Report # 163
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Weekly Report on Global Islamic Finance and Business in the Muslim World
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Submitted By: Zain Arshad

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Summary:

Nigeria plans to license at least two Islamic financial institutions by the end of the year and is getting assistance from Malaysia to expand its Shariah-compliant industry, in a nation where 70 percent of people have no access to regular banking services.
Central Bank of Nigeria governor Lamido Sanusi said this month that as many as three non-Islamic banks had expressed interest in opening Shariah-compliant “windows”.

North Firm's Islamic bond deal has been announced as an award winner and a ground-breaking corporate finance deal to provide development funds for an engineering design business.

In the first deal of its type in the UK, the Gateshead-based International Innovative Technologies Ltd (IIT) raised £6.4m from an Islamic bond, called a sukuk, placed with the Dubai-based Millennium Private Equity.

Jersey's links with India and the Gulf Cooperation Council (GCC) nations will be strengthened this month through the signing of a Tax Information Exchange Agreement (TIEA) with India, the engagement of dedicated Jersey Finance representatives in Mumbai and Delhi and the opening of an official Jersey Finance representative office in Abu Dhabi.

The growing role of women in Islamic finance resurfaces on the conference circuit now and again, albeit organizers are often under the illusion that they have invented the subject. Not surprisingly, the issue has been discussed at recent conferences, but whether any new thinking has emerged remains a moot point.

Amana Takaful, the pioneer of Takaful in Sri Lanka, has announced rights issues on a 1:1 basis at Rs 1.50 a share, which is subject to approval by the Company’s Shareholders at the EGM scheduled for 18th March 2011. Once concluded, the rights issue will see Amana Takaful’s core capital rise to Rs 1.25bn, which will facilitate its expansion strategy in spearheading Takaful in Sri Lanka as well as consolidating its position to meet changes in regulations pertaining to risk-based capital and splitting of life and general business, the company said in a statement.

1. GLOBAL ISLAMIC FINANCE

Growth of women in Islamic finance remains a challenge

Sunday, March 13, 2011

The growing role of women in Islamic finance resurfaces on the conference circuit now and again, albeit organizers are often under the illusion that they have invented the subject. Not surprisingly, the issue has been discussed at recent conferences, but whether any new thinking has emerged remains a moot point.

Many women have and are still contributing to the development of the contemporary Islamic finance movement, and yet their contribution, except in countries such as Malaysia, has largely been marginalized by an industry that is still dominated by middle class men.

The issue of gender equality and empowerment is one that affects all societies whether in the West or East. Women in Switzerland only got the vote in the late 20th century. The issue of unequal payment for the same jobs in the City of London, one of the world's largest financial centers, is still entrenched. The number of women on the boards of FTSE 100 companies is still woefully low.

Despite the stereotypes of women in Islam, there have been many Muslim women who have excelled in almost every sphere of life. Some of these include, Princess Fakhrelnissa Zeid, the famous painter from Turkey/Jordan who established herself in Paris, Sadika Sabanci, the matriarch of a business family and philanthropist and educationalist in Turkey, Siti Dr. Hasmah Mahathir, one of the first Muslim women doctors in Malaysia, and Professor Fatima Meer, the well-known South African academic, anti-apartheid campaigner and official biographer of Nelson Mandela.

In financial services, Malaysia is unique in the world in that its two financial regulators are both women of substance. Zeti Akhtar Aziz, the governor of Bank Negara Malaysia, the central bank, is one of the most experienced central bankers in the world and has been named as “Central Banker of the Year” for 2009 and 2010 by Global Finance magazine. Zarinah Anwar is the chairman of the Securities Commission of Malaysia, the securities regulator, where she has inter alia put Islamic capital markets firmly on the global map through her work in Malaysia and in international organizations such as IOSCO (International Organizations of Securities Commissions).

While the current debate on the role of women in Islamic finance tend to concentrate on how many women are actually working in the sector and their individual experiences, very often the underlying issues are avoided for fear of touching on sensitive issues.

At the “Women in Leadership Forum” in Kuala Lumpur last week, in her keynote speech titled “Advancing Women's Leadership in Public Life: Power Sharing in the Public Sector,” Zeti spelt out her scenario for the future in gender equality and engagement.

