

# ESKAN NEWS

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The Quarterly Newsletter of Eskan Bank

A new strategy to solve the housing problem

Ijara Real Estate financing for citizens

Southern Tourism Company prepared for the summer

Housing loans up over 13% in four months

# 2030

*Top priority for Eskan Bank in the next phase*



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# Within the vision of “2030”

## Financing and housing solutions: Top priority for Eskan Bank in the next phase



Eskan Bank continues to build its strategy to provide housing finance solutions to Bahraini citizens, in accordance with the Ministry of Housing policies and within the framework of the national economic 2030 Vision launched last October.

The citizen comes at the top of bank's priorities, as the 2030 Vision focuses on human capital as the backbone of development. The vision was formulated to develop a multi-disciplinary economy, with a view to enlarging the Bahraini middle class with higher living standards, based on higher productivity and higher-paid jobs. Eskan Bank has adopted the vision's economic values of competitiveness, justice and sustainability, to help enable every citizen to reach their full potential and secure a decent living. The bank's strategy will integrate with other strategies currently being developed by all ministries, government and semi-government organisations, to formulate a national strategy.

As a part of this commitment, Eskan Bank has already taken steps towards realising its goals. “Al Daar” housing finance was launched to provide sufficient home financing to all citizens, especially those who already have social

loans. These who have social loans are not required to provide additional title deeds, and any citizen can benefit from these loans, provided in accordance with Islamic Shari'a. Many people have already benefited from this unique financing opportunity, setting up a new home for their family.

During the past three decades, Eskan Bank's activities have included many projects, such as villas for middle income borrowers. Since 1985, the bank has worked hard to contribute to improving the quality of life for all citizens. In its efforts to further improve its internal financial situation, and in partnership with the private sector, Eskan Bank recently issued a residential mortgage backed security initiative, the first of its kind in both Bahrain and the Gulf, successfully securing BD 30 million guaranteed by the social loans housing loans portfolio. Very shortly, the bank will also seek contributions from the private sector to establish a real estate fund of BD 50 million in capital, for new projects to be executed within the bank's strategy.

The bank also strongly supports the Ministry of Housing's efforts to provide housing solutions for all citizens. It is anticipated that a loan of BD 450 million to the ministry will soon be arranged for the development of new housing complexes for citizens. The bank coordinates with the Ministry on the provision of adequate housing solutions, by facilitating the construction of new housing units. A Memorandum Of Understanding has been signed with The United Nations Industrial Development Organization (UNIDO), Centre for South-South Industrial cooperation in China, to establish a centre for smart building in Bahrain, to develop new, cost-effective and environmentally friendly housing projects.

The bank also aligns with a number of other organisations for social and economic development projects. “Al Ebdaa Bank”, inaugurated by Sheikha Sabeeka bint Ibrahim Al Khalifa, Chair of the Supreme Women Council, was one such partnership. With a capital of US\$ 5 million, Al Ebdaa Bank aims to support entrepreneurs and micro projects.

The bank has completed all procedures for establishing the building materials company “Mawad” as instructed by the cabinet. Mawad, expected to be announced this year, will provide building materials with warehousing facilities. It is expected that the company's authorised capital will be BD 500 million, with participation from the private sector.

Partnerships have also been concluded between the bank and a number of financial institutions to establish “Naseej” for the provision of a variety of development, construction, fabrication and supply of building materials, property management, planning, consultancy and marketing services. By investing in this company with an authorised capital of BD 2 billion (paid up capital of BD 300 million) the bank will contribute to the real estate development boom witnessed by local and regional markets.

Internally, the bank will continue to formulate innovative policies, focusing on serving customer interests, providing quality services and enhancing human resource management. The bank will also run a comprehensive review of its operations and organisational structures, to uncover areas for improvements and greater transparency. A management system with specific objectives and measurable results tied to employee performance will be implemented.

