National General Insurance – Home Contents Insurance	500 minimum	1,500	50,000	Home contents against fire, principal perils, theft. Jewellery has extra charge.	04 222 2772 www.ngi.ae
Oman Insurance Company – Home Umbrella	200 minimum	250	50,000	Household contents covered against fire and allied perils, escape of water, theft or attempted theft, riot, strike and civil commotion, storm, flood and malicious damage, etc.; contents temporarily removed up to 10 per cent of contents sum insured within the geographic limit not exceeding 30 consecutive days; audio/video equipments, home computers, mirrors and glasses against accidental damage occurring in the private dwelling; loss or damage to goods contained in a deep freezer maximum of AED1,500; cost of alternate accommodation/loss of rent up to 50 per cent of contents sum insured for maximum period of six months; legal liability towards domestic servants maximum AED150,000, public liability maximum AED1 million, and tenant's legal liability for material damages caused to property of the landlord maximum AED200,000; personal accident (death) caused by fire or thieves for the insured and spouse max AED50,000 per person; all risks cover for jewelry, valuables and laptops is optional	Toll Free 800 4746 www.tameen.ae
Oriental Insurance Company LTD – Home Contents Insurance	250	2,000	50,000	Home contents against fire, natural calamities, theft including jewelry	04 353 8688
Qatar Insurance Company – Home Contents Insurance	500 minimum	250	50,000	Home contents against fire and burglary, optional - jewellery and valuables	04 222 4045
Royal & Sun Alliance Insurance Group – HomeShield Cover	250	Standard excess option - 250 Double excess option - 500	50,000	Household goods and other articles owned by any of your household members for which you are responsible as occupier of the house – everything inside the house, optional - specified/unspecified items (which you take with you when you go out), even while on holiday for 60 days including jewellery and personal belongings	04 334 4474 www.royalsunalliance.ae www.fasterquote.ae
Wehbe Insurance Services - Homeshield Insurance	500 minimum	250	50,000	Household goods possessions and fixtures and fittings for which you are responsible against loss or damage whilst in the home (0.4 per cent), with choice of two covers: **(1) Standard** – against loss or damage caused by fire/ smoke/explosion, theft or malicious damage, lightning, storm or flood, falling trees, impact, burst oil or water pipe (full cost of repair irrespective of age or original cost of articles except clothing and household linen where deduction may be made to allow for age and condition of items); For accidental damages to TV's/Hi-Fi's/Videos/home computers/fixed glass/ceramic hobs, deterioration of food in freezer if it breaks down but not if more than 10 years old, legal liability as occupier for injury to other people or damage to their property, liability to domestic servants, contents temporarily in the garden excluding damage caused by storm and flood, replacement of external locks in your home if your keys are stolen and **(2) Extra damage option** – including accidental damage; policy can extend to personal belongings you take outside the house (1.4 per cent) such as unspecified valuables, clothing, personal effects up to AED2,500, money up to AED1,500, credit cards, specified items for items worth more than AED2,500 individually, sports equipment up to AED4,000, pedal cycles that are securely locked while unattended, small boats against loss or damage anywhere in UAE and up to 60 days anywhere in the world	04 324 2345 www.wisgroup.com

