

## Banking on Bahrain's success

by Claire Ferris-Lay on Sunday, 12 October 2008

**Formed in June of last year with an authorised capital of \$500m, global banking corporation is seeking to capitalise on Bahrain's strong position to create a significant presence in the middle east investment banking scene. Claire Ferris-Lay meets GBCorp's Ahmed Al Khan who reveals the company's blueprint.**

Positioned at the heart of Bahrain's financial hub, the Global Banking Corporation (GBCorp) offices have some of the best views in the kingdom.

While ancient, blue dhows lining the city's port represent the kingdom's more traditional ways of life, its vast construction sites building thousands of new offices demonstrate the country's increasing importance as a financial hub for the GCC.

"It's going to be an economy to watch over the next few years," agrees Ahmed Al Khan, head of investment banking at GBCorp, while overlooking the investment bank's other semi-built tower next door.

The country's flourishing economy, strict regulatory authorities and tough central bank have already positioned it as a force to reckon with globally.

Last month the International Finance Corporation and the World Bank ranked Bahrain 18th out of 181 economies for ease of doing business in. At 3.3 percent in August, it also has one of the GCC's lowest rates of inflation.

As a relatively young bank GBCorp is seeking to utilise the country's strong position to turn itself into a major player in the GCC's investment banking scene.

Al Khan believes the central bank's decision to endorse the internationally recognised Basel II regulations in 2005 has been key in attracting international businesses to the country. "It helps [that we are based in Bahrain] because we have a very transparent market and we comply with Basel II laws, which makes it easier for international companies to identify themselves with us.

"When companies come to Bahrain, they know they are protected which is why the country is such a good place for investment banks to flourish."

GBCorp was established in June 2007 with issued capital of \$250m and an authorised capital of \$500m. As a latecomer to Bahrain's investment banking scene, GBCorp has not only prospered from its location but has also benefited from the country's strong reputation for corporate governance.

"Everything is regulated by the central bank so we have a very strong corporate governance structure," he explains. "It has a very tight leash on the economy as a whole and that's great because it creates a stable market for ourselves and minimises the risk of creating bubbles."

In May the bank announced its first subsidiary operation in partnership with Washington, DC-based investment banking firm Taylor-DeJongh to focus on energy.

In addition to energy Al Khan sees opportunities in real estate and the service and retail sector. Geographically its growth will be in emerging markets such as Eastern Europe and South America. "We're not following other investment banks because that is what creates a bubble," he explains.

In the week that saw the demise of the 158 year-old Lehman Brothers and the nationalisation of AIG, the world's biggest insurer, Al Khan also sees potential in more mature markets suffering as a result of the credit crunch.

"Western markets are [particularly] opportunistic because the credit crunch has capped the growth of a lot of good companies. So a lot of opportunities come our way."