



Strategies for a challenging economic environment

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WIBC, 22nd November 2008

- The turmoil impacted both the bank **loan market** and the **debt capital markets**
- Substantial **fall in prices** of certain securities / asset classes:
 - Investors and banks have had to take **large write downs**
 - Balance sheets of international and some regional banks have been **seriously impacted**
 - Significant capital erosion
 - Liquidity squeeze
- Growing **risk aversion**; both bond and loan volumes are down this year
- Widening of **credit spreads** across most asset classes as **risk is re-priced**

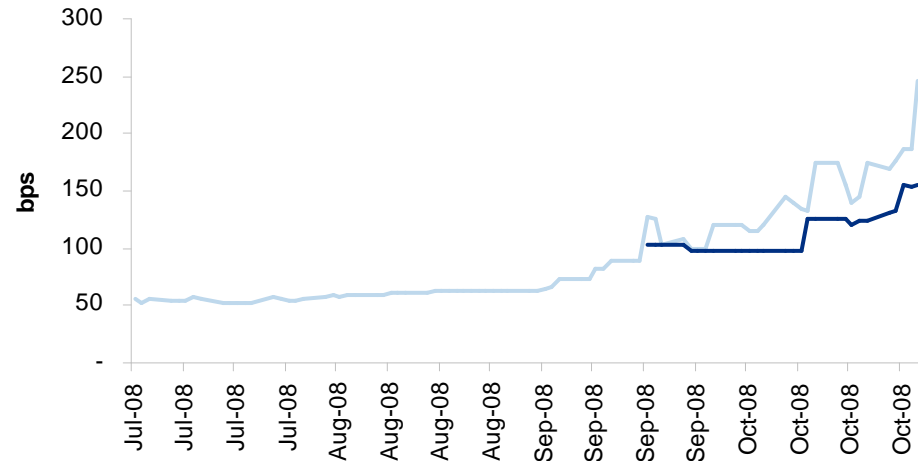
International financing benchmarks

6 month LIBOR



Source: Bloomberg

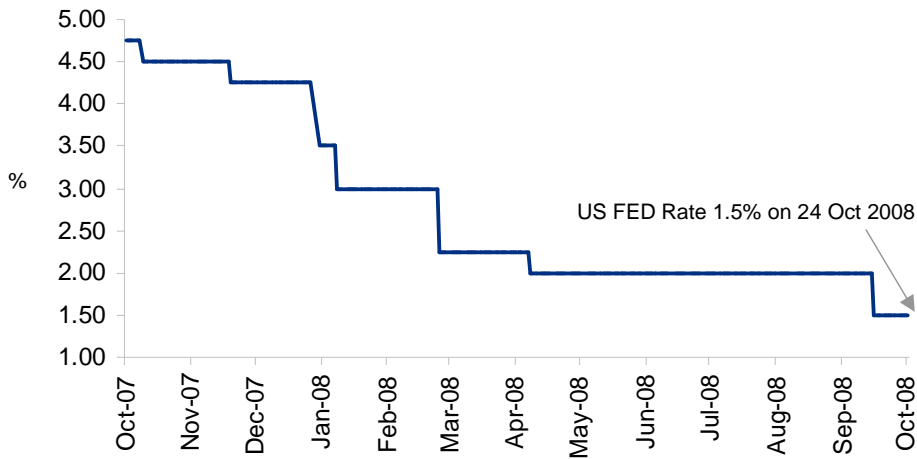
CDS – 5 Yr (Abu Dhabi, Saudi Arabia)