Discounts are offered for listed companies, brokers and online applications. For more details, check with the provider. These tables are compiled using specific criteria widely considered by consumers as important when choosing a specific financial product. ***Disclaimer:*** These listings are **NOT** meant as a recommendation of a particular provider; listings are simply in alphabetical order and updated during February 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	1.5% on purchases, 3% on cash withdrawals	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	Toll-free: 800 4008 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)	Free for life	1.7% on purchases for MasterCard cards, 1.95% for Visa cards 2.25% on cash withdrawals	55 days	04 213 0000 www.rakbank.ae
Standard Chartered	Saadiq Visa Gold Credit Card	500	N/A on purchases, AED125 for cash withdrawals	50 days	04 313 8888 www.standardchartered.com/ae
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, Eppco-Citibank card, Emirates-Citibank Silver/Gold Card, Citibank eCard). Citibank/Emirates Ultima Card. Citibank/Emirates Ultimate	Silver-250, Gold-500, Eppco-Citibank card-250, Emirates-Citibank Card-300 (Silver), 550 (Gold), Citibank eCard-50 (Free to Emirates cardholders), Citibank/Emirates Ultima Card-3,000, Citibank/Emirates Ultimate-1,000	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.	04-311 4000 www.citibank.com/uae
Dubai First	Visa (Silver, Gold) Royale MasterCard	Silver – 150, Gold – 350 Royale MasterCard - by invitation only	Free travel accident and inconvenience insurance on baggage loss, baggage/flight delay, personal liability, emergency hospitalization and assistance. Free life insurance up to AED50,000 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.	Toll-free: 800 33 www.dubai-first.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 3.95%, used cars staring at 5.25%	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	3.85% flat rate	New cars: up to 90% Used cars: up to 70%, subject to maximum AED50,000	10-30%	Up to 48 months	4,000	No
Commercial Bank of Dubai	Tam-wheel Car Finance	CBD custmers: 4.25% for new cars, 5.75% for used cars Non-customers: 4.5% for new cars, no financing for used cars	Up to 250,000	Depends on make and model for new cars 10-20% for used cars	Up to 60 months	3,000	No
Commercial Bank International	Sayaraty	3.99% for new cars, up to 5.5% for used cars (depends on make and model)	Up to 300,000	Nil for new cars, up to 30% for used cars (depends on car model)	Up to 72 months for new cars, 60 for used cars	3,500	No
Finance House	Auto loan	4.29% for new cars, 4.69% for used cars	Depends on salary and car price	None for new cars starts at 10% for used cars	Up to 72 months for new cars, up to 60 months for used cars (depends on the model)	3,000	No
Habib Bank AG Zurich	HBZAuto loan	4.25% for new cars	Up to 250,000	Minimum 10%	Up to 48 months	5,000	Yes
Mashreqbank	Mabrook Auto loan	4.25% for new cars, 5.25% for used cars	Up to 500,000	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, without salary transfer 4.5%.	Up to 250,000	Minimum 10%	Up to 72 months - new cars, up to 48 months - used cars	4,000	No
Sharjah Islamic Bank	Vehicle Murabaha	With salary transfer: 3.99% for new cars, 4.25% for used cars. Without salary transfer: 4.25% for new cars, 5% for used cars.	Up to 250,000	Nil for new cars, minimum of 10% for used cars	Up to 72 months	3,000	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	9-13% reducing balance rate	Up to 250,000 (depends on salary)	Yes	Up to 192 months for nationals, 72 months for expatriates	2,500	Yes
Abu Dhabi Islamic Bank	Goods Finance	Profit rate: 5% fixed rate	Up to 30 times monthly salary, maximum 250,000	Yes	Up to 72 months for nationals, 60 months for expatriates	3,000	Yes
Dubai Bank	Sanad Personal Finance Souk Goods Finance	Profit rate: 4.5-6.5% fixed rate (depends on loan tenor and salary)	Up to 250,000	Yes	Up to 120 months Up to 60 months	5,000	Yes
Dubai Islamic Bank	Al Islami Personal Finance (For goods and services)	Profit rate: Starts from 4.55% (depends on the company)	Up to AED250,000 with salary transfer, otherwise AED100,000	No	Up to 60 months, depends on goods or services required	3,000	No
Emirates Islamic Bank	Goods Murabaha	Profit rate: 6.5% fixed rate with salary transfer, 6.95% fixed rate without salary transfer	Up to AED250,000	Yes	Up to 60 months	2,500 with salary transfer, otherwise 3,500	No
HSBC Amanah	Amanah Personal Finance	Profit rate: 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
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	2,500	Yes
Sharjah Islamic Bank	Goods Finance	6% fixed rate	Up to AED250,000	Yes	Up to 60 months for nationals Up to 48 months for expats	3,000	Yes
United Arab Bank	Consumer Loan	Fixed rate: min. 4.5% Reducing balance: min. 9%, depends on the company and the salary	Up to AED250,000	Yes	Up to 72 months (depends on the company and length of service)	3,000	Yes
United Bank Limited	Personal Loan	Reducing balance rate: starts from 8.5%	Up to AED250,000 for nationals, 150,000 for expats	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
Used cars must not be older than 2001 model	No	4% of outstanding value of the loan	Free credit card for life, 13 months comprehensive auto insurance cover starting from 3.25% on saloon cars and 4x4 vehicles	No processing fee	Toll-free: 800 3434 www.fh.ae
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		No processing fee	Toll-free: 800-742 www.sib.ae