# A new strategy to support government housing

The Bank's Board of Directors held its first meeting for the year 2009. The meeting was chaired by Shaikh Ebrahim bin Khalifa Al Khalifa, Minister of Housing. The Board reviewed the economic situation on both local and international levels, and the impact expected on the real estate sector as well as on the Bank's business in light of the Bank's plans and strategies for the next decade.

The Board approved a strategy that is based on supporting government housing plans and programs aimed at securing suitable housing for the citizens, finding the best financing options for housing projects and supporting Bank's performance to increase its financial base. The Board members have formulated an ambitious strategy that would allow the Bank to support the Ministry of Housing, in financing and executing its projects in the next housing phase. Such support would enable the Ministry to respond to all applications and reduce the waiting period to a maximum of 5 years from the date of application.



Within the bank's efforts to secure funding for the housing projects planned by the Ministry, it has considered many options including mortgage bonds and partnership with the private sector for development of housing projects. Final structuring of Sukuk Al Ijara Securities, similar to those issued by CBB, has been completed. The Sukuk are considered to be the best option currently in terms of cost. The Bank is prepared to issue the

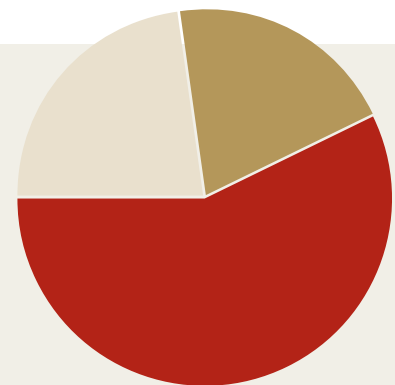
Sukuk according to the schedules and requirements of housing projects. The Bank anticipates issuing such Sukuk in various offerings to financial institutions looking for secured investment opportunities. As agreed with CBB; It is anticipated to issue a number of such Sukuks for the public through Stock Exchange for everyone to benefit from the investment opportunities being offered.

## Housing loans up over 13% in four months

Housing loans disbursed by Eskin Bank in the first four months of 2009 were up 13.5% compared to the same period in 2008. Loans paid out at the end of April this year amounted to BD 14.9 million, compared to BD 13.5 million paid out in the same period last year.

Loans for building made up 56% of the total loans paid, followed by 23.5% for renovation loans, and 20.5% were purchase loans.

According to Parween Ali, the rise in total loans paid was due to two reasons – the lower prices of real estate due to the international economic crisis, and the provision of "Al Daar" Islamic and traditional financing options launched by the bank last year. This formula was met with great demand, particularly by beneficiaries of government housing loans, as it allows them to greatly increase their finance for building, buying or renovation purposes.



Housing loans paid up by the bank up to April 2009



## Ijara Real Estate financing for citizens

At a press conference held recently, the bank launched Al Daar Real Estate, a Shari'a compliant financing mode "Ijara" after the success of the commercial loans "Al Dar" which started in mid 2007.

Tariq Al Jahalma, Head of Banking Operations said, "This finance is being provided as directed by HE Shaikh Ebrahim bin Khalifa Al Khalifa, Chairman of Eskin Bank, and in accordance with the bank's continuous efforts to provide the best financing solutions to citizens and within its vision to pioneer in real estate financing and build an effective real estate loan market." He also urged citizens who want to own adequate homes to avail of Al Daar Mortgage loans and the benefits regarding provision of guarantees by borrowers. "In this type of finance the borrower is not required to provide a title deed if an additional loan is needed. Moreover, loans are available to borrowers who are not registered in the housing list of first time buyers." he explained.

Parween Ali, Senior Manager, Mortgage Loans said, "The bank has provided many remortgage transactions with convenient terms in line with modern trends in the housing and real estate sector. Currently Eskin Bank is considering the provision of financing for buying flats or for other purposes such as building or maintenance."