“In this 21st century," she stressed, "it is human capital rather than physical capital that will define performance and progress. Women represent half of the world population and therefore half the potential resource that can drive such performance. This is reinforced by the more recent trend that increasingly, the majority of those with college education are women. Increasingly, therefore, this group represents a more significant resource potential that can rise to leadership positions. In emerging economies, where such high-powered talent is scarce, gender has not been of an issue. Women have risen to leadership positions based on their merits and capabilities."

Women in Malaysia, she reminded, have made significant strides in their participation in all segments of the Malaysian economy and have demonstrated their ability to lead and to succeed in both the public and private sectors. In Asia, in particular, women have risen to key positions and have been given the opportunity to contribute to the nation's progress and development.

Zeti stressed the vital role of the leadership in the public sector where there are tremendous opportunities for women with the capabilities to take on leadership responsibilities in the public sector.

But, for a woman who is a mother, wife and daughter, the sacrifice involved is great. The challenge, she added, will be to achieve a balance so that work performance is not being adhered at all cost. Support systems at the work place and at home are vital.

While women are a growing force in the talent pool, "the real power will be a shared power. It will be women and men working together leveraging on each other's comparative strengths, experience and knowledge that will allow us to make the difference that best suits our circumstances and that are able to bring us to the best level of performance and progress."

It is important that the role of women in Islamic finance must be seen in much wider context. In many Muslim countries there still persists a conservative religious establishment (in some societies it is ultra-conservative) where the empowerment of women outside the kitchen and house is anathema. Many governments, including royal families, are reluctant to take on the religious establishment, for fear of losing their support. However, it is important to stress that the degree of gender equality changes from one country to the other.

Gender is also well demarcated in politics, economics and society. Gender separation in Saudi Arabia for instance is entrenched as part of the culture whereas in most other Muslim countries there is no separation. This of course is reflected in the jobs market. However, separation is not a pre-requisite for discrimination, which is against Islamic principles. There is the CEO of a Malaysian Islamic financial institution who had to use the backdoor of a bank in Kuwait and Saudi Arabia because she was not allowed to use the front door used by males.

Male dominated societies are in some respects driven by male insecurity about competition in the employment market, in educational achievement, in alienation from society and in a lack of engagement by various stakeholders.

The reality is that given the pressures of everyday life and economic demands, many households can no longer cope on the salary of one breadwinner, usually the man in the house. Even in Saudi Arabia today, many women are forced to work because of economic necessity, albeit not necessarily the job of their choice.

The progress toward gender equality and empowerment in many Muslim countries remain piecemeal at best. There are legendary examples of Saudi and GCC women deprived of getting the top jobs in their countries simply on the basis of gender. On the other hand there are the usual celebrated business women who are running top companies but by virtue of the fact that they are usually owned by their families or they are the women's division of a bank or company. They are exception to the rule and not the yardstick.

Gender separation is not the solution because it is an unwarranted duplication, which has a huge economic cost even in oil-rich countries such as the GCC states. In South Africa, for instance, there was similar wanton duplication but based on racial groups which cost the Apartheid state billions of dollars to sustain.

The Islamic finance sector is a microcosm of society as a whole. Unfortunately the role of women in the industry is reflected in this way. Given the fact that there are over 600 Islamic financial institutions (IFIs) in the world, the number of CEOs of these IFIs count a mere handful and almost all of them are in Malaysia, which is by far the most proactive in gender equality and empowerment in government, regulation, financial services, business, law firms, Shariah advisories etc. These include Jamelah Jamaluddin, CEO of KFH (Malaysia), the first time that a Kuwaiti financial institution has appointed a woman as a CEO, albeit a foreign subsidiary. Others include Fawziah Amanullah, CEO of EON Islamic Bank; and Noripah Khamso, CEO of CIMB-Principal Islamic Asset Management Berhad.

The Islamic finance industry in general should be held to account for the lack of engagement and also for promoting gender equality and empowerment. There are some rays of hope. The Islamic Development Bank (IDB) now employs some female secretaries, but its women in development panel and prizes are a mere fig leaf for a policy that tolerates and acknowledges the role of women in development in finance up to a point but in reality is a dereliction of duty toward gender equality and empowerment in its member countries and its own organization. As one Malaysian banker recently stressed, “Why can't the next IDB president or head of Treasury be a woman?”

