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ABANAREVIEW

ARAB BANKERS ASSOCIATION OF NORTH AMERICA

جمعية المصرفيين العرب في شمال أمريكا

COVER STORY

Prince Alwaleed Receives ABANA Lifetime Achievement Award

ABANA bestowed its fourteenth annual Lifetime Achievement Award on Prince Alwaleed Bin Talal Bin AbdulAziz Alsaud, the Saudi entrepreneur and investor whose bold investment strategies over the past twenty years have captured the attention of the world of international finance. Over 360 guests were in attendance at the November 15th dinner held at The Plaza Hotel. "I believe this is a record turnout for an ABANA function," pointed out ABANA board member Geoffrey Milton in his welcoming remarks, "and speaks to the respect and admiration we all feel for His Royal Highness."

ABANA President Hani K. Findakly Presents ABANA Lifetime Achievement Award to Prince Alwaleed Bin Talal.

"The Arab Bankers Association of North America is honored, at the close of this historic year, to bestow its highest award on the esteemed Chairman of Kingdom Holding," ABANA President Hani K. Findakly told the guests. "Prince Alwaleed's keen awareness of the intricacies of global finance, his professionalism, his legendary passion for his work, and, importantly, his willingness to assume risk have combined to help build enduring professional standards and widespread respect throughout the world, while always maintaining a strong commitment to the Arab region."

Several distinguished speakers joined Dr. Findakly in congratulating Prince Alwaleed on his award, and shared their personal reflections on his accomplishments. The prince's role in affecting positive change in the realms of business and technology in the Middle East were highlighted by Isadore Sharp (Chairman and CEO of Four Seasons Hotels and Resorts), who pointed out that "as a global leader in the information industry, Prince Alwaleed is bringing digital technology to some 200 million Arabs in the Middle East and North Africa." Rupert

CONTINUED ON PAGE 10

IN THIS ISSUE

LETTER FROM THE PRESIDENT

Dear Members and Friends:

Welcome to the ABANA Review. I hope that you will enjoy our newsletter's new format, and I encourage your comments, criticisms, suggestions, and, above all, your contributions as ABANA continues to enhance the form and content of its publications. You can now also use our website (www.arabbankers.org) to access the newsletter, along with timely information and links to members, and a multitude of information sources. I view both the newsletter and the website as "works in progress," which will continue to evolve and improve in response to your comments.

In addition to our new look, ABANA has been fortunate to gain a number of new members over the past year, whom we warmly welcome. A listing and short profile of our most recent new members can be found in the newsletter.

My colleagues and I on the ABANA Board of Directors believe that our growing membership base and the record attendance at recent events attest to the quality and relevance of ABANA's programs. Throughout 2001, ABANA will continue to sponsor a host of stimulating meetings and informative discussions with policy experts and decision-makers. Among the programs already in place for the period immediately ahead, we are delighted to have an old ABANA friend, Mr. Youssef Nasr, CEO of HSBC USA, who will address an ABANA luncheon on February 22nd. We also plan to host a very timely symposium, jointly with Harvard University on March 7th, entitled "Venture Capital in the Middle East: Opportunities and Challenges."

I want to take this opportunity to commend the excellent professional work of Susan Peters, ABANA's recently appointed Managing Editor, under the expert guidance and leadership of ABANA's Communications Committee and its able chair, Dr. Samir Seraphim. Their collective efforts have already resulted in the tangible enhancement you are witnessing, and have laid a firm foundation for further progress ahead.

I look forward to seeing many of you at upcoming ABANA programs and I thank you for your support of ABANA this past year.

Sincerely,
Hani K. Findakly

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King & Spalding

1995
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Interbank/Birchall Partners, LLC

1993-94
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Wafra Investments Advisory Group

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CAMILLE A. CHEBEIR
Sedco Services Inc.

1990-91
ISSA N. BACONI
Gulf International Bank, BSC

1988-89
TAHER D. MAKKIYAH
Arab Banking Corporation

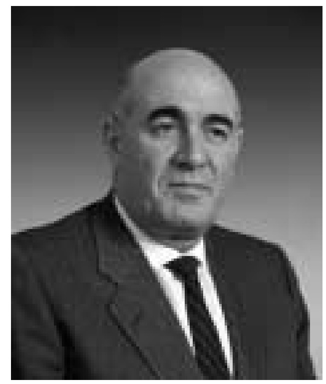
1985-86
TALAT M. OTHMAN
Grove Financial Inc.

1983-84, 1997
FAKHRUDDIN KHALIL
ABANA Founding President

THOUGHTS FROM AN ARAB BANKER'S PERSPECTIVE

The Role of the Euro in Strengthening the World Financial System

-Ibrahim Dabdoub



Ibrahim S. Dabdoub, Chief Executive Officer, National Bank of Kuwait, SAK

I am particularly intrigued by the policy debate and issues surrounding the development of the European Monetary Union in the long-lasting quest for financial stability and increased economic integration in Europe. My interest lies not so much in my desire to see a similar union in the Arab region. It has more to do with the lessons that can be learned about how to achieve greater integration within the region and with the rest of the world—of how to avoid the political and social pitfalls that may arise along the way.

Can the Arab World Learn from the European Monetary Union?

Since the world shares more or less similar economic objectives of greater stability, higher growth and lower unemployment, the European prescription must also be relevant for us, with or without a monetary union. I say that because deep in my heart I share Hans Tietemeyer's view that "currencies cannot solve structural problems relating to the global real economy." A single currency is only one manifestation of the commitment to a "growth and stability-oriented policy mix" that happens to remove the incentive or possibility of deviating from this commitment due to political and social pressures.

Recent financial crises around the world have taught us many lessons about how to strengthen the World Financial system. Luckily, most of us have heeded these lessons and are in much better shape today than ever in the past. Nevertheless, we need to look back objectively at what has been accomplished, and what we in the Arab world need to pursue further in order to achieve higher and more stable growth for future generations.

Anticipated Effects of Monetary Union

There is widespread belief that Europe's monetary union will be, in the long run, economically and politically beneficial to Europe and the rest of the world. More importantly from our perspective, it demonstrates that the best prescription for a strong financial system is to increase the role of market forces within a solid institutional and regulatory structure.

However, in the intermediate run, monetary union is likely to increase risks for those who do business with Europe from outside its borders. It is also likely to make real economic conditions more variable and volatile. Irrespective of the medium-term evolution, it is in our interest in the Arab world to see this project succeed. We want to see the EMU as a source of increased prosperity in the region. And we hope it will serve to increase European-Arab cooperation and eventually strengthen the integration of our economies with the EU.

The Issues

Numerous analyses and assessments have been made of the EMU. I will address the four prevailing issues that have surfaced, before I discuss briefly their implications for the Arab world.

1. The switch to a single currency in Europe has enhanced market integration by creating euro-wide money and capital markets, which promise to increase financial market efficiency.