Iqbal Sangoor, Product Development Manager said that the "Ijara Muntahiya Be Tamleek" lease to own and "Ijara Mowsoofa Be Thema" will serve the requirements of many customers wishing to obtain housing finance according to Islamic Shari'a principles. This finance has been designed for building and maintenance purposes. "The bank is currently developing other Shari'a compliant products that would allow customers to build homes according to their own budgets. Such products include Diminishing Partnership (whereby a customer enters into a contract with the bank to be a partner in buying the house, for an agreed period). The customer's initial share shall not be less than 20%. The partnership will gradually diminish as the customer pays the agreed instalments, which increases their shareholding and decreases the

bank's shareholdings. The property will be totally owned by the customer at the end of the period. Istisna'a contract (financing of homes under construction) to enable the partner to purchase basic building materials) and Murabaha is a sale contract based on cost plus an agreed margin payable over an agreed period of time.

"Al Daar" is a commercial real estate loan provided by the bank with a minimum of ten thousand Dinars and a maximum of two hundred thousand Dinars for payment periods up to 25 years. The borrower can use this loan for building, buying or maintenance purposes.

Borrowers can qualify for Al Daar loans individually or in couples, in case they want to increase the loan amount.

## Varied financing options and better loan processing now at Eskan Bank

Loan processing at Eskan Bank has become much faster recently, thanks to improvements introduced to cut down on procedures time. Customers have expressed their appreciation of the faster and more efficient service and attention in the customer services section and payment of various kinds of loans. This has also been positively reflected in the performance of the Operations Department, which had a record growth in the average number of loans processed.

The launch of "Al Daar" mortgage loans has provided a convenient option of remortgaging for buying, building or maintenance purposes. This Shari'a compatible option was launched by the bank in mid 2007, immediately generating high demand and uptake because it does not require the mortgage of a title deed. Moreover, this option is available to citizens from outside housing lists and for first time buyers, making it unique in the home financing market.

Improvements in loan processing has been further enhanced recently by support from operations and IT



departments. Loans are now disbursed in only two stages instead of eight, as was the case before. The bank is also actively trying to establish a representative office for the Notary Public associated with Ministry of Justice to notarize the necessary contracts and documents.

Eskan Bank's Customer Service operations are also receiving attention and improvements, with plans to set up a call centre, expand distribution channels and open new communication channels, such as internet banking and mobile phone banking.

## Insurance Services Agreement with "Takaful International" for housing loans



Eskan Bank has signed an agreement with "Takaful International Insurance" – a leading Islamic insurance company in the region, for the provision of insurance against fire and theft for bank customers.

Parween Ali, Mortgage Loans Senior Manager, said, "With this agreement in place, customers taking out housing loans can benefit from special offers when they buy insurance against various risks."

"This agreement reflects the bank's commitment to providing insurance services to housing loan beneficiaries

at a reasonable cost, in order to raise awareness of such services among them and improve their lifestyle and options." she said.

Through this cooperation, the bank will now be able to utilise Takaful insurance products to better serve its customers.

Parween Ali also emphasised that Eskan Bank is always seeking partnership with innovative companies to enable the bank to offer a wider range of useful and meaningful options to its borrowers.

## Mrs. Al Moayyed and Dr. Al Jalahma discuss coordination and cooperation in the housing sector

Mrs. Sabah Al Moayyed – General Manager, met with Dr. Dhafer Al Jalahma – Undersecretary of the Ministry of Housing, along with delegates from the ministry including Eng. Khalid Yaqoub Al Amer, Sh. Mohammed bin Ibrahim Al Khalifa and Mr. Maher Al Onees.

The delegates were briefed on the bank's current strategies as well as the conception of business development for the future within government housing plans and market trends. The meeting also explored aspects of cooperation between the bank and the Ministry regarding finding solutions to assist citizens in acquiring suitable housing as quickly as possible. The two parties also discussed the



development of projects by the bank, as well as the potential for setting up internal electronic communication

channels to enable easy exchange of information regarding various customer accounts and faster processing.