Of course there are women (like men) of many faiths who have been involved in the development of Islamic finance over the years, and it would be a disservice not to acknowledge their contributions. Stella Cox, CEO of DDCAP Limited, the Islamic finance intermediary and brokerage company; Sarah Gooden, partner of Trowers & Hamlin, the international law firm; Baljeet Kaur, CEO of KFH Research, and a host of others.

http://arabnews.com/economy/islamicfinance/article316268.ece

Nigeria to expand Islamic banking with assistance from Malaysia

Thursday, March 17, 2011

Nigeria plans to license at least two Islamic financial institutions by the end of the year and is getting assistance from Malaysia to expand its Shariah-compliant industry, in a nation where 70 percent of people have no access to regular banking services.

Central Bank of Nigeria governor Lamido Sanusi said this month that as many as three non-Islamic banks had expressed interest in opening Shariah-compliant “windows”.

Engku Rabiah Adawiah Engku Ali, a Shariah scholar at the monetary authority in Kuala Lumpur, said Nigeria had signed an agreement with Malaysia’s central bank to co-operate in Islamic financial services, which included boosting micro lending.

The West African country joins Egypt, Thailand and Turkey in seeking to expand the Islamic finance industry. Nigeria aims to diversify the economy by developing financial services. Gross domestic product growth might accelerate to 7.98 percent this year from 7.85 percent in 2010, driven by non-oil industries, Finance Minister Olusegun Aganga said last month.

There was “clearly” demand for Shariah-complaint financing in Nigeria, said Daniel Broby, the chief investment officer at London-based Silk Invest. “Though it really hasn’t developed into real money on the table yet.”

The Islamic Financial Services Board said global demand for services and products that complied with Islamic law was rising by 15 percent a year and assets would rise to $1.6 trillion (R11 trillion) by 2012.

Nigeria drafted Islamic banking guidelines in 2009. Last year, the central bank granted a license to the first Islamic bank, Jaiz International.

"It will take some time" to develop Islamic banking and it might be "easier to open Islamic windows in conventional banks" rather than license full-service Shariah-complaint lenders, former finance minister Remi Babalola said earlier this month.

"Islamic banking is based on trust and there's a perceived lack of trust in Nigeria," said Babalola. – Bloomberg

http://www.iol.co.za/business/international/nigeria-to-expand-islamic-banking-with-assistance-from-malaysia-1.1043408

Islamic capital market size exceeds RM1 trillion in 2010

Friday, March 18, 2011

The size of Malaysia's Islamic capital market exceeded RM1 trillion in 2010, a 15.2 per cent growth, says the Securities Commission Malaysia (SC).

In the SC's Annual Report 2010 released yesterday, it said fund-raising via shariah-compliant instruments, continued to retain its popularity.

It approved 21 sukuk issues with a value of RM40.3 billion, which accounted for 63.4 per cent of the total bond approvals in value in 2010.

The sukuk musharakah represented RM16.7 billion or 42.1 per cent of total sukuk approvals.

The SC said Malaysian intermediations continue to expand their presence in the markets with CIMB Islamic playing a leading role in the landmark US$500 million foreign currency sukuk issued by the Islamic Development Bank in December 2010.

Prudential Fund Management Bhd became the first Malaysian intermediary to take advantage of the mutual recognition agreement with Dubai for cross-border distribution of Islamic funds and launched its Prudential Shariah Opportunities-Asia Pacific Equity Fund in December 2010.

The SC said the number of Islamic fund management companies also increased to 15 with the approval of four new Islamic fund management licenses.

During 2010, the SC intensified its prudential and conducts supervision of market institutions and intermediaries, while enhancing its oversight functions.

According to the SC, 29 administrative sanctions were meted out against intermediaries for various misconduct, breaches of licensing conditions, and breaches of the takeover and mergers provisions.

In 2010, new market opportunities were initiated via various cross-border regulatory arrangements to facilitate domestic intermediaries, to expand operations across borders and promote inflows into the capital market

http://www.theborneopost.com/?p=104822

Tamweel Brings Back Islamic Home Finance Product Balti

Friday, March 18, 2011

Tamweel, the UAE Islamic home finance provider, has relaunched Baiti, specially designed to help UAE nationals to buy homes.

