

**Dear Members,**

Assalam-o-Alaikum Warahmatullah Wabarakatuh

ADFIMI has, by the grace of Allah, succeeded in completing twelve events in the first half of 2010 thanks to co-sponsorships offered by our host members. We are reporting on eight of these events in this issue.

In order to include all of these events we had to have additional number of pages. Still, due to congestion, we are unable to report on IDB News or News from Members in this issue which I regret.

The 26th General Assembly has given us the mandate to organize a flagship event in Autumn 2010, and we need your support to realize this event in Istanbul.

I look forward to seeing you at this flagship event.

Best regards

**Nuri Birtek**  
Secretary General

- » ADFIMI's 50<sup>th</sup> MCM, İstanbul
- » Seminar on "Treasury Operations & Risk Management", İstanbul
- » Workshop on "SME Financing in the Global Financial Crisis: Issues and Measures", Tehran
- » Seminar on "Corporate Project Financing", Baku
- » ADFIMI's 26<sup>th</sup> General Assembly, Baku
- » CEO Seminar on "New Trends in Agricultural Finance", Baku
- » African Bankers' Meeting, İstanbul
- » Microfinance Experiences of South And South East Asia, KL



**Br. Mehmet Emin Özcan**  
ADFIMI Chairman

Vice Chairman  
Board of Directors of Halkbank

Dear Colleagues

The past six months have been very busy for ADFIMI achieving record number of events. This issue reports on events and exceeds usual number of pages to report these events.

The 26th General Assembly held in Baku, Azerbaijan during 35th annual meeting of IDB Group marked the third year of my term of office as the chairman of ADFIMI. The new Management Committee formed at the 26th General Assembly met immediately after the 26th GA in an extraordinary session and has re-elected me for a second three year term representing Halkbank.

I would like to express my gratitude to all members for showing the confidence in me to be re-elected. This also reflects the appreciation of the work by the members that has been done over the past three years.

I would like to thank the Secretariat for their efforts, the IDB for their continuing support to ADFIMI's work. I would especially like to thank to those members co-sponsoring our training programmes: The Industrial Development & Workers Bank of Egypt, Agrobank (formerly Bank Pertanian) Malaysia, Development Bank of Turkey, Development Bank of Turkish Republic of Northern Cyprus, Uganda Development Bank Ltd, AGBank of Azerbaijan, Omdurman Development Bank of Sudan, Bank of Industry & Mine of Iran.

We shall continue to exert efforts for a better ADFIMI in the coming years.

May Allah almighty grant us success in our efforts to make ADFIMI an institution with a greater value added.

## About ADFIMI and Membership

*Established in 1986, ADFIMI (Association of Development Finance Institutes in Member Countries of Islamic Development Bank) is an international association serving 54 members in 15 countries with headquarters in Istanbul. The main field of activity of ADFIMI is capacity building of its member institutions and providing networking among its members.*

*In this context, ADFIMI organizes seminar / workshops / conferences for its members in various cities in its region (like Istanbul, Antalya, Karachi, Kuala Lumpur, Amman, Hammamet, Cairo, Beirut, Khartoum, Girne, Prishtina, Damascus, Sarajevo, Islamabad, Kampala, and Tunis). In its 24 year of existence, ADFIMI has trained over 2000 executives and directors from development finance institutions.*

*Membership entitles development finance institution to send their executive to ADFIMI ordinary training programmes held in major cities listed above free of charge. Subscription fees are based on total assets. Further information can be obtained from the web site at [www.adfimi.org](http://www.adfimi.org) or directly from the Secretariat; [adfimi@adfimi.org](mailto:adfimi@adfimi.org); 0090 212 526 51 26*



## ADFIMI's 50<sup>th</sup> MCM was held at Titanic City Taksim Hotel, İstanbul-Turkey on 16 April 2010

The major decisions taken were:

The MC has examined and approved the accounts for 2009, the First Quarter results for 2010, the Audit Report for 2009 and status of subscription fees as they appeared in the working documents and decided to recommend the GA for their approval.

The MC had examined the proposals made by the secretariat and decided to advise the General Assembly (GA) to confer honorary membership of ADFIMI upon The Honourable Tun Dr Mahathir Mohamad, former Prime Minister of Malaysia and Dr Ahmed Muhammed Ali, The President of IDB during a flagship event to take place in Istanbul in Autumn 2010 and instructed the SG to go ahead with the preparations inviting them as keynote speakers.