Source: Bloomberg

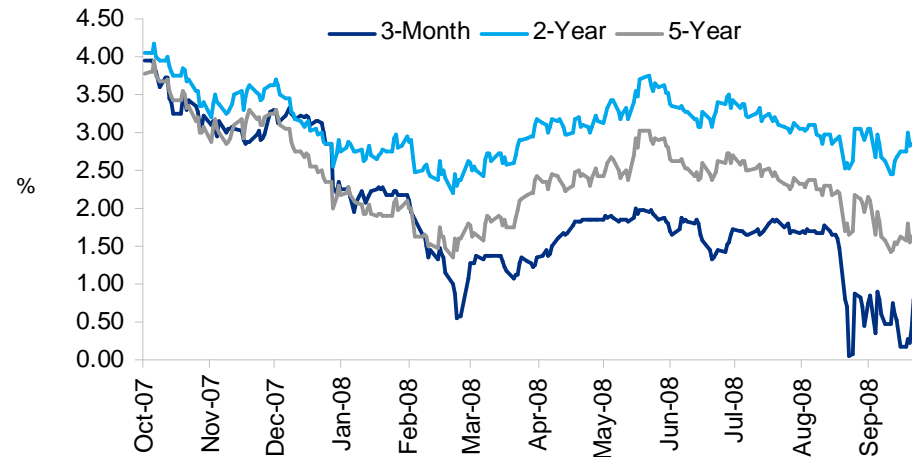
— Abu Dhabi — Saudi Arabia

US Fed Rate



Source: Bloomberg

US Govt Treasury Yields

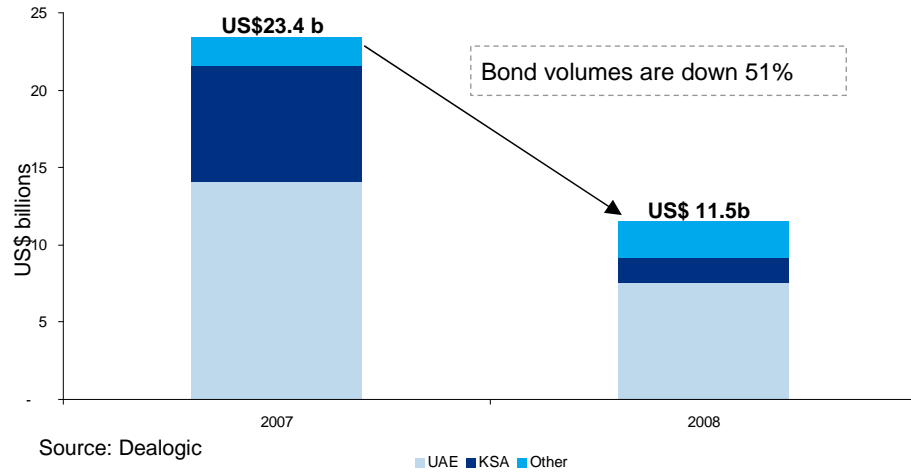


Source: Bloomberg

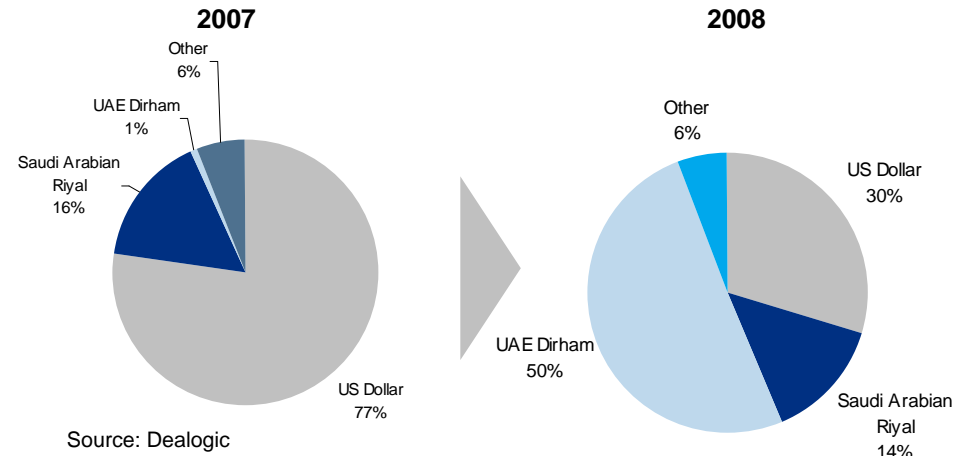
Regional debt capital markets

DCM issuance out of Middle East remains subdued, with offerings being structured in local currencies to tap regional liquidity

Middle East Bond / Sukuk Issuance Volume (Jan to Oct)



Middle East Bond / Sukuk Issuance by Currency (Jan to Oct)