Baiti, which means “my house” in Arabic, was first launched by Tamweel in 2006. The home finance provider is bringing the product back following its January Ijara promotion, and its resumption of new business origination on 1 November 2010. Tamweel understands the importance of bringing the Baiti product back to the market and has now developed an exclusive home finance product for addressing the housing needs of UAE nationals.

Tamweel will make home finance available to UAE nationals for up to 85 per cent of the current value of ready residential properties in Dubai and Abu Dhabi. The maximum finance value is AED 5 million with repayment tenure of up to 25 years.

“Baiti makes a welcome return to the UAE’s home finance market,” said Varun Sood, Acting Chief Executive Officer of Tamweel. “Today’s announcement is in line with Tamweel’s commitment to provide innovative solutions to meet the evolving needs of customers. We believe there is a need in the market to address this specific segment; therefore our product is catered to do just that.

The demand for housing among the UAE Nationals is on the rise and Tamweel is committed to cater to this segment of the market which is ever growing.”

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1470

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2. ISLAMIC BANKING & INSTITUTIONS

QFIB plays a key role in securing ENPI's Dhs250m syndicated Islamic financing

Sunday, March 13, 2011

Qatar First Investment Bank ("QFIB") announces that its portfolio company Emirates National Factory for Plastic Industries L.L.C. ("ENPI"), the UAE's leading manufacturer of plastic packaging solutions, paper products and technologically advanced plastic cards has signed a new five-year; Dhs250m syndicated Islamic facility, arranged by Abu Dhabi Islamic Bank ("ADIB").

The signing ceremony took place at Abu Dhabi Islamic Bank headquarters in Abu Dhabi. The financing will be used for the construction of a new production facility in Industrial City of Abu Dhabi 1 ("ICAD 1"), the purchase of new machinery and equipment and the refinancing of a portion of the company's existing conventional debt. The five-year facility, split into a Dhstranche and a USD tranche, not only extends ENPI's debt maturity profile but also reduces ENPI's overall cost of funding.

ADIB acted as the Mandated Lead Arranger for the transaction which was oversubscribed by more than 30% reflecting the strength of ENPI's credit. Participating banks included Al Hilal Bank, Al Khalij Commercial Bank (al khaleeji), Ajman Bank, First Gulf Bank and Mubadala GE Capital ("MGEC"). For MGEC the transaction represented their first Islamic investment since inception.

QFIB, ENPI's majority shareholder, played an instrumental role in structuring this facility which will allow ENPI's management further flexibility to realize its strategic objects. The facility enables ENPI to capitalize on the growing demand for plastic solutions regionally and internationally as well as to raise the profile of the developing industrial sector in the UAE. The proceeds will in part be used to expand and strengthen ENPI's production platform as well as to solidify the company's market position across the UAE and the broader region.

Nizar Rajoub, CEO of ENPI commented "We are grateful to QFIB for their expertise and valuable insight in assisting with structuring this Shari'ah-compliant facility. This new financing facility will provide us with the financial strength to deliver on our strategic plan to expand our manufacturing base across the GCC to meet the growing demand for our products. This will lead to considerable growth of our sales and allows us to strengthen our existing market position as a leader in the industry.

Emad Mansour, CEO of QFIB said: "We recognize the importance of developing the industrial sector as GCC countries embark on a drive to diversify their economies. Assisting ENPI with their expansion plans has given us deeper insights into the industrial sector. Furthermore, it has given us the opportunity to cement and broaden our relationship with a number of top-tier financial institutions across the UAE. The over-subscription not only demonstrates the financial strength of ENPI, but also the growing confidence in the outlook for SMEs and the increased appetite across the region for Islamic finance. QFIB is pleased to have assisted one of its portfolio companies with negotiating this long-term Islamic financing solution."

QFIB is the first independent Shari'ah compliant investment bank in Qatar. It acquired ENPI in July 2009. Since then, QFIB has also been influential in accelerating ENPI's development. Experienced board members and top management have been recruited in line with corporate governance best practices, ENPI's information technology infrastructure is being developed and expansion plans into new markets are being progressed, especially in Saudi Arabia. QFIB continues to work closely with ENPI's management as partners in order to maximise value for all stakeholders.

http://www.ameinfo.com/259075.html

HSBC finances new steel plant for Subic

Sunday, March 13, 2011

HSBC has signed a $435m long term facility to finance a steel plant and rolling mill supplied by Danieli - one of the world's top three steel plant suppliers - to Hadeed, a wholly-owned subsidiary of Subic, the world's largest petrochemical company by market capitalisation, profits and total assets and the largest listed company in the Gulf Cooperation Countries market.