By unifying the currencies of eleven EU member countries, the EMU has opened the way for one large capital market. Overnight, a euro-wide money market has evolved and the single largest market for government paper was created. With outstanding debt exceeding three trillion euros, this is even larger than the US market for government debt. Besides creating a deeper and more liquid market, the elimination of currency risk will focus attention now on country or individual issuer risk, leading to intensi-

> We hope [that monetary union] will serve to increase European-Arab cooperation and eventually strengthen the integration of our economies with the EU.

A respected economist and banker, Dabdoub joined NBK in 1961 and has served as CEO since 1983. He was the recipient of ABANA's Banker's Lifetime Achievement Award in 1995 and the Union of Arab Bankers' Arab Banker of the Year Award in 1998.

THE ROLE OF THE EURO IN STRENGTHENING THE WORLD FINANCIAL SYSTEM

fied competition among sovereigns and providing stronger incentives for fiscal and market reforms.

Integration of the corporate bond market has proceeded more gradually, notwithstanding the rush of corporations to issue bonds on a euro-wide level, often in place of going to their banks for loans. Ultimately, a more liquid market for euro bonds will speed up the process of disintermediation and lower the cost of capital. Increased financial market depth will also allow for more diversity in the risk profile of issuers and open up new avenues for financing riskier yet promising new ventures.

Integration of equity and bank lending markets is proceeding even more slowly as these markets remain segmented due to different national tax and regulatory structures. In time, as regulations become more uniform across countries and investors become more sophisticated and inclined to diversify their portfolios regionally, the rise in cross-border investments will improve the integration of equity markets.

> Technology and growth of pan-European institutions will challenge the old model of relationship banking.

Meanwhile, mergers and acquisitions in the financial sector is moving beyond national markets and promises to be a catalyst in the integration process. Technology and growth of pan-European institutions will challenge the old model of relationship banking. Companies will be more likely to tap capital markets in lieu of borrowing from banks, and investors will have a wider choice. They will be more likely to shift from low-risk bank deposits to mutual funds, bonds and other investments. Banks will end up playing a key role in promoting disintermediation.

2. Centralized monetary policy, coupled with restrictions on national fiscal policies will make price stability more attainable, though the cost and benefits may not be fairly distributed.

Monetary union took monetary policy out of the hands of national authorities and replaced it with a centralized policy. A clear benefit of this is the reduced risk from misguided national policies, including the possibility of competitive currency devaluations that can threaten free trade within Europe. Although the new central bank has yet to build the credibility enjoyed by the US Fed and the Bundesbank, its independence makes it better poised to focus on pursuing its explicit mandate of maintaining price stability.

In making the euro a reality, the adopting countries have, through a treaty, also put in place a framework for a more consistent macroeconomic policy across the EU. Through the stability pact, countries can no longer pursue excessively expansionary fiscal policy as an easy way out of high unemployment. Countries are bound by treaty to adhere to strict rules limiting their abilities to run fiscal deficits. A benefit of having a stricter fiscal stance is to limit the growth in public debt and the ability of governments to crowd private borrowers. Consequently, real interest rates should drop and capital can be allocated more efficiently.

3. The benefits of greater capital market integration and a centralized monetary policy will remain limited in the presence of regional disparities and substantial market segmentation. These disparities could lead to policy conflicts that can ultimately be destabilizing.

Despite the many elements of stability in the policy framework of the EMU, some aspects of Europe's latest experiment may be cause for concern at least over the coming few years. Apart from the slide of the euro exchange rate, which justifiably can be explained in more than one way, Europe is still too heterogeneous for a one-size-fits-all policy. Since various EU economies will not be similarly affected by external macroeconomic shocks, the costs and benefits of applying the same monetary policy prescription will not be fairly distributed. Moreover, the economic cycles across the euro area are synchronized. While one set of countries could be seeing an economic boom another could be struggling with high unemployment. It is true that individual countries still have the option of implementing an independent fiscal policy to counterbalance this, but in this respect they have been much restricted.

The existence of serious structural rigidities further exacerbates the problem. Unlike the US where people are willing to move where the jobs are, cultural and regulatory structures inhibit the mobility of the labor force to a great extent. It is well known that in Europe, people are reluctant to move even within their own countries much less across national borders.

Besides complicating the conduct of macroeconomic policy and cyclical fluctuations within the euro area, labor markets and other structural rigidities are expected to stand in the way of the full realization and the benefits of a single integrated capital market. Complex differences in regulations and standards of financial reporting, in addition to varying attitudes to investment will limit the ability of markets to integrate. At best, the process will take longer. In the meantime, we may have to live with increased uncertainty and greater volatility in real economic conditions within Europe.

4. EMU brings to our attention the need for greater cooperation and coordination among national banking supervisors to ensure that standards and practices across the EU are compatible and are able to deal with any impending crisis.

Last but not least, introduction of the euro has highlighted the need for increased EU-wide cooperation on banking supervision that remains today a national responsibility. The ECB views the existing institutional arrangement to be sufficiently flexible and adequate for safeguarding financial stability, but I believe more work is still needed. The internationalization of banking and increased cross-border activities make banks increasingly exposed to risk originating outside their home countries. This makes the likelihood of a problem spilling over from one European country to another high. More centralized decision-making, or at least greater coordination in crisis situations, is needed to ensure that supervisors take into account the impact of any decision on a euro-wide basis.

Fortunately, the increase in market size and in the share of cross border transactions will enhance stability. As the number of market participants goes up the failure of any one bank will have smaller repercussions on other institutions. Furthermore, reduced concentration in interbank liabilities will enhance a bank's ability to deal with liquidity shortages in individual markets.

The Future

One cannot doubt the importance of having eleven of Europe's largest economies merge their monetary systems and create the euro. The impact has already been far-reaching and is expected to be even more profound in the years to come. Notwithstanding the long-term benefits and anticipated role of the euro in strengthening the world financial system, we are still uncertain as to how the new institutional structure will deal with an emerging crisis. This in itself will create increased risk from reduced predictability and, as such, may be interpreted as a weakening in the financial system in the medium term.

I expect that over the long term these problems will diminish. Gradually, as European economies become more integrated and the institutional structure is tested by time, the challenges we face today will cease to be a problem. The better news is that the challenges will serve as a catalyst pushing Europe to implement the reforms needed to accelerate the continent's move towards greater integration.

How can we in the Arab world learn from all this?

The most important lesson in my view is that Arab countries should not focus for the time being on a currency union. Instead, Arab countries should strive to speed up economic integration by ensuring their economies are ready for it in the future through implementing the needed reforms today.

Reforms should aim to strengthen financial institutions, liberalize domestic markets and accelerate efforts to reduce barriers to trade and capital flows between Arab countries. Liberalized financial markets will allow for more competition, innovation and efficiency. This should be accompanied by enhanced banking system supervision and strict adherence to international standards of capital adequacy and the BIS framework for effective banking supervision.

Supervisors need to ensure that individual banks have adequate risk management systems. After all, they are the crucial elements that guarantee the safety and soundness of any banking system. We have seen—in Asia and other parts of the world where such systems were compromised—what the consequences can be, not only for bank depositors and shareholders, but for all economic entities.