Criteria: Interest rate of less than 4.5 per cent (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 AED500. 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 loand 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	Retail base rate (5.5%) + 2.75%	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	8.5% 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	8% 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 8.5% reducing balance rate	Up to AED3 million	Up to 50% of gross monthly income	25% with salary transfer, otherwise 30%
Barclays Bank	UAE residents and non-residents	Up to 25 years	70 years	7.25 - 9% 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	Starts at 6-month EIBOR + 2% (Max. 3.25%)	AED10 million	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 8.25% 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 3-10%
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	Floating interest rate. More information not available.	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	7.25 - 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 80% for villas	Should not exceed 50%	Depends on property
Mashreqbank	UAE residents and non-residents	Up to 25 years	60 years for salaried 65 years for self-employed	Fixed rate: starts from 7.75% Variable rate: from 2.75% + EIBOR	Up to AED8 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	1 year EIBOR +3%	Up to 90% of property value	Depends on salary	Depends on property
National Bank of Abu Dhabi	UAE nationals, expats only in Abu Dhabi/Dubai	Up to 20 years	65 years	9.25% reducing balance rate	Up to AED8 million for Abu Dhabi properties, up to AED5 million for other emirates	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 6.49%; afterwards, EIBOR rate + 3.25%. 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%	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	8.25 - 10% reducing balance rate	Up to 90% of property value	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**. With salary transfer: 4.65% for 1 to 5 year tenor; 5% for 6 to 10 year tenor; 5.2% for 11 to 15 year tenor. Without salary transfer: 5% for 1 to 5 year tenor; 5.2% for 6 to 10 year tenor; 5.48% 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	8.5 % variable rate	Up to AED5 million	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	Yes	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	8,000	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	15,000	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	15,000 for individuals with salary transfer, otherwise 20,000; 10,000 for joint	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	10,000	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 Nahkeel projects only; Green Community, Istithmar, Golf Real Estate, The Pad by Omniyat and Al Hamra in Ras Al Khaimah	Yes	Yes	04 329 6209 www.uae.hsbc.com
Life and building insurance	12,000	Yes	Yes	1% arrangement fee for mortgage loan; no penalties for lump sum reduction or early repayments; AED3,000 mortgage registration; AED2,500 valuation fee	Emaar, Dubai Properties (Jumeirah Beach Residence), Union Properties (The Green Community & UPTOWN Mirdif), Nakheel	Yes	Yes	04 342 2000 www.lloydstsb.ae
Life and property insurance (Approved companies only)	8,000	Yes	Yes	Processing fee: 1% of maximum of AED20,000 (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	8,000 for salaried, 15,000 for self-employed	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	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, 25,000 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	12,000	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 February 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

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
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-international.com	www.acuma.ae3
GlobalEye	P O Box 24592, Dubai	+971-4-3979550, 800-4558	+971-4-3979551	admin@globaleyegroup.com	www.globaleyegroup.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
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
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
Orient Financial Brokers	P.O. Box 2495, Dubai, U.A.E	+971-4-351 4900	+971-4-352 4996	info@orientfinance.com	www.orientfinance.com
Sterling Financial Brokers	P.O. Box 26652, Dubai, U.A.E	+971-4-221 3949	+971-4-224 3271	info@sfbme.com	www.sfbme.com
World Index Investment LTD	P.O. Box 111012, Dubai, U.A.E	+971-4-359 8882	+971-4-359 9030	info@world-index.com	www.world-index.com

Disclaimer: *This list is meant as a guide only and is NOT meant as a recommendation of any particular organisation - listings are simply in alphabetical order, by licence. All information contained herein is subject to change without notice. This listing was checked for accuracy and updated during February 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	+971-4-328810	mohammad@just-wills.net	www.just-wills.net

Letter of the Month

Email: editor@moneyworks.ae

Letter of the month wins a complimentary annual subscription to MONEYworks.

Dear Editor,

Sheikh Sultan has a good grip on western culture. However, if there are some anomalies, it does not mean that a theory is false. Sheikh Sultan has, in fact, confused Murabaha and Ijara in his column. In terms of interest rate, it is a global issue and not just a problem of Islamic finance. When he talks of transparency, it is not just a problem of Islamic finance. And finally, if someone can talk with authority on Islamic finance, it has to be an Islamic scholar – not somebody who is not trained in the subject.