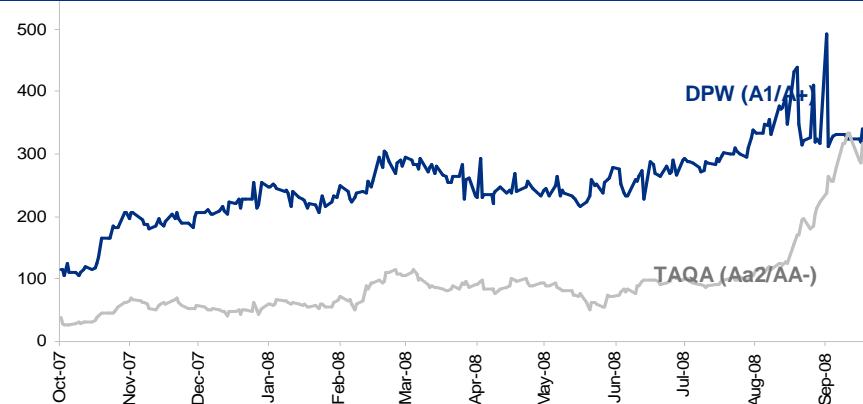
Select Recent Bond / Sukuk Issuances

Issuer	Rating	Size (m)	Maturity	Spread over benchmark
TAQA	Aa2 / AA-	US\$ 1,000	2013	325 bp
DEWA	A1 / AA-	AED 2,750	2013	125 bp
Sorouh	Aa3/ A	AED 4,000	2010	200 bp
Nakheel	N/A	AED 3,750	2010	225 bp

Source: Dealogic

TAQA had issued 5-year bonds in October 2007 at 155bp spread over benchmark against 325bp for recent offering in July 2008

Select Middle East Bond / Sukuk Trading Performance

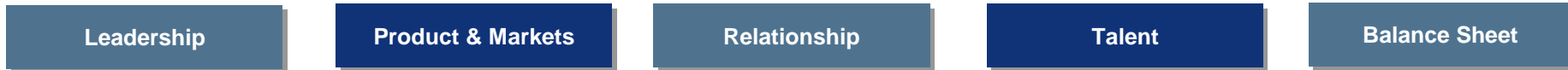


Islamic finance – an alternative model?

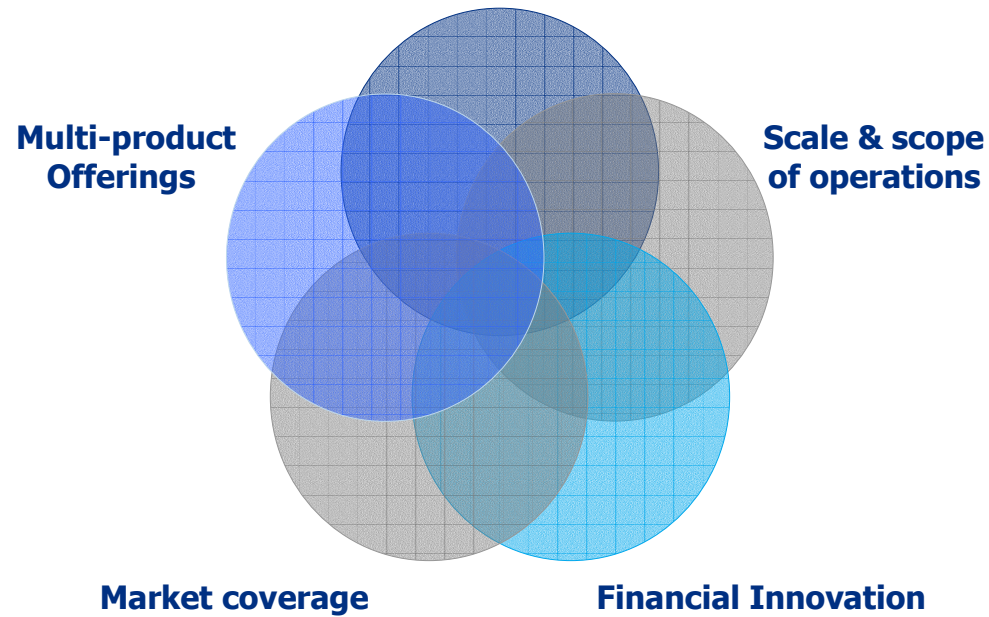
Islamic banks have been somewhat immune to the ongoing crisis primarily due to limited or no exposure to risky global asset classes