Integration of capital markets and uniform standards and practices in banking supervision should also enhance consolidation among regional banks. Arab banking is threatened by globalization and the technological revolution. We need to support the emergence of regional financial services providers by removing the regulatory barriers that inhibit them while global competitors are unfettered.

I certainly hope that we will look back and see EMU as a daring but successful move in world financial markets in the years ahead. In doing so, I can only wish that Arab countries will finally get the point: economic integration is the way forward. The question is whether we will take the steps needed to make the ride smoother and less uncertain or not.

(This article was originally presented on September 15, 2000, at a conference of "Les consultations internationales juridique et économique" in Beirut.)

Arab countries should strive to speed up economic integration by ensuring their economies are ready for it in the future through implementing the needed reforms today.

ABANA SPEAKER

Techno-Egypt: The Egypt of the Future

Dr. Ahmed Nazif addresses ABANA members at the Harvard Club

Dr. Ahmed Nazif was appointed Egypt's first Minister of Communications and Information Technology in October 1999. His previous career highlights include Professor at Cairo University's Faculty of Engineering, Executive Manager of the Cabinet's Information Center and Supervisor of both the National Numbers Project and the mechanization of the Civil Status Department.

Forty ABANA members and distinguished guests attended a luncheon at the Harvard Club on Wednesday, September 27, 2000, to hear Dr. Ahmed Nazif, Egyptian Minister of Communications and Information Technology. Addressing an audience that included Ahmed Aboul Gheit, Egyptian Ambassador to the UN, Jassim Buallay, Bahraini Ambassador to the UN, Fawzi Shobokshi, Saudi Arabian Ambassador to the UN, and Ambassador Mahmoud Allam of the Consulate General of Egypt, Dr. Nazif presented his vision of "Techno-Egypt, the Egypt of the Future."

Dr. Hani Findakly, president of ABANA, gave Dr. Nazif a warm welcome, and set the stage for the afternoon's talk by pointing out the many challenges that Egypt faces in order to become a major player in the high-tech and communications industries.

Ms. Mona Aboelnaga, ABANA board member, introduced Dr. Nazif, who was named Egypt's first Minister of Communications and Information Technology in October of 1999, and was charged with fulfilling the national program of building an Egyptian Information Society and a new information technology industry. "This new industry," said Nazif, "will be built on human resources, targeting an international market." Human resources, Nazif emphasized throughout his talk, are the country's strongest asset: with over half the population under the age of twenty-five, there are great opportunities for building a strong, well-educated core of Egyptian IT professionals.

To develop these professionals, Egypt has established partnerships with Microsoft, IBM, Oracle, Cisco Systems, and Lucent Technologies. The multinational companies are helping to provide three to nine-month intensive training programs in all public universities in the country. "Our goal is to have 5,000 new professionals each year," said Nazif, "each of whom will add a $40,000 value to the industry. In five years we will have a billion dollar industry built."

Egypt is implementing several new initiatives in the areas of technology infrastructure and business development to encourage this new industry. "Egypt is near the top of developing countries in our communications networks, with 10% teledensity and 7 billion phone lines–the biggest network in the Middle East. We have developed a master plan to transform our network with a $1 billion investment, raising it to European standards in three years."

Plans to build 120 Community Access Centers by October, 300 local technology clubs by next June, and "Smart Villages," or business parks, throughout the country are also expected to encourage the growth of the industry. According to Nazif, the Smart Villages will be 2-3,000-acre parks, open to a range of new businesses. The Egyptian government will make property available free of charge, but will retain a stake in each new venture in the parks. "We've already had Mansour, Alexandria, and even Asyut requesting information on establishing parks."

> You won't solve the Digital Divide by providing more visas.

Although two new venture capital funds have been established, Nazif warned against expecting a surge of new startups in Egypt. "The private sector still needs to mature," he told the group, "Very few people can write a strong business proposal at this point." One new venture he mentioned was Utlub.com, which will allow Egyptians to order fast food online and was just sold for two million pounds.

Ensuring that there will be enough domestic jobs to keep new professionals in the country is a priority for Egypt. "You don't solve the digital divide by providing more visas," Nazif has been emphasizing to corporations he meets with in the US "You solve it by outsourcing.... Where human resources are needed, we're advocating for US companies to come and establish part of their company in Egypt or outsource work here." The largest amount of

Arabic software is already produced in Cairo, according to Nazif, and they have just gained a major contract to provide software to the US Defense Department.

The Egyptian government will do its own part toward providing jobs for its new professionals. Plans are in place to establish an Egyptian "E-Government," which will allow Egyptian citizens to conduct official business, such as passport and drivers license applications, online. "Here we can kill two birds with one stone," said Nazif: make the government more accessible and provide jobs in the information industry.

In response to questions on the role of Egypt's information technology industry compared to that of Jordan and Dubai, from Ms. Aboelnaga and Safwan Masri, from Columbia Business School, Nazif pointed out that all three heads of state shared a political commitment to improved communications technology. He also foresees significant Egyptian involvement throughout the region: "I told Dubai I saw 90% of the people working [in their new commerce center] will be Egyptian."

Before Dr. Nazif left the podium, Ms. Aboelnaga asked a question that was on many minds: what was the status of Telecom Egypt? In a move to improve telephone services, Egypt had hoped to sell off a large number of shares in the state's fixed-line telecommunications monopoly, expected to be the largest sale of state assets in decades. Although Nazif explained that they expected to sell approximately 20% of the shares soon, the sale was aborted in late October due to unfavorable market conditions.

KEY PIECES TO THE PLAN FOR A NEW EGYPTIAN INFORMATION SOCIETY

1. INFRASTRUCTURE

With a $1 billion investment, the ministry plans to raise communications networks to European standards in the next three years.

2. REGULATION

A new Telecom Act, which protects consumers, encourages open competition and prevents monopolies, has been approved and is expected to be passed soon.

3. HUMAN RESOURCE DEVELOPMENT

Egypt's plan for a new high-tech industry rests upon its vast human resources. With new training partnerships established with multinational companies including Microsoft, IBM, Oracle, Cisco, Lucent, and 120 new Community Access Centers slated to open throughout the country in the upcoming months, Egypt expects to train 5,000 new information and technology professionals per year, resulting in a billion dollar industry in five years.

4. BUSINESS DEVELOPMENT

To keep qualified professionals in the country, Egypt is encouraging new business development. It will offer new companies free property in high-tech "Smart Villages," or business parks. (The government will maintain a stake in each of these new ventures.) An incubator program has also been launched, with two new venture capital funds. Egypt will continue to encourage foreign companies to outsource more of their operations locally.

5. INFO-STRUCTURE

In order to make the government more accessible, as well as provide jobs for new IT professionals, Egypt plans to establish itself as an "E-Government," where routine activities can be done on-line.

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Membership rates and applications are available on-line at www.arabbankers.org or by contacting Nawal Shalabi at 212.496.7688 or nshalabi@arabbankers.org.