The new plant, located in Jubail in the Eastern Province of the Kingdom of Saudi Arabia, will produce one million tons per year of pellets and half a million tons of rebar. With a total production capacity of six million tons, Hadeed will now be able to use their rolling mills at full capacity without relying on imported steel. Production from the new steel plant is expected to commence in the second half of 2012.

This long term financing is insured by the Italian Government's Export Credit Agency (ECA) SACE. SACE's primary role is to enhance Italian companies' competitiveness abroad. HSBC arranged more ECA backed loans than any bank in the Middle East in 2010, according to data provider Dealogic.

Olivier Khalife, who led the deal in HSBC's project and export finance team, said, "Steel consumption in KSA has rapidly surged over the past few years on the back of a construction boom and growing investment in infrastructure. With this new Danieli equipment, Hadeed, which is the largest steel maker in the MENA region will be able to provide the KSA and the wider region with very high specification wire-rod products which will domestically meet the needs of ongoing and planned projects?"

"This major SACE-supported financing in the Kingdom emphasizes yet again the continued importance and attraction of long term ECA finance to GCC borrowers for the financing of significant capital expenditure. This deal comes after the $500m Emirates Steel International financing in Abu Dhabi where HSBC also acted as sole SACE facility arranger and agent in July last year. Sabic has a long experience with export credit agencies however this is Sabic's first ever direct corporate ECA financing and the facility was tailor-made to perfectly match our client's expectations," Olivier Khalife added.

Key facts on HSBC's Global Banking and Markets business in the MENA region:

• 15 dealing rooms across the region - including a recently created Abu Dhabi dealing room

• A leading arranger of bonds and loans for over a decade

• Leading the Bloomberg underwriter league tables in the MENA region:

- #1 MENA Region Bonds
- #1 Middle East Issuer Bonds
- #1 GCC Issuer Bonds
- #1 International Sukuk
- #1 GCC Islamic Bonds
- #1 MENA Loans Mandated Arranger.

• Award winning:

Credit Awards 2010

Best Bank for Islamic Finance

Euro money Awards for Excellence 2010

Best Global Emerging Markets Bank
Best Global Emerging Markets Debt House
Best Global Sovereign Advisory House
Best Investment Bank in the Middle East
Best Investment Bank in Saudi Arabia

Euro Week Bond Market Awards 2010

Most Impressive Bank advising Middle Eastern clients

Euro money Islamic Finance Awards 2010

Sukuk House of the Year (for the second year running)
Best International Islamic Bank
Most Innovative Deal - Global Investment House Restructuring

The Banker Deals of the Year 2010

Restructuring: Restructuring of Global Investment House $2bn debt
Corporate Bonds: TAQA's $1.5bn dual tranche bond
Infrastructure and Project Finance:
Shuweihat's $2.1bn financing of a water and power project.

http://www.ameinfo.com/259030.html

Emirates Islamic Bank Targets Small Businesses

Monday, March 14, 2011

Emirates Islamic Bank is set to offer financing to small start-up companies. The bank, a subsidiary of Emirates NBD, is in the process of hiring business analysts and relationship managers to focus solely on lending to start up entrepreneurs and small-to-medium sized enterprises (SME).

It expects to role out a number of products in the next quarter, including asset-based loans and working capital finance.

Faisal Aqil, head of retail banking at EIB, claimed the bank was the first in the country to offer direct loans to all nationalities of entrepreneur on a start-up basis.

"We have the expertise, we are building a team and we will look to lend to the sector in the next three months," Mr. Aqil said.

"We are looking for entrepreneurs with a tight business plan and a strong idea," he said. Lending to SMEs is becoming an increasingly important area of growth for banks as the economic recovery takes hold.

Emirates NBD and EIB are already involved in financing Emirati entrepreneurs through the Al Tomooh scheme run by the Mohammed Bin Rashid al Maktoum foundation. As part of the scheme, Emirati nationals receive financing at zero interest.

"This scheme is part of our corporate social responsibility activities and our commitment to the community," Mr. Aqil said. "But we now want to look at start-ups from a directly