- Current global financial crisis & fall out on Islamic banking industry
- **Islamic banking industry – shielded?**
 - focus on asset creation
 - adherence to the principles of ethical finance
 - socially responsible investments
 - risk sharing arrangements on the deposit side
- **Islamic banking - subset of global economic landscape**
 - industry still in a developing phase
 - develop and execute strategies for growth
 - strong balance sheet, consolidation & technology key to survival

Islamic banking: Key success strategies



Consolidation



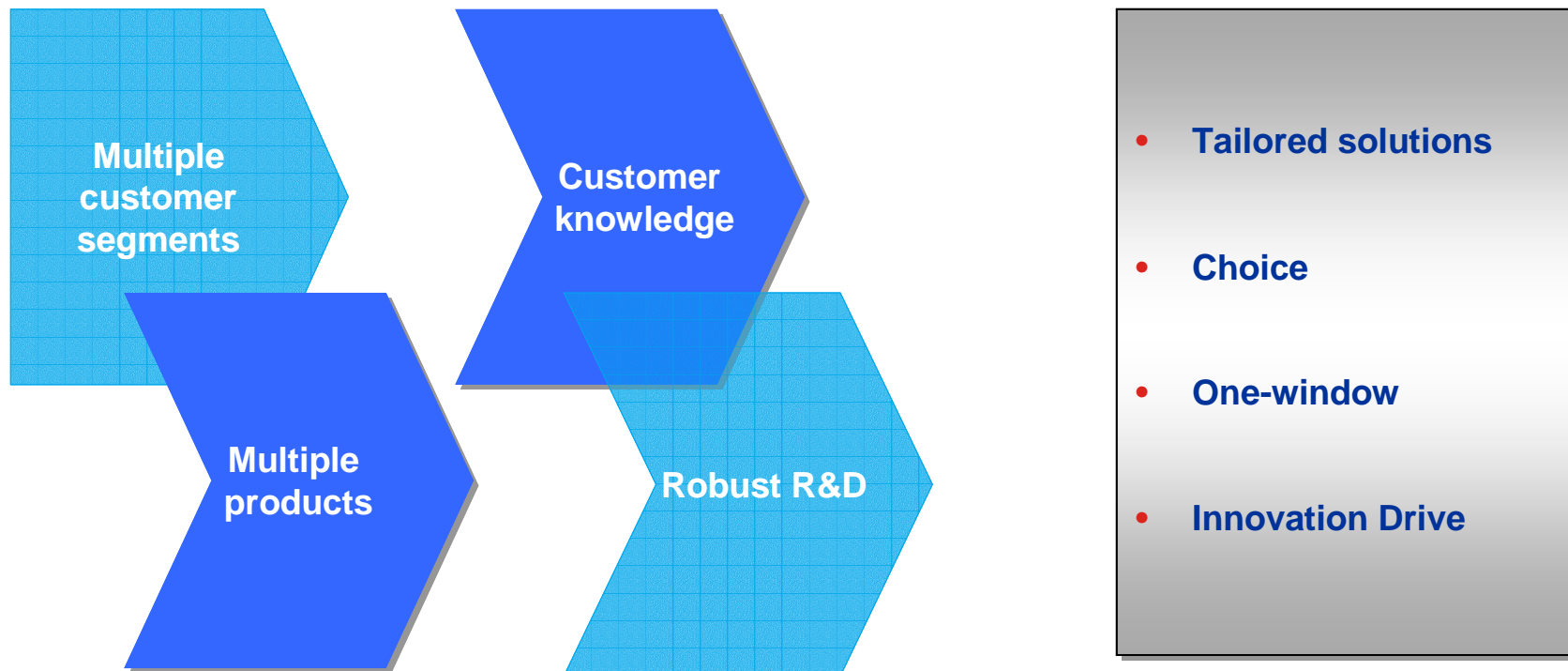
Scale & Scope / Consolidation



- **‘Universal Banking’** model
 - Combining wholesale, retail and investment banking
 - Strong retail and commercial banking focus
 - Investment banking under the umbrella of wider global / regional banking franchises
- **Solid Asset Base**
 - Adequate liquidity with broad avenues of funding
- **Geographical Coverage**
 - International barriers for entry diminishing: technology
 - Transferring success and capabilities across geographies
 - Leveraging multi-market presence
- **Consolidation**
 - M&A activity
 - Size does matter