ABANA SPEAKER

Economic and Political Developments in Egypt and the Middle East

-*Amr Moussa*

H. E. Amr Moussa addresses ABANA members at the Citicorp Center.

Amr Moussa has served in the Egyptian Ministry of Foreign Affairs since 1958, with appointments as Director of the International Organization Department (1977-1981), Egypt's Alternate Representative at the UN (1981-1987), Ambassador to India (1987-1990), and Egypt's Permanent Representative at the UN (1990-1991). He has held the position of Egyptian Minister of Foreign Affairs since 1991.

We in Egypt, and in other Arab countries, have embarked on vigorous economic reforms and strategically decided to change the system of high-handed government intervention that has prevailed for three or four decades. The economy of a centrally planned public sector is changing into a market economy. We are opening the door for the private sector to lead and to act as the vehicle that would move as quickly as it can to transfer the economy from stagnation into productive activity. For this, of course, the rules are new. This entails privatization, liberalization, structural reforms, changing rules and laws, changing the minds of people. It's a long process, but it has started. In Egypt, more than half of the public sector companies have been privatized. And it is a continuous process. There is no U-turn in this drive. [In] liberalization, we are doing what we must do in changing the legal environment, the institutional environment into one that would serve and would help the economic reforms go ahead and prosper in the country. And this is not only in Egypt. Morocco is doing the same. Tunisia is doing the same. Jordan is doing the same. Syria is about to do the same.

The Egyptian Economy

In the 21st century, not only should [Egypt's] economy be strong, but we have to be part of this drive towards globalization, world economic markets, the Internet era, Websites, high technology, information technology, etc. To show you our determination, during a visit to the US by President Mubarak in March, most of our time was spent with high tech companies. It was a very fruitful visit opening the door to cooperation.

We have taken the social component to economic development into consideration. When a public sector company is sold the new owners may want to cut labor costs. In Egypt we created a fund called "The Social Fund" whose aim is to retrain individuals or give them small loans to start a new life. The result has been amazing with many success stories. It created tens of thousands of jobs and made it easier psychologically for those who are laid off to aspire and hope for a different life. We introduced and implemented the "Early Retirement Arrangements," a system for those who want to retire early and start a new life. Others, by attrition would just retire, enhancing the viability of the new companies. But I want you to take one important factor into consideration—the social side of development. Our people, especially the older generation and senior citizens, were brought up under a system of extensive social support. The government leads the economy and is supposed to provide all services. We have to understand that there will be resistance to a sudden withdrawal of social support. But this does not take away from the fact that our policy in Egypt is to go ahead with economic reforms, in particular liberalization and privatization.

> We are opening the door for the private sector to lead and to act as the vehicle that would move as quickly as it can to transfer the economy from stagnation into productive activity.

Regional Cooperation

We also believe that in order for us to forge ahead, there has to be a viable regional economic cooperation. This is one of the issues that would be put before the Arab summit meeting to be held hopefully in the first quarter of next year. For the first time the summit will have a priority item called "Creating Common Interests in the Arab World." We will suggest that the summit should discuss economics in addition to political issues. But I just want to underline how the economic issues have become priority issues between the heads of state, leaders of government, ministries of foreign

CONTINUED ON PAGE 13

BANKING UPDATE

IRS Announces Sweeping Relief Measures for Qualified Intermediaries

-Lawrence Weinblatt

In a notice released December 8, 2000, the Internal Revenue Service announced sweeping relief measures for Qualified Intermediaries and US withholding agents. Most measures involve documentation requirements due to apply beginning January 1, 2001.

US Withholding Tax Rules

On January 1, 2001, new US withholding tax rules came into effect. Under the new rules, US custodian banks and other US withholding agents are required to withhold tax at a rate of 30 percent at source unless beneficial owner documentation is provided to them before remittance of payments.

Procedures allow a foreign institution to certify on behalf of its clients, provided the institution becomes a "Qualified Intermediary" by entering into a special agreement with the Internal Revenue Service (IRS). As a Qualified Intermediary (QI), a foreign institution can certify entitlement to a reduced rate of withholding at source for payment on US securities while limiting the disclosure of its clients to US withholding agents or the IRS. The new rules for withholding on payments to foreign individuals and entities affect US securities only, both shares of stock issued by US companies and debt obligations issued by US entities.

What it Means to be a Qualified Intermediary

Becoming a QI holds significant advantages for foreign financial institutions. An institution electing this option will have a reduced rate of withholding at source, applied to the amounts it receives. Reduced administrative burdens can minimize fees for custody or other payer services. Additionally, refunds for overwithholding are available on a collective basis without having to reveal clients' identity. Non-US direct clients are not disclosed. The institution is able to rely on existing IRS-approved KYC (Know-Your-Customer) documentation that does not require renewal.

However, QI status results in an increase in responsibilities as a withholding agent. There are potential additional costs of implementing systems and processes in order to comply with the QI agreement. Foreign financial institutions are also assuming additional legal liability under a QI agreement.

New Relief Measures

According to the December 8th notice, a QI's first year of operation will not be audited if the QI is in substantial compliance with the QI agreement as of December 31, 2002. No penalties will apply to withholding tax shortfalls occurring in the second year of a QI agreement. The IRS will not apply penalties for late tax deposits by a QI due to lack of a QI-EIN if the taxes are deposited within three days of the later of the QI: 1.) receiving an EIN, or 2.) enrolling in EFTPS (electronic filing system). Finally, QI members of clearing organizations may commingle intermediary with proprietary positions in their clearing accounts.

The new measures also simplify documentation requirements. Withholding agents may treat a financial intermediary as a QI merely on the basis of a Form W-8IMY, with or without a QI-EIN. A permanent residence address may include a P.O. Box, and a US mailing address no longer invalidates a Form W-8. A withholding agent may accept the October 1998 version of Forms W-8 until the end of 2001. The validity period of pre-1998 Forms W-8, 1001, 4224, 8709, and 1078 (including expired ones) is extended until the end of 2001, provided that good faith efforts to obtain new forms have been made.

For any audit of a US withholding agent in 2001, the IRS will take into account the agent's efforts in 1999, 2000, and 2001 to transform its business practices and information systems to comply with the new regulations. For 2001, foreign partnerships do not have to provide documentation for their non-US partners and US exempt partners until the end of the year. Until further notice, partnerships may be treated as recipients and direct account holders for reporting purposes.

Lawrence Weinblatt
Director, International Banking Practice and Co-Leader of Qualified Intermediary External Audit Group, PricewaterhouseCoopers LLP

Isadore Sharp, Geoffrey Milton, Prince Alwaleed Bin Talal, Hani K. Findakly, Antranig Sarkissian and Rupert Murdoch.

PRINCE ALWALEED RECEIVES ABANA LIFETIME ACHIEVEMENT AWARD

Prince Alwaleed Bin Talal Accepts His Award.

CONTINUED FROM PAGE 1

Murdoch (Chairman of News Corporation) told the guests, "Prince Alwaleed has remained faithful to his roots by investing heavily in Saudi Arabia and he's been successful in bringing a new level of transparency to business dealings throughout the Middle East."