## 2008 results published



Recently ESKAN Bank held its yearly staff meeting at the Crown Plaza, in which the results and achievements of 2008 were presented.

Mrs. Sabah Al Moayyed, General Manager, delivered the key note speech, where she welcomed the staff and reviewed the developments at

the main departments and various activities of the bank and its subsidiaries.

The audience was also informed of the bank's plans and strategies for the current year.



## Southern Tourism Company prepared for the summer

Southern Tourism Company (STC), an Eskan Bank subsidiary, is well prepared for the summer after building a number of floating docks for rent, as well as reinforcing safety standards on board its boats for ferrying tourists to Hawar Island.

The company completed the first phase which consisted of constructing nine docks in Furdat Al Dur, with plans for adding more piers at the same site to bring the total to 36.

As for safety on board, and in coordination and cooperation with the Coast Guard authority, the company has completed the implementation of all international marine safety standards on all of its boats.

STC currently provides tourist / ferry services to Hawar Island. The company has one 45-passenger capacity boat, a 160-passenger "Zahrat Al Bihar" and two 16 passenger speed boats. The company also has a fleet of four tug boats, three shipping boats and two emergency speed boats.

Guest service facilities on Hawar Island provided by STC include 48 beach cabins, in addition to providing management services for 27 cabins owned by the company.

The company is resolved to enhance its role in contributing to the development of the promising tourist sector in the local economy, through the development and management of new private spas and piers as significant tourist attractions in the Middle East, as well as continuing its role as a major sea carrier to tourist islands.



## A contract with the Environment Society

Eskan Bank has signed an agreement with the Environment Society. According to the agreement, the Society will recycle waste banknotes. The agreement reflects the bank's concern about the environment and creating job opportunities.





## Jamali participates in the “Legal Perspectives of Real Estates Development” Forum



Mr. Fadi Jamali, Chief Development Officer, participated in the forum organised by the Legal Affairs Directorate, Ministry of Justice and Islamic Affairs on “Legal Perspectives of Real Estate Development” at the Diplomat Hotel under the auspices of Mr. Ali Saleh Al Saleh.

Five subjects were addressed in the forum: administrative obstacles facing real estate development; the role of government in development; real estate financing; bank facilities and guarantees; land ownership and project site as collateral; and problems in the developer-buyer relationship.



## CPP with distinction for Mrs. Sharafi

Mrs. Shaima Sharafi, Human Capital Assistant Manager, has successfully obtained the Certificate in Personnel Practice (CPP) from the Chartered Institute of Personnel and Development (CIPD) – UK.

The bank is keen to enhance the skills of its staff through enabling them to join appropriate and specialised training courses in order to upgrade the performance in various departments in the bank in general.

## Al Jalahma completes Darden's Program

Mr. Tariq Al Jalahma, Head of Banking Operations, has successfully completed the Gulf Executive Development Program, offered by BIBF in collaboration with University of Virginia's Darden School of Business. The program aims to prepare future leaders in both public and private sectors.





## Maha Sanad presents a copy of her book “Court of Cassation Judgments in Labor Dispute Cases” to Shaikha Sabeeka Bint Ibrahim



Shaikha Sabeeka bint Ibrahim Al Khalifa received Sabah Khalil Al Moayyed General Manager and Maha Sanad Manager, Legal Affairs Department, Eskan Bank.

Bahraini labour courts in the last decade. She said that this is as a result of international economic changes, globalisation, capital movements, diversification and growth in the Bahraini economy through the attraction of investment and the

government's encouragement to private investments. “Such increase was accompanied by daily labour complaints either by employees themselves or employers. Therefore, compiling judgments was important for future reference.” She added.

Shaikha Sabeeka was presented with a copy of Maha's recently published book “Court of Cassation Judgments in Labour Dispute Cases”. HE Shaikha Sabeeka commended the effort put into this work which will serve as a reference to the bank's employees and wished Maha all success.