The MC had decided to propose to GA to accept new MC membership of Bank of Industry & Mine, Iran; Agrobank, Malaysia; and Halkbank, Turkey.

## Upcoming Events

- IDB-ADFIMI-WABA/ABAO Joint Training Programme on “Conventional and Islamic Microfinance”, Ouagadougou – Burkina Faso, 12-13 July 2010
- ADFIMI-UDBL Joint Seminar on “Assesing and Capitalizing Distressed Loan Portfolios: A Basel II Perspective”, Kampala-Uganda, 26-28 October 2010
- ADFIMI-Agrobank Joint Seminar on Islamic Modes of Project Financing, KL, November 2010
- ADFIMI-Bank Keshavarzi Joint Seminar on “Microfinance”, Tehran, November 2010
- ADFIMI-Industrial Development and Workers Bank of Egypt Joint Seminar on “Operational Risk Management and Basel II”, Cairo, December 2010
- ADFIMI Special Seminar on “Corporate Evaluation Techniques”, Cairo, December 2010

## OBITUARY

**Br. Abbas Ahmed Abbas**, General Manager, Sudan Rural Development Finance Company Ltd. (SRDC), Sudan passed away. May Allah almighty bless him, grant patience and endurance to his household and companions.

# ADFIMI's 26<sup>th</sup> General Assembly, Hall B, Gulistan Palace, Baku, 21 June 2010.

There were 21 members (totally 28 participants), 2 ADFIMI personnel, and 4 observers. Four members (one of which associate member) gave proxy.

The major decisions taken were:

- The GA has approved the accounts for 2009, the First Quarter results for 2010, the Audit Report for 2009 and status of subscription fees as they appeared in the working documents.
- The GA decided to confer honorary membership of ADFIMI upon The Honourable Tun Dr Mahathir Mohamad, former Prime Minister of Malaysia and Dr Ahmed Muhammed Ali, The President of IDB during a flagship event to take place in Istanbul in Autumn 2010 and instructed the SG to go ahead with the preparations inviting them as keynote speakers.
- The GA decided to accept new MC membership of Bank of Industry & Mine, Iran; Agrobank, Malaysia; and Halkbank, Turkey.



# IDB 35<sup>th</sup> General Assembly Baku, Azerbaijan 22 June 2010



## Joint IDB-ADFIMI CEO Seminar on “New Trends in Agricultural Finance” was held in Hall B at Gulustan Palace, Baku, Azerbaijan on 22 June 2010

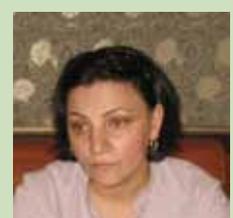
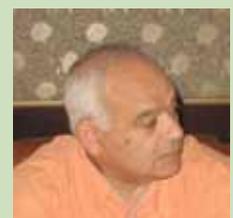
Traditionally ADFIMI holds its annual CEO seminar during IDB Annual Group Meetings. This year ADFIMI’s annual CEO meeting was held jointly with the IDB on 22 June 2010.

The seminar was co-chaired by Br. Mehmet Emin Özcan, ADFIMI Chairman, Member of the Board, T.C. Ziraat Bankası A.Ş., Turkey and Br. Dr. Bashir Omar Fadlalla, Director, Islamic Solidarity Fund. In the inauguration session, co-chairs and Dr. Selim Cafer Karataş, Executive Director, IDB and Br. Mohammad Jamal Al Saati, Director, OPSD, IDB made welcoming remarks.

There were 5 speakers:

- Br. Dr. Steve Olusegun Ogidan, Managing Consultant/ CEO, Successory Nigeria Limited & BDS Adviser, World Bank MSME Kaduna Rice Value Chain Project, Training Consultant to the European Union WSSSRP & EU-IWRM, Consultant to DFID ENABLE Project, Nigeria
- Br. Prof. Dr. sc. Šukrija Ramić, Head, Religious Studies Dept., University of Zenica; Member of Shariah Board, Bosna Bank International d.d., Bosna&Herzegovina
- Br. Muhammad Ashraf Khan, Director, Agricultural Credit Department, State Bank of Pakistan
- Br. Tan Sri Dato’ Seri Dr. Hj Zainul Ariff Hj. Hussain, AAC Chairman; Chairman, Board of Directors, Universiti Malaysia Perlis (UniMAP) c/o Anjung UniMAP Malaysia
- Sr. Kiswah Mohamed (o/b of Br. Datuk Ahmad Bin Said, MD, Agrobank, Malaysia), CFO, Agrobank, Malaysia

There were 45 participants to the seminar. 21 of which were ADFIMI members.