Echoing a theme that was heard again and again throughout the evening, William R. Rhodes (Vice Chairman, Citigroup/Citibank and 1999 recipient of ABANA's Lifetime Achievement Award) pointed out the extent of the prince's philanthropic work in the Middle East. "As a promoter of education, [Prince Alwaleed] has built one of the most modern, high-tech schools ever built in the Middle East and Kingdom Hospital, the best-equipped hospital in the Middle East.... Through his charitable donations and his active interest in the many causes he supports, the Prince also plays an important part in the life of literally hundreds of thousands of needy people." Addressing himself to Prince Alwaleed, Mr. Rhodes continued, "The extent and impact of your business acumen and philanthropy are an inspiration, I think not only to your countrymen but to people throughout the Middle East. It is only fitting, if not long overdue that your leadership and accomplishments are recognized here by ABANA. And so I join tonight with all our friends at ABANA in congratulating you for receiving this year's Leadership Award."

> The distinguished guests who have joined us tonight, all of you here, attest to the breadth of the Prince's interests and inexhaustible energy and to the depth of his professional and personal ties across the globe.
>
> **Hani K. Findakly**
> **President, Arab Bankers Association of North America**

In his own address, Prince Alwaleed reflected on the monumental changes the banking industry in Saudi Arabia has undergone in a relatively short period, and on his own role in bringing about this change:

One cannot help but feel a sense of pride in what we have achieved thus far. The activities of Saudi banks now mirror those of their sister institutions throughout the world. Furthermore, a number of those banks have entered into partnerships with some of the leading houses abroad. I am proud to say that the bank with which I was affiliated–United Saudi Commercial Bank (USCB)–took the lead in pointing the way towards mergers and consolidation in the Saudi banking industry.... Such consolidation was by no means an easy task. Indeed, in order to venture into that direction USCB, which had been in the red, had to move to profitability with a sustained level of growth. Within the span of a few years, USCB increased its market cap twelvefold. Having attained that, it was in a position to merge with the Saudi Cairo Bank, forming what came to be

SPEAKERS AT THE MILLENNIUM LIFETIME ACHIEVEMENT AWARD DINNER

Geoffrey Milton
General Manager, Arab Banking Corporation; ABANA Board Member

Hani K. Findakly
CEO, Potomac Capital; ABANA President

Rupert Murdoch
Chairman, News Corporation

Michael Jensen
Vice President, Citibank

Isadore Sharp
Chairman, Four Seasons

Admiral William Owens
Vice Chairman, ICO Teledesic Global Ltd, CEO & Vice Chairman, Teledesic LLC

Amjed Shacker
Public Relations Manager, Kingdom Holding Company

William R. Rhodes
Vice Chairman, Citigroup/Citibank; 1999 recipient of ABANA Lifetime Achievement Award

ABANA IS GRATEFUL TO THE GENEROUS CORPORATIONS THAT HELPED MAKE THE MILLENNIUM LIFETIME ACHIEVEMENT AWARD DINNER POSSIBLE.

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and
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ABANAPROFILE

PRINCE ALWALEED BIN TALAL

His Royal Highness Prince Alwaleed Bin Talal Bin AbdulAziz Alsaud is a private entrepreneur and an international investor. He began building his investment portfolio in 1979, when he returned to Saudi Arabia after graduating from Menlo College in California. Prince Alwaleed started a number of business ventures, initially focusing on construction and real estate. Over time, the prince's investments rapidly grew and led to the formation of Kingdom Holding Company, a diversified yet focused investment entity. Kingdom Holding's primary interests lie in banking, real estate, telecommunications, broadcasting and media, entertainment, hospitality, computers and electronics, agriculture, restaurants, upscale fashion, retailing, supermarkets, tourism, travel, and automotive manufacturing.

The son of Prince Talal Bin AbdulAziz Alsaud and grandson of King AbdulAziz Alsaud, Prince Alwaleed approaches philanthropic work with the same dedication he gives to his investment activities. He has financed the construction of over eighty mosques and built electricity generators, wells, roads and bridges throughout the kingdom. The prince's Kingdom Hospital and Kingdom Schools in northern Riyadh are setting new standards in state-of-the-art health care and education.

Prince Alwaleed holds a B.S. in Business Administration from Menlo College and a master's degree in Social Science from Syracuse University, as well as honorary degrees from the University of New Haven, Kyungwon University in Korea, and Syracuse University. He has been recognized for his strong support of Arab artists, and is the recipient of The Star Decoration of the First Order from King Hussein of Jordan; the National Cedar Decoration of the Commander Order from Lebanese President Elias Harawi; the Diplomatic Merit of the Heung-In Medal from Korean President Kim Dae-Jung; The Medal of the Presidency of the Italian Republic; and the Gold Medal of the City of Cannes, France.

PRINCE ALWALEED RECEIVES ABANA LIFETIME ACHIEVEMENT AWARD

known as the United Saudi Bank (USB). Before long, this new banking house reached a level that allowed it to negotiate a full merger with a local, dominant bank, Saudi American Bank (SAMBA), which had a 30% Citibank participation. In a way, it seemed almost predestined that, having invested in Citigroup a decade earlier, I was now effecting a merger between USB and SAMBA. To me, the circle had now been completed.

Upon receiving the award, Prince Alwaleed stated, "I am deeply grateful for the honor that ABANA has bestowed upon me and for the kind words the previous speakers have given me. I am indeed humbled by this recognition particularly when I take into account those illustrious figures such as Mr. Rhodes, who have preceded me in this regard—individuals who have made enormous contributions to the banking industry and who have contributed to the heady developments that have taken place in this field."

(Links to media coverage and photos from the dinner are online at www.arabbankers.org.)

Amjed Shacker of Kingdom Holding Company shares a personal perspective on Prince Alwaleed's accomplishments.

HOLIDAY PARTY 2000

(From top) Rebwar Taha and Laura Osman. Issa Baconi, John Hatab, Monir Barakat and Therese Rabieh. Mahdi Al-Senussi, Tayeb Radi and Lamine Djilani. Samir and Debbie Seraphim.

ABANA SPEAKER

Bifani Offers a Snapshot of the Lebanese Economy Today

As part of a brief US visit to "promote Lebanese awareness," Alain Bifani, director of Lebanon's Ministry of the Economy, met with members of ABANA and The Down Town Association on December 19, 2000.

In his address at The Down Town Association, Bifani outlined several key components that are in place to reform and revitalize the national economy:

- Initiatives to lower trade barriers, most notably the recent announcement of the "Open Skies Policy." The policy has lifted all restrictions on international passenger, cargo and mail traffic through Beirut International Airport in order to boost trade and encourage tourism. Until now, the $450 million airport has been working at a quarter of capacity.

- Sweeping reform of the labor market and social security terms, with a smooth settlement of arrears.

- Implementation of the Value Added Tax (VAT).

- Further participation in the Euromed Agreement, established to foster trade and cooperation between the EU and twelve Mediterranean states, and in the World Trade Organization, in which Lebanon is currently negotiating membership.