Product & market coverage

- Islamic banking model to represent a **horizontal cut across** conventional banking products
- Recognise the need for **increased sophistication** and integrated financial solutions



Product & process innovation

- **Shariah-inspired products**

- Scholars to play a more pro-active role by stimulating innovation in the industry
- Focus is now needed on **positive differentiation**

- **Process innovation**

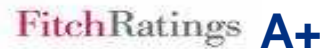
- Superior customer experience requires **innovative and detailed process design**
- Product parameters have to be benchmarked in terms of **customer convenience, speed and consistent quality**
- **Improved processes** enhance competitiveness of the offering
- Optimized processes can be further enhanced through **automation**

Samba Financial Group



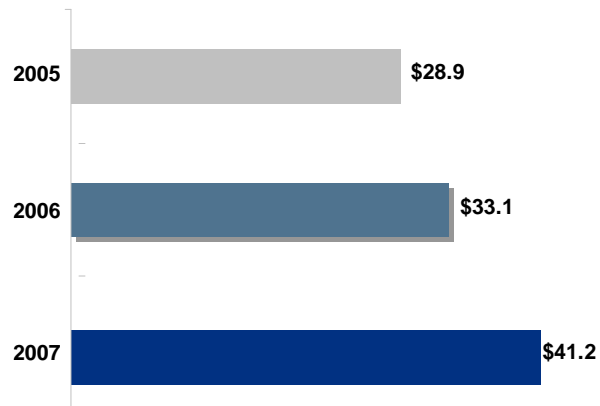
International operations which started with a branch in London have expanded to presence in UAE and Pakistan. More recently, Samba has acquired a license for regulated financial services in Qatar and India

- Full service bank offering a suite of financial services and advisory capabilities
- Consistently delivered strong financial performance
- One of the largest banks in the region with total Assets as of US\$ 50 bn in Sept 2008

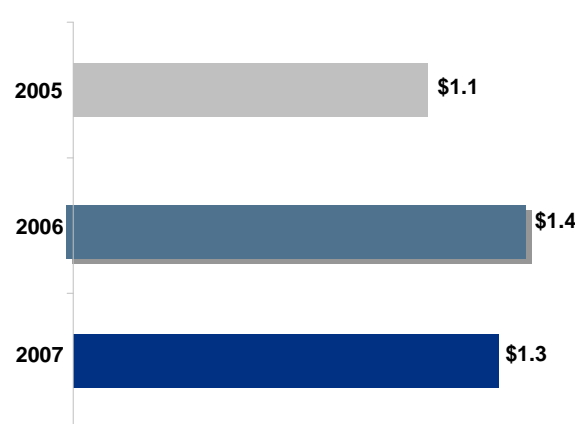


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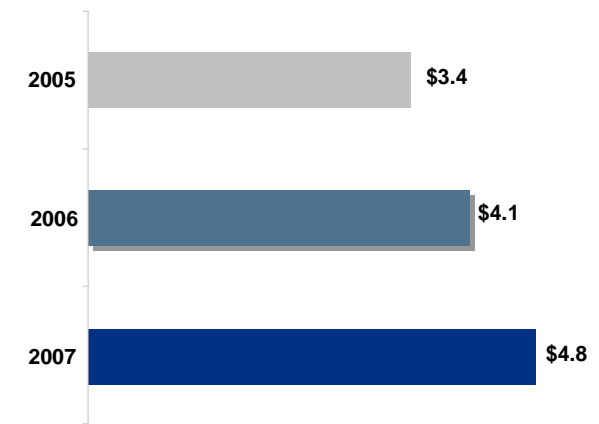
Total Assets in (USD billion)



Net Income (USD billion)

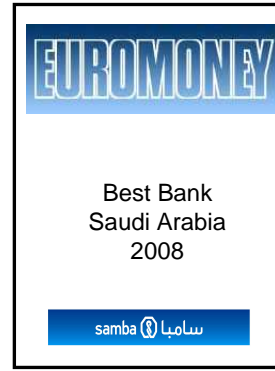


Total Equity in (USD billion)



Recent awards by Samba

Samba has been a recipient of several international awards recognizing its strength across the entire spectrum of banking products and services in Saudi Arabia and MENA



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