### ADFIMI’s Management Committee – Unofficial Meeting

MC made an unofficial meeting before the 26th GA to discuss issues since the 50<sup>th</sup> MC.

# ADFIMI-AGBank Joint Seminar on Corporate Project Financing

Baku,

16-18 June 2010

The seminar was held at Crowne Hotel in Baku. There were 12 participants from 6 countries.

The Programme was managed by Br. Dr. M. Fouzul Kabir Khan, Economics&Finance Dept., North South University; Chairman&CEO, Keystone Business Support Co. Ltd., Bangladesh



# ADFIMI-IRTI/IDB-BIM Joint Workshop on SME Financing in the Global Financial Crisis: Issues and Measures

Tehran, 24-26 May 2010

The seminar was held at Evin Hotel in Tehran There were 24 participants from 6 countries.

The Programme was managed by Br. Prof. Iqbal M. Khan, Director, SURE Institute, Pakistan.

Br. Ahmed Hatam Yazd, Chairman, Middle East Strategies, Iran has also made valuable contributions both for SME in Iran.

The following participants made presentations on SMEs in their countries as well:

- Br. Murat Buğan, Head, Financial Institutions Dept., Development Bank of Turkey
- Br. Mohammad Altaf Husain, Deputy Secretary, Ministry of Industries, Bangladesh
- Br. Deshir Tuda, Director, Finance Dept., First Albania Finance DC
- Br. Imran Rosjadi, Multilateral Coop. Div., Fiscal Policy Office, Center for Int'l Coop., Indonesia



ADFIMI visited financial institutions in Iran.

# ADFIMI-Development Bank of Turkey Joint Seminar on Treasury Operations & Risk Management

Istanbul-Turkey  
19-21 April 2010.



ADFIMI-Development Bank of Turkey Joint Seminar on "Treasury Operations & Risk Management" was held at Legacy Ottoman Hotel, İstanbul-Turkey from 19-21 April 2010.

There were 31 participants from 9 countries. 10 of which were from ADFIMI overseas member institutions.

The Programme was managed by Br. Dr. Bülent Günceler, BSM Training, Turkey.



ADFIMI-AGROBANK  
JOINT SEMINAR ON  
**MICROFINANCE  
EXPERIENCES of  
SOUTH and SOUTH  
EAST ASIA**

KL, Malaysia, 29-31 March 2010

20 participants from 9 countries attended the joint seminar. Br. Mohammad Ghalib Nishtar, President of Khushhali Bank, Pakistan; Br. Shabbir Ahmed Chowdhury, Director of Training Division, BRAC, Bangladesh; Br. Ruben de Lara, Executive Director of TSPI Development Corporation and President & CEO of TSPI Mutual Benefit Association, Inc., Philippines; Br. Dr. Gaffar Abdalla Ahmed Khalid, Senior Consultant, Microfinance Unit Central Bank of Sudan; Br. Eng. Abdelaziz Slaoui Andaloussi, Livelihood&Microfinance Specialist, Integrated Rural Development Division, Agriculture&Rural Development Dept., IDB; Sr. Wong Chow Wan, Manager, Product Management, Business Banking Dept., Agrobank, Malaysia; and Sr. Pn. Zabidah Binti Ismail, Managing Director, Amanah Ikhtiar Malaysia made presentations to share their microfinance experiences in their countries. Participants also enjoyed visits to Utama shopping center, China Town, and a city tour during the social programmes organized after the seminar sessions.





# African Bankers' Meeting was held in İstanbul.

28-30 June 2010

ADFIMI organized a programme in İstanbul in cooperation with Club Des Dirigeants De Banques Et Etablissements De Credit D' Afrique (**the Club**) from 28-30 June 2010.

There were 41 Club members from 14 countries attending the programme.