Mohammed, Saudi Arabia

Sheikh Sultan replies:

It seems that our dear reader agrees with what I have stated earlier by calling the issue of interest rates a "problem" that Islamic banks face, and yet these banks are willing to make full use of them. It goes back to my initial argument that Islamic banking is a myth; it is basically regular commercial banking with an Islamic name attached to it. It is typical behaviour for promoters of this issue to quote from the Holy Quran in order to stop any criticism of what they propagate. Please leave the good book out of this scheme to collect as much money as possible from unsuspecting, innocent individuals. How can an "industry" where no two banks follow the same rules claim to belong to the same distinct group of enterprises?

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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.

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.*

Where have all the good funds gone?

James Thomas on how to act when you're not getting the investment growth you thought you would.

QUESTION:

"I have a regular savings contract and have received a letter about my policy that has raised two concerns. Firstly, I have received notice that a property fund has been suspended. I am confused by what this means. Also, I am generally concerned about the value of my policy. What should I do?"

We're currently seeing volatility on the world's stock markets. It's due to a number of factors, such as the sub-prime housing issue in the US and the financial products that were sold containing this debt, high oil and commodity prices (and worries over the supply of these), the state of the US economy, the mention of a US recession and finally a banking fraud on a huge scale. On their own, I do not believe these issues would have affected the markets as much as they have. Combined, however, they have led to widespread confusion and uncertainty, which in turn has had a negative effect on the value of stock and shares, thus reducing the value of your savings contract.

It is impossible to say how long this volatility will continue, but I think it is worth remembering why you are saving and focusing on your ultimate goal. It may be for children's university funding, your retirement or just so you have something to show for your time in the Middle East. Your financial advisor will be happy to help you clarify why you are saving.

It would also be worthwhile to run through your attitude towards risk, as well what you believe to be an acceptable level of risk. When markets are going up, it is very easy to forget about risk and just enjoy the growth, whereas when markets fall, it brings risk sharply back into focus. However, if you look back over the last 100 years, equities have vastly outperformed any other form of investment. It's probably worth trotting out another catchphrase: it is time in the market and not market timing that gives you your returns. Basically, the longer you are invested, the timing of the investment becomes largely irrelevant and the performance should reflect that.

If you are saving regularly, there is another benefit to remember, and that is dollar (or whichever currency you are saving in) cost averaging. This is the effect of drip feeding your money into funds on a regular basis over a period of time.

By saving regularly into a unit-linked investment, the investor can still benefit from stock market fluctuations. It is regular contributions that count. Even a poor performing fund, next to a steadily performing fund, can produce rather surprising results. In the table below, in each case US$1,000 per annum is invested over a 10-year period.

Fund A's unit price triples in value over the period, the number of units bought reduces or remains constant all the time and the total number of units bought is 4,840. On the other hand, although Fund B only manages to recover its original price after 10 years, the investor benefits from being able to purchase more units for his premium and the total number of units bought is 26,580. This is a very simple set of figures, but it shows that it is possible to benefit from falling markets.

	Investment outlay	Number of units bought	Unit Price after 10 years	Value of unit holding
Fund A	US$10,000	4,840	US$3	US$14,520
Fund B	US$10,000	26,580	US$1	US$26,580

The other query raised in the question relates to a situation that has occurred with a number of property funds recently. Generally, there are two types of property funds: those that invest into shares of property companies, such as Emaar and Nakheel here in the UAE, and those that actually buy physical property, such as office blocks, shopping centres and other commercial real estate. The funds that buy shares will rise and fall with the value of the underlying asset, like any other mutual fund, and can be bought and sold daily with no problems.

With a fund that holds 'real' assets, however, there can be occasions when such is not possible; for example, when there is an unexpected fall in the market and investors decide to sell their holding. This is fine if the fund has sufficient cash, but it may need to physically sell a property to meet the investors' requests. When this happens, the fund manager can put a block on investors selling their investment to protect the fund and the remaining investors, and only allow the sale to take place when it is acceptable to the fund, rather than being forced to sell an asset at an inopportune time.

The fund that you are concerned about is held through a platform allowing free switches of funds, so it is not the overall savings plan that is affected, but rather one of the funds. Therefore, I would suggest that it is a good time to review your policy and make changes as necessary. MW

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The sorry state of UAE real estate

Sheikh Sultan bin Saud Al Qasimi on why UAE real estate is in real need of some sanity right now.

It seems like not a single day passes without yet another extravagant announcement about a new real estate project that defies gravity, the laws of nature and the laws of finance.