Mrs. Sabah Al Moayyed, General Manager of the bank, Mr. Khalifa bin Ahmed Al Dharani, Chairman of Bahrain's Representative Council, Shaikh Khalid bin Ali Al Khalifa, Minister of Justice, Shaikh Khalifa bin Rashid Al Khalifa, Head of Supreme Judiciary Council and Head of Court of Cassation and Dr. Majeed Al Alawi, Minister of Labour received copies of Maha's book.

Mrs. Al Moayyed commended Maha's efforts in producing the book, which will be a reference for employees. She wished her success and presented her with a shield in recognition of Maha's work.

Maha said the book is about labour dispute cases, in particular it highlights the increase in cases before the



## 25 Bahraini employees promoted



In a step to enhance its administration team with qualified Bahrainis, the bank recently promoted twenty-five employees from several main divisions. Three employees were promoted to Senior Managers, two as Managers, three as Assistant Managers, three as Senior Officer and six as Officers, in addition to other positions.

The bank's policy seeks to prepare Bahrainis to occupy senior posts at various sections and departments and

to give Bahrainis the opportunity to fill in such positions.

Dr. Naeema Al Dosseri, Head of Human Capital Group said, "One of our strategic approaches adopts the principle of internal promotions based on competence. Therefore, a culture of performance enhancement has been established. The promotions were the results of the efforts and diligence of those employees."

"Most of those promoted are holders of academic qualifications supported by long banking experience built throughout years of working with Eskan Bank and the banking sector in general. Such promotions will stimulate other employees to put up more efforts and enhance the bank services." She added.

## Two employees obtain academic qualifications

Mrs. Marjan Dashti was awarded an MBA in Business Administration (Banking and Finance) with distinction from the University College of Bahrain. Mrs. Dashti holds Bachelors in Law from the University of Bahrain. She joined the Bank in 2008.

Ms. Latifa Salmeen, an accountant, also received her BSC. in Financial and Banking Management from the University College of Bahrain. She joined the bank as a trainee in the Finance Department two years ago.

The bank is keen to encourage Bahraini staff to improve their skills and enhance their academic practical experience.





## Mr. Al Gosaibi wins with “Mamlakati” for the Fund

Mr. Saeed Nasser Al Gosaibi from the Administration Department won the Eskan Bank contest held last March to choose a name for the bank’s “Mortgage Guarantee Fund”, with his suggestion of “Mamlakati”.

The winner was decided by an assigned committee headed by the bank’s General Manager Mrs. Sabah Khalil AlMoayyed. The name “Mamlakati” was chosen from a number of proposed

names received, as it best reflects the objective of the establishment of the fund, which is owning a kingdom – the once in a life time house.

The cash prize was presented to Mr. AlGosaibi by the Head Project Management Office, Mrs. Samar Agaiby during a short ceremony.

The contest to choose the best Mortgage Guarantee Fund name – which had a large number of

participants from many departments of the bank – was the first of a series of activities from the Marketing and Corporate Communications Group to enhance and develop internal communications.

More competitions will be held over the coming months, plus a number of other activities to promote internal communication between employees of Eskan Bank.

## EB's Khalifa Najim runs 29th Berlin half marathon

Khalifa Najim – Head of the Corporate Real Estate Financing department in Eskan Bank, has recently returned from Berlin Germany after participating in the 29th Berlin Half-Marathon. The race of about 21km was conducted in ideal conditions, with the temperature gauge showing 13 degrees Centigrade, no rain and only a light breeze to disturb the elite runners. 170,000 spectators witnessed the thrilling race.

A Kenyan international runner took the title in the world-class time of 59:34, making one of the fastest debuts ever at the half-marathon. A total of 21,725 runners from 85 countries entered the 29th edition of the Berlin Half-Marathon. Khalifa, who is also the chairman of Bahrain Road Runners, finished the race in two hours and five minutes. He headed a delegate of six runners from Bahrain.