The programme consisted of the following:

- Seminar on Budgeting&Financial Control was held in Conference Hall of İstanbul Commerce University, Eminonu Campus on 28.06.2010
- The Programme was managed by Br. Faik Başar, IfA Training&Consulting, Turkey.



## Seminars on different subjects were held in *Taksim Elite World Hotel* on 29.06.2010

The following seminars were held:

### Part I:

"Turkey's policy vis-a-vis Africa", Br. Onur Sevim, 3<sup>rd</sup> Secretary, General Directorate of Africa, Ministry of Foreign Affairs of Turkey

"Brief info on International Cooperation and Development Agency of Turkey (TIKA), Br. Musa Gürbüz, Senior Expert, TIKA

"Financial System of Turkey", Br. Anselme Imbert, Banque de France (Abstract overleaf)



Br. Alain le Noir, Conseiller SpÉcial, Club des Dirigeants

Br. Musa Gürbüz, Senior Expert, TIKA

### Part II:

"Current situation as well as prospects of the Maghreb banks", Br. Dhafer Saidane, Economics Professor at the University of Lille 3 (Abstract overleaf)

"The current situation and future prospects of the banks from the African 'zone franc', Br. Alain le Noir, Special Adviser, the President of the Club

An open forum followed by the Club's official meeting.



Br. Faik Başar.



**Anselme IMBERT**  
Turkey Representative  
Bank of France

Anselme IMBERT is currently Resident Representative for Banque de France in Turkey, a post he took up in September 2007. He's also Financial Counsellor for the French embassy in Turkey.

Mr IMBERT publishes regularly, mainly on Finance and Development. He was the founder and president of ADEF, a think-tank focused on development issues, and member of the editorial board of the french review "Techniques Financières et Développement".



**Sr. Lala Moulaye,**  
President, Club  
des Dirigeants

## Turkish Banking system: crisis, what crisis?

Abstract of the presentation made in Istanbul on 29.06.2010 by A.IMBERT

While in Europe, numerous banks faced serious problems following the financial crisis in Q4 08, the Turkish banking sector recorded a good performance with a return on equity of 22.8% in 2009 after a quite good 18.6% in 2008. Several reasons can explain this strong resilience of the turkish system:

### 1/ No exposure to derivatives and a comfortable liquidity

Regarding the financial instruments, the Turkish banking system looks very basic, with no complex instruments and a very marginal use of derivatives or securitization. Furthermore, the banking sector is not very deep: the ratio of total assets to GDP was just 87.5% in December 2009, while the average for European Union is above 300%, and the loans are quite limited with just 50% of total assets (securities, mainly T-bills accounting for 31% of total assets). An effect of this low level of credit is that the liquidity is not a problem, Turkey being one of the few European countries with a loans/deposits ratio below 100%.

### 2/ Lessons from the (past) crisis: a strong regulatory framework with a very conservative Regulator.

In 2001, Turkey experienced a very serious domestic crisis, which led to a large and costly restructuring of the financial system; the Turkish Regulator (BDDK) estimates the cost of this restructuring as around 30% of the GDP! Obviously, the regulation implemented in the following years was impacted by this traumatic experience and explains why the BDDK looks so conservative.

### 3/ Thanks to the high profitability and CAR, current risks are manageable

The FX position is well balanced (457 M USD positive in June 2010), the turkish banks have no problem to roll over their syndicated loans, and, regarding the FX liquidity, the central Bank showed that it would take the adequate measures if necessary. The same can be said about the TL liquidity;

According to the stress tests implemented, the banking system is well positioned to face with the several market risks;

So far, the credit risk is under control. Even if some segments need to be closely monitored (specially SME's for the corporate sector, and credit cards for the retail), the overall Non Profit Loans ratio stands at a reasonable level (4.4% in June 2010). Furthermore, the strong profitability (RoE >20%) and the high capital adequacy ratio (19.5% in May 2010), constitute a big buffer: the stress tests reveals that an increase of 5.2 percentage points in NPLs could be covered by the period's net profit in September 2009, and even with a 15 point incremental increase in the NPL ratio, the CAR of the sector would remain above the legal limit of 8%.

# Current Situation Financial Liberalization And Banking Consolidation: The Maghrebian Experience

**Dr. Dhafer SAIDANE**

Professor, Skema Business School and EQUIPPE University of Lille.  
PhD in Economics – HDR from Université de La Sorbonne.