- Ongoing privatization to boost specific, promising sectors, specifically, television, cellular and fixed phone companies, electricity and water, Lebanon's casino, and Middle East Airlines.

Bifani acknowledged that, with 65 banks in operation, Lebanon is "over-banked." Consolidation within the sector has begun, encouraged by the Central Bank, which is providing soft loans to encourage a smooth consolidation process. Lebanese banks are also further developing their markets in Cyprus and the UAE, as well as in Syria. As a part of efforts to liberalize its economy, Syria recently began issuing licenses for private Lebanese banks to operate in Syria, where for the past forty years only state-run banks have been allowed to operate.

At 32, Bifani is the ministry's youngest ever director. Prior to his March 2000 appointment, he was a consultant to the UNDP, evaluating the Lebanese Ministry of Finance and Trade Information Center. Other experience includes Risk Analyst at Thomson Financial Bankwatch, President of Pitch SAL financial consulting, Corporate Banking Officer at ABN Amro Bank, and Financial Consultant at Arthur Andersen.

ECONOMIC AND POLITICAL DEVELOPMENTS IN EGYPT AND THE MIDDLE EAST

CONTINUED FROM PAGE 8

affairs and parliamentary hearings. This is a healthy summit.

The philosophy and approach taken by Arab governments to join the international economic drive is the right one. Such decisions, however, require a process of transformation. Decisions cannot be taken suddenly between dusk and dawn. The aim must be to reconcile equitable social development with sound economic policy. In addition to internal political reform, we have joined several regional areas of cooperation, one of which is made up of countries of Africa, including Southern Africa–a region of 22 countries with 400 million people and a very promising market. Economic relations have started to be more active between the member countries. At the same time, we negotiated and finalized arrangements with the European Union to establish a partnership. This will create a new free trade area around the Mediterranean involving 28 countries–fifteen members of the European Union and thirteen Mediterranean countries. In addition, we have the Arab economic free trade area, as decided by the Economic and Social Council of the Arab League in 1997, [which] comes into play. The net result is that Egypt will become part of a Mediterranean free trade area.

> The aim [of Arab governments] must be to reconcile equitable social development with sound economic policy.

Two weeks following Moussa's address to ABANA, the Israeli-Palestinian conflict reignited, putting a halt to peace negotiations then in progress. Throughout the conflict, Moussa has continued to play a leading role in regional negotiations.

(Excerpted from a speech delivered to ABANA members on September 15, 2000. The full text of this speech is available at www.arabbankers.org.)

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Send updates to nshalabi@arabbankers.org or mail to ABANA, P.O. Box 2249, Grand Central Station, New York, NY 10163.

HOLIDAY PARTY 2000

(Clockwise from top left) Georges and Nada Atallah. Hani Findakly, Mona Aboelnaga and Sabi Kanaan. Ramzi Bishuti, Denise Wohabe, David Wohabe and Muhannad Kamal. Arlette Kittaneh, Georges Atallah and Nadia Ghattas. Roger Abi-Habib, John Abi-Habib, George Jalinos and John Hoey

CORPORATENEWS

CITIBANK JOINS CONSORTIUM OF MIDDLE EASTERN BANKS TO LAUNCH A REGIONAL ELECTRONIC B2B MARKETPLACE

A consortium of leading Middle Eastern banks including Citibank in the UAE are developing a Regional B2B electronic marketplace with integrated financial services serving the Middle East and North Africa. Other members of the consortium include Arab Bank plc, Commercial International Bank, National Bank of Dubai, National Bank of Kuwait and Saudi American Bank. KPMG Consulting is providing business and technical advice on several aspects of the initiative including the business planning, the technology solution and assessing the investment requirements.

This electronic marketplace will bring corporate customers of the banks together, allowing them to trade their goods and services online regionally and internationally in a secure environment. This activity will be supported by a set of financial services including payment and settlement services delivered online by the banks. The consortium is moving quickly to establish a separate legal entity that will provide the e-marketplace, through a series of partnerships, with value added service providers including logistics and warehousing and insurance. The financial services to be offered on the site will include clearing and custody services for securities transactions as well as insurance products.

CHASE MANHATTAN AND J.P. MORGAN MERGE

The Chase Manhattan Corporation and J.P. Morgan & Co. Incorporated completed the merger of their holding companies, effective December 31, 2000. The name of the new firm is J.P. Morgan Chase & Co., with stockholders' equity of more than $39 billion, assets in excess of $705 billion and a market capitalization of approximately $83 billion.

The wholesale business will now be known globally as J.P. Morgan and will encompass investment banking (including strategic advisory, equity and debt capital raising, credit, and global trading and market-making activities), operating services, wealth management, institutional asset management and private equity. The retail business will be known as Chase, consisting of credit cards, regional consumer banking in the New York tri-state area and Texas, mortgage banking, diversified consumer lending, insurance and middle-market banking.

Douglas A. Warner III, former Chairman and CEO of J.P. Morgan, is now Chairman of J.P. Morgan Chase & Co. and co-Chair of the firm's Executive Committee. William B. Harrison Jr., former Chairman and CEO of Chase, is President and CEO of J.P. Morgan Chase & Co. and co-Chair of the Executive Committee.

Headquartered in New York, J.P. Morgan Chase serves 32 million consumer customers in the United States, over 5,000 corporate, institutional, and government clients worldwide, and has over 90,000 employees globally. The company's new web site address is www.jpmorganchase.com.

NATIONAL BANK OF EGYPT FINALIZES ACQUISITION OF ARAB AMERICAN BANK

National Bank of Egypt is pleased to announce that, effective December 21, 2000, it completed all the necessary regulatory requirements to acquire the assets and assume the liabilities of Arab American Bank. With the acquisition now completed, the NBE New York branch started operations on January 1, 2001, at the same premises as Arab American Bank: 40 East 52nd Street, New York, NY. Mr. Abbas Samaha is the Executive General Manager of the New York branch.

AL-TAWFEEK LAUNCHES ALBARAKA DOW JONES ISLAMIC INDEX FUND

Al-Tawfeek Company for Investment Funds Ltd. recently launched its latest investment fund. The Albaraka Dow Jones Islamic Index, benchmarked to Dow Jones Islamic Market Index, is a globally diversified index with an exceptional historical performance. The Fund has attractive financial potential with broad coverage of 641 securities from 33 countries and very low risk. The minimum subscription amount for individual investors is US$20,000 and US$50,000 for institutions. Al-Tawfeek intends to solicit subscriptions for Investor Shares in aggregate amounts of US$50 million.

The Fund aims to generate medium to long-term capital appreciation, in strict compliance with Islamic investment guidelines by seeking to replicate the performance of Dow Jones Islamic Markets Index. The Dow Jones Islamic Markets Index is compiled by Dow Jones & Company and consists of international companies approved by Dow Jones Shariah Supervisory Board, which regularly reviews the Index to ensure its compliance with Islamic investment guidelines determined by the Board.

AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P. MERGES PRACTICE

The international law firm of Akin, Gump, Strauss, Hauer & Feld, LLP and Troop Steuber Pasich Reddick & Tobey, LLP merged their practices. Effective January 1, 2001, 61 lawyers join Akin Gump in Los Angeles.

The addition of the Troop lawyers is a key part of Akin Gump's strategic business plan, both in Los Angeles and internationally. The merger marks Akin Gump's largest single expansion to date, bringing its total number of lawyers worldwide to 1,050. Akin Gump's Los Angeles office will now have 136 lawyers and will rank among the city's ten largest law firms.

RIAD & ASSOCIATES, P.C. SERVES AS LEGAL COUNSEL TO NATIONAL BANK OF EGYPT

Riad & Associates, P.C. is proud to announce that it acted as legal counsel to the National Bank of Egypt in the United States in connection with its acquisition of the Arab American Bank and in performing all the regulatory work leading to the issuance of a license to open a branch in New York. It has certainly been a great challenge as well as a rewarding experience to be associated with the successful licensing of the first Egyptian bank ever to open a branch in the United States.

PEOPLE

NBK VOTED "BANK OF THE YEAR IN KUWAIT" BY THE BANKER

The Banker, the Financial Times magazine, voted NBK "Bank of the Year in Kuwait" for 2000. This distinguished award was presented to NBK for its stable management efforts in maintaining not only a leading local position, but also a strong regional presence.

NBK was also the most profitable Arab Bank, with net earnings of $306 million for the year 1999, 24.5% ROE and 2.4% ROA, as well as gaining the highest ratings from Moody's, Capital Intelligence, and Standard & Poor's. NBK is also known for being the most innovative and technologically advanced bank in providing the latest services and products, and having the most diverse branch network. The Banker stated that NBK has maintained a clear competitive advantage, enabling it to increase business, control costs and improve the quality of services, particularly via the Internet. "Its private banking is supported by a strong international network, which was further strengthened last year when its Geneva – based subsidiary, NBK Suisse, was converted to a fully-fledged bank," said The Banker.

MR. GHASSAN KACHOUH was promoted to Managing Director at Landauer Realty Group, the Real Estate Valuation and Consultation division of Grubb & Ellis Company. He joined Landauer Realty group in November 1999, and was previously a Vice President at Dime Savings Bank and Manager of Northeast Appraisal Services, a subsidiary of Dime.

MR. FAWZI MALOUF, retired from Chase Bank, completed a four-year post as Senior Director/Middle East Area Credit Officer at American Express Bank in November, 2000. He currently resides in Beirut, Lebanon.

MR. SAAD ZALMAN was appointed Managing Director of Citi Islamic Investment Bank on December 7, 2000. Mr. Zalman has been with Citibank since 1994, most recently as Head of Corporate Finance for the Middle East (Dubai). Salman Younis, who has been Acting Managing Director of Citi Islamic since 1998, has moved to Citibank Bahrain's Corporate Banking Division, responsible for Saudi Arabia.

NEWINDIVIDUALMEMBERS

ABANA IS PLEASED TO WELCOME THE FOLLOWING NEW MEMBERS:

ELIAS ABURDENE
President
Rock Creek Corporation

FAHAD AL-MEQREN
Owner's Representative
National Shipping Co. of Saudi Arabia

BRIAN J. CARTER
Director, Global Development
PSINET

JOSEPH HAKIM
President
Hakim International Trading and Marketing Inc.

SAM HALABY
President
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Marketing Director
Amerindo Investment Advisors Inc.

NICHOLAS LITTLEWOOD
President
Maturin Development Capital, Inc.

VENUGOPAL MENON
Senior Associate
Fleet National Bank

RORY MULCAHY
Import Technology Management Group LLC

ZUNG T. NGUYEN
Portfolio Advisor
American Century Investments

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ABANA ONLINE!

Visit www.arabbankers.org for weekly updates of event listings, in-depth coverage from recent events, and links to web sites of interest to our members.

NEWMEMBERS

ABANA is pleased to welcome our new institutional and corporate members. We would particularly like to welcome our newest members, **MAPLEWOOD PARTNERS LP** and **VIACOM, INC.**, which will have full listings in the next ABANA Review.

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Patrick O'Meara
Director of Marketing & Client Relations

Clinton Group is a Registered Investment Advisor headquartered in New York City. Founded in 1991, the firm manages over $2 billion for accredited domestic and offshore investors, including high net worth individuals, banks, insurance companies, pension funds and public funds.

Clinton Group's primary goals are to preserve capital and to create high, non-volatile returns without speculating on the direction of interest rates or equity prices.

Clinton Group has made a substantial commitment to proprietary systems and research. The firm's officers and employees have experience in trading, structuring, and computer-based modeling of fixed-income securities and their derivatives. Clinton Group employs its market experience and proprietary technologies in security selection, hedging, and portfolio risk management.

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Richard M. Berkeley
Managing Director/ Global Head of Equity Private Placements

Deutsche Bank, the world's largest bank in terms of total assets, provides diverse client- and product-driven capabilities. Its combined range of product offerings allows the bank to provide the financial services leading companies require in today's marketplace.

The bank is managed by the Vorstand, or board of managing directors, in Frankfurt, Germany. The Vorstand presently oversees the bank's activities as organized in five major divisions: retail and private banking, corporates and real estate, global corporates and institutions (GCI), asset management and global technology and services. The bank's primary focus for growth is in GCI, which comprises investment banking, global markets, global equities and global banking services. Through its 1999 merger with Bankers Trust, which itself acquired Alex. Brown & Sons in 1998, the bank has dramatically improved its reach and impact in financial services, creating a competitive rivalry with industry leaders Goldman, Sachs, Merrill Lynch and J.P. Morgan.

Presently, GCI organizes its activities as follows:

- The Global Investment Banking (GIB) group provides a full range of financial and strategic advisory services to corporations, financial institutions and governments worldwide.
- The Global Equities group provides research, sales and trading of securities, including convertibles, warrants, listed futures and options and global equity derivatives, in all the world's major financial markets.
- The Global Markets group is responsible for sales, structuring and trade activities across a full range of debt, foreign exchange, derivative, commodity, money market, repo and short-term securities products.
- The Global Banking Division makes use of GCI's extensive network of branches around the world to provide clients with custom-tailored financing and cash management solutions.

Deutsche Bank has 99 offices in 60 countries. In the Middle East, it has offices in Cairo, Tel Aviv and Bahrain.

Communications Equity Associates, LLC ("CEA") is an investment and merchant banking firm specializing in the media, communications, technology and entertainment industries, with particular emphasis on cable television, broadcast, outdoor advertising, telecommunications, towers, information technology, converging media and entertainment.

With over 170 professionals in offices worldwide, the company has been a leader providing these services since 1973. CEA's professional are drawn from the ranks of operating executives, bankers, attorneys and accountants with substantial experience in the industries served. They bring CEA clients not only operating and industry knowledge, but also deep longstanding industry relationships. CEA also manages a worldwide family of funds with committed capital of over $650 million for private equity investments in the communications, entertainment and converging media industries.