One has to wonder about the lack of government supervision that allows firms to issue press releases that are clearly stretching the truth, break promises that begin with delivering real estate projects late or never and jeopardise the reputation of the UAE by mistreating foreign labour.

Take the case of a local development company in the UAE that is owned by GCC shareholders. This firm claims to have AED300 billion under development, which roughly accounts for 75 per cent of the GDP of Abu Dhabi. The firm has announced a project "in excess of US$20 billion" in a country that has a GDP of US$36 billion. Does that make sense to anyone else? It clearly escapes my understanding. How can the government allow such press releases, and how does the local press publish them without verification? To put things into perspective, this case is similar to someone claiming to have a project "in excess of US$7 trillion" in the US (roughly 55 per cent of the GDP).

Another local company, which is one of the few home-grown brands to go regional, claims to have a portfolio "in excess of US$40 billion"[1]. This is clearly an example of a company that bit off more than it could chew. A local news report found that out of the 15 advertised projects in Dubai that the company was developing, *all* were running "substantially behind their projected completion schedules"[2] to the extent that investors were threatening to withhold future payments to the developer. Oddly enough, one of the few publicised cases of real estate developers fleeing the country after selling off planned projects to unsuspecting investors to the tune of AED14 million[3] has yet to be resolved.

Copycats

Another issue plaguing the real estate sector is the copycat culture that is about to make our beautiful city of Dubai into a Sameville mini-me of other cities around the world. For example, more than one project currently promises to replicate the Eiffel Tower in Paris; moreover, as if copying individual landmarks wasn't enough, one project even threatens to replicate the entire city of Lyon in Dubai.[4] A contender for the most profuse project award has to be the Falcon City of Wonders that has pledged to reproduce "the Pyramids, the Eiffel Tower, the Taj Mahal, the Great Wall of China and the Leaning Tower of Pisa"[5]. Tatweer also has its own replication process going on within the Bawadi project.

Don't people realise that what has made Dubai great is the spirit of entrepreneurial originality? Shall we wait for a project that promises to replicate the entire city of Abu Dhabi in Dubai or maybe the holy shrine of Mecca?

Labour pains

A different case of construction woes emerged in the autumn of 2007, when 40,000 employees of Arabtech went on strike over low wages that, according to the official UAE news agency, "turned into riots", with stones being thrown at the police[6]. This situation could have been dangerous for the entire country if you consider that the size of the Dubai police force is around 15,000 personnel[7] (they were outnumbered three to one).

The management of Arabtech must be proud now that it has reported a 115 per cent increase in profits to US$93 million in 2007[8], despite the serious damage to the UAE's reputation and social security. Basically, because the company didn't meet the labourers' demands for an AED90 million increase per year (a sizeable 25 per cent of its profit), the UAE was unfavourably featured on the front pages of various newspapers, websites and TV stations around the world as a country that doesn't treat its "guest workers" fairly. Was that decision worth the damage?

Other emirates

Sharjah's real estate development is the least planned in the UAE, with problems relating to parking, electricity cuts, water stoppages and general frustration about the sorry state of the roads. Despite a daily headline in the local press, all seem to be well on course to staying exactly the same. Abu Dhabi should pay attention to the plight of its sister emirates before launching gigantic projects in the relatively calm capital island that will result in traffic chaos similar to what Dubai is experiencing today.

How do we even account for such a collective failure of engineering imagination and planning? Clearly the UAE authorities were not prepared for such a fast pace of development. For a country that proudly claims to have US$500 billion worth of real estate projects under development[9], it is high time for the federal government to enact serious nationwide laws and regulations that will set this haphazard industry straight. MW

(Footnotes)

1 http://www.zawya.com/story.cfm/sidZAWYA20070807082116
2 http://www.zawya.com/story.cfm/sidZAWYA20060602065103
3 Ibid
4 http://www.nytimes.com/2008/01/28/world/europe/28lyon.html
5 http://www.zawya.com/story.cfm/sidZAWYA20060512100818
6 http://english.aljazeera.net/NR/exeres/3B7DA6A5-F782-4C0A-A19B-FD4EEB0C23AE.htm
7http://www.dubaipolice.gov.ae/dp/english/e_services.jsp?Page=A26&Id=13511&num2=NWS&mainlayid=195&itemId=13512
8 http://www.zawya.com/story.cfm/sidZAWYA20080127043203
9 http://www.zawya.com/story.cfm/sidZAWYA20070731115540

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