The weight of the Arabic Maghreb banking system (Egypt, Libya, Tunisia, Algeria, Morocco and Mauritania) in Africa is important. Of the top 50 banks in Africa, in terms of balance sheet in 2009, there are 25 banks from North Africa with an amount of 350 billion U.S. dollars, or 80% of the total. In this classification, Egypt ranks first with total assets of around 120 billion dollars (with 22 banks), Morocco is ranked second with total assets of around 96 billion dollars (with 7 banks), and Algeria with a total of 62 billion dollars (with 7 banks), and Libya with a total of 44 billion dollars (with 4 banks) and finally Tunisia with a total of 27 billion dollars (with 9 banks).

The North African banking systems have undergone profound changes. Several financial reforms were aimed at the consolidation of banks' capital and strengthening the stability of their activities.

Since the 1990s, the central Maghreb countries, Algeria, Morocco and Tunisia, undertook extensive financial reforms to strengthen their banking systems and strengthen their stabilities through mergers between financial institutions. These consolidations meet requirements in terms of capital suggested by the international rules of Basel.

## The process of nationalization after independence

In Morocco, Bank Al-Maghrib (BAM) has been entrusted by the Dahir No. 1-59-233 of June 30, 1959, issue of the currency and the task of ensuring its stability and its convertibility and ensure the proper functioning of the banking system (supplemented by Act of July 6, 1993, regarding the performance of the business of credit).

Algeria, with the law n ° 62-144 of December 13, 1962 established the statutes of the Central Bank of Algeria. It has established a national banking system.

Tunisia by the law n ° 58-90 of September 19, 1958 created and organized the Central Bank of Tunisia (BCT). The BCT's overall mission to preserve price stability.

## The banking services in the Maghreb: The rate of bancarization

The rate of bancarization expresses the level of banking services and is measured by the percentage of households having at least one account at a bank. The rate of bancarization is among the highest in Africa (60%). For comparison, in France the rate is near 99,9%. In Morocco the rate of bancarization is still modest, about 25%. While in Algeria's rate is lower, less than 20%.

## The Maghrebian banking market: new horizons to explore

In the Maghreb, Moroccan institutions have been particularly aggressive or conquerors. Attijariwafa Bank has partnered with its shareholder Banco Santander to buy 53.5% stake in Banque du Sud (Tunisia) in October 2005. The BMCE Capital bought in 2000, 50% stake in Axis, Tunisian company specialized in the business of financial advisory, asset management and financial intermediation. This gave birth to a new Tunisian-Moroccan Investment Bank "AXIS Capital".

The Tunisian side, "Maghreb Leasing Algeria", Offshore leasing company, was established in Algiers by the group "Tunisie Leasing" in partnership with Amen Bank, the third private bank in Tunisia. The new entity will give priority to become a privileged partner of SMEs and corporates in financing their equipment and materials necessary for their activities.

The close historical, geographical and cultural situations allowed french banks to be more active in the Maghreb. The Maghrebian banking markets is a source of growth for the major French banking groups. The rate of bancarization (banking services) is relatively low. The Maghrebian market represents significant potential.



Br. Ousseynou Sow,  
SÈcretaire ExÈcutif,  
Club des Dirigeants

## Dr. Dhafer SAIDANE

A Tunisian national, Prof. Saidane is a banking and finance professor at Skema Business School and University of Lille. He is an advisor of the African Bankers Club (Club des dirigeants des banques et Établissements de crÈdit d'Afrique) and consultant to various institutions including UNECA, UNCTAD, and visiting professor at WTO Studies School - Wuhan University (China) and Ecole SupÈrieur de Commerce de Tunis (Tunisia). He obtained his BA, MA and PhD Degrees from University

of Sorbonne, Paris. His interests include Finance and growth, Financial Liberalization, Sustainable Development, Sustainable Finance, Emerging financial markets, Consolidation of Banking Market Structure, Mergers and Acquisition in Banking Industry, Financial Intermediation, Islamic Finance



ADFIMI thanks Br Musa Kulaklıkaya, The President of TİKA, the Turkish International Development Agency for their contribution to the event. Similarly, thanks are due to Prof. Sabri Orman, the Rector of İstanbul Commerce University for their generous contribution to the event.