With offices in New York, Philadelphia, Tampa, Boston, Denver, London, Munich, Paris, Dusseldorf, Madrid, Singapore, Sydney, Mumbai and Prague, CEA is the only investment and merchant bank with true worldwide presence that is focused exclusively on the media, communications and entertainment industries. CEA is a member of the National Association of Securities Dealers, Inc., and its professional associates are registered with the NASD. Member SIPC. CEA International Ltd. is regulated by the Financial Services Authority.

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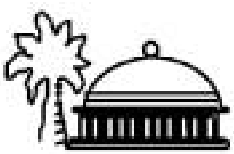

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Speakers: His Majesty King Abdullah II; William J. Hecht; Mike Hawley; John Quimby; Lester Thurow; Ahmed Heikal; Erol Uzumeri; Ken Morse; Omar Masri; Dr. Fawaz Z'ubi; Lubna Al Qasimi; Sir John Daniel; Axel Leblois; Mark Skaletsky; Joe Schoendorf...

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The New York based Concord Group is one of the leading managers of Egyptian securities in the world. Founded in 1988 by a team of highly experienced investment professionals, the Concord Group manages the wealth of individuals, families and foundations. It has widely recognized expertise in portfolio management, investment strategy, corporate finance and strategic planning. As of the end of the first quarter of 2000, the Concord Group managed approximately $ 2.5 billion worldwide of which approximately $700 million was invested in Egyptian securities.

In 1993, Concord acquired a controlling interest in Train, Babcock Advisors LLC, a leading investment management firm based in New York dealing with US individual clients, family foundations and trusts. Also in New York, the fixed income division of the Concord Group manages portfolios for domestic and global clients. The fixed income division invests in US dollar denominated investment grade issues, offering the highest possible yield to volatility ratios.

The Concord Group was the first international firm to obtain a license in Egypt to establish a branch to manage mutual funds. It now has a 28-person team in Cairo dedicated to the Egyptian market. The Group's investment professionals currently manage seven mutual funds, of which four are domestic funds and three are offshore. In New York, the firm also manages a number of large institutional portfolios invested in Egyptian securities.

In addition to managing Egypt's first closed-ended and open-ended country funds (both listed on the London and Channel Islands Stock Exchanges), the Group was awarded the mandate to manage the single largest domestic closed-ended fund, with an authorized capital of LE 1 billion. The Egyptian National Social Security Pension Fund also appointed the Concord Group to manage an additional LE 300 million portfolio.

The Concord Group has successfully concluded corporate finance advisory assignments for some of Egypt's leading government-owned and private banks, major multinational banks and for leading tourism and development groups in Egypt.

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Amr M. Nosseir
Managing Director

Morgan Stanley Dean Witter & Co. (the "Company") is a pre-eminent global financial services firm that maintains leading market positions in each of its three business segments–Securities, Asset Management and Credit Services. Its Securities business includes securities underwriting, distribution and trading, merger, acquisition, restructuring, real estate, project finance and other corporate finance advisory activities; full service and online brokerage services; research services; the trading of foreign exchange and commodities, as well as derivatives on a broad range of asset categories, rates and indices; securities lending; and private equity activities.

The Company's Asset Management business provides global asset management advice and services to investors through a variety of product lines and brand names, including Morgan Stanley Dean Witter Advisors, Van Kampen Investments, Morgan Stanley Dean Witter Investment Management and Miller Anderson & Sherrerd. The Company's Credit Services business includes the issuance of the Discover, Card and the Morgan Stanley Dean WitterSM Card; and the operation of the Discover/Novus Network, a proprietary network of merchant and cash access locations.

Investcorp is a global investment group with offices in New York, London and Bahrain. The Firm was formed in 1982 to serve the needs of investors in the Arabian Gulf. Acting as a principal and as an intermediary, Investcorp focuses on corporate and technology investment in North America and Europe, real estate investment in North America and global asset management.

Investcorp has arranged over 80 investment transactions with a total acquisition value of approximately $19 billion. On investments that have been sold, clients have realized an average annual return on equity of approximately 26 per cent.

Investcorp and its clients currently own all, or a substantial proportion of, corporate investments which include Avecia, Gerresheimer Glas, Independent Wireless One, Jostens Inc, Polestar, Welcome Break, and TelePacific Communications, Investcorp's real estate team generates new real estate investments and manages the firm's existing property portfolio. During recent years, Investcorp has introduced its clients to sector-specific real estate portfolios.

Investcorp introduced the Investcorp Asset Management Program to its clients in 1997. This program provides an investment that is relatively liquid in nature, and its objective is to produce superior returns, on a risk-adjusted basis, with low correlation to traditional asset classes. There are six funds within the Program each with its own risk/return profile.

During 2000, Investcorp launched a new line of business, Technology Investment. Through this line of business Investcorp targets technology-based businesses that impact traditional business drivers and where it can contribute significantly to the operational success of the company.

In 1999, Investcorp returned net profits of $125.8 million, compared to $114.3 million in 1998, an increase of 10.1%. This was a record profit for the fifteenth time in the Firm's 17-year history. Investcorp is a public company listed on the Bahrain Stock Exchange. Its shares are owned by approximately 7,500 investors including Investcorp's management and professional staff.

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ABANACALENDAR

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FEBRUARY 22, 2001

ABANA Luncheon with Youssef A. Nasr, President and CEO of HSBC USA Inc.

12:30 p.m., Citicorp Center, New York City

By invitation only.

About the Speaker

Youssef A. Nasr is president and chief executive officer of HSBC USA Inc. and its principal subsidiary, HSBC Bank USA. He also serves as an HSBC Group general manager, where he oversees all Group business activities in the United States, Mexico and Central America. Mr. Nasr previously served as president and chief executive officer of HSBC Bank Canada. Since joining the HSBC Group in 1976, Mr. Nasr has held a succession of executive positions in New York, London, Toronto and Vancouver.

Mr. Nasr serves as a director of HSBC Bank USA, HSBC USA Inc., HSBC North America Inc., HSBC Holdings B.V., HSBC Markets USA, Inc., HSBC Bank Canada and Wells Fargo HSBC Trade Bank N.A. He also serves as a director of the New York Clearing House and the New York Business Council and is a member of the Lincoln Center Consolidated Corporate Fund's Leadership Committee.

Youssef A. Nasr holds a bachelor of arts and masters of arts degree from Cambridge University. He also holds a masters of business administration from Harvard University.

MARCH 7, 2001

"Venture Capital in the Middle East: Opportunities and Challenges"

Helmsley Hotel, New York City

Venture capital is a necessary component in nurturing economic growth and technological innovation. Unfortunately, it has been a scarce resource in the Middle East. In this forum, we will hear high-level entrepreneurs, venture capitalists and bankers discuss the opportunities and challenges of venture capital investment in the Arab World.

Sponsored by ABANA in conjunction with the Harvard University Center for Middle Eastern Studies.

A detailed list of speakers will be available soon at www.arabbankers.org.

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