## Eskan bank staff participate with the “Capital Governance” in the National Health Day



A number of Eskan Bank members participated in the event organised for national health day by the Capital Governance, Ministry of Health and Hekma Handicapped Association, which was held under the title “Better partnership... Better Health”.

Eskan staff members joined a larger group of participants in the event, which was held on King Faisal Corniche Street, near the Bahrain Financial Harbour.

The aim of this event – which included a number of activities including medical checkups, entertainment, and selection of music for participants – was to enable everyone to enjoy the blessing of health, and belief in the importance of maintenance of community partnership in this area, and to promote healthy lifestyles among the citizens.



## Your planet needs you! United against climate change

The bank took part in celebrating the “Environment Day” under the auspices of Shaikh Hamoud bin Abdulla Al Khalifa, Governor of Capital, held on 6 June 2009 in cooperation with the Ministry of Municipalities and Agricultural Affairs and the Friendship Society

for the Blind. A tree planting event was held in Al Salmaniya Park in the Capital Governorate under the banner “Your Planet needs you. United against climate change.”

The Governor expressed his appreciation and gratitude for the support of the sponsors in organising

this event and the continuous contribution of such organisations in many events taking place in the Governorate in all areas serving the society, residents and the Kingdom generally.



## The Bank celebrates Labour Day and adopts 2030 vision

On the occasion of Labour Day, Eskan Bank held a celebration at its Head Office. The ceremony was attended by Mrs. Sabah K. Al Moayyed, General Manager, executive staff and employees.

Vision 2030 launched by EDB in September last year was adopted in the ceremony as a strategy for the bank.

In their speeches during the ceremony, bank officials highlighted the fundamental role played by human resources towards the development of an economic vision that is largely based on middle-class Bahrainis, to enable them enjoy better living standards with higher productivity and higher-paid jobs. Competitiveness, justice and sustainability as envisaged by the economic vision should serve to enable Bahrainis to fulfil their potential and secure a better living.



## Cost Cutting Contest winner



Mohammed Abdo



Mahfoodh Kadhim

## For your health

### Kiwi fruit protects DNA and vision.

While previous research undertaken on the kiwi fruit revealed it to be rich in Vitamin C and fibre, recent research has revealed even more health benefits to be found in this remarkable fruit: if taken daily, kiwis may actually protect your DNA against cell damage that can lead to cancer.

It seems that the natural ingredients of a kiwi actually works to repair damaged DNA cells, as it contains natural materials that are able to fight malign tumours. A group of Norwegian scientists recently discovered that kiwi fruit also contains ingredients that serve as a natural blood thinner, reducing the risk of blood clotting.

Kiwi is also a rich source of Lutein and Zeaxanthin, natural ingredients found in the human eye, and can help decrease the risk of eye disease.

Although the skin of a kiwi is a good source of fibre and nutrients, it is not commonly eaten because of its hard texture and tartness. Eating the skin is not advisable as it can be an allergen.



## Commonly Used Banking Terms explained

**Central Bank:** Is the institution authorised by government to control monetary policy and supervise and regulate the banking sector. It acts as the government's fiscal agent and also controls note and currency issue as well as managing the country's foreign currency reserves.

**Credit Card:** A card issued by a financial institution that allows you to make immediate purchases now

and pay for them later. Every month the bank will provide a statement of which a minimum amount must be paid on the balance. You will be charged interest on any money still owing.

**Money laundering:** The method criminals use to hide and disguise the origin of funds.

**Guarantee:** An undertaking given by a person called the guarantor promising

to pay the debts of another if that other person fails to do so.

**Current Account:** An account with a bank from which any part of the balance may be withdrawn on demand. Withdrawals may be in the form of cheques payable to the drawer or a third party, by the direct debits, standing orders, and via cash machines and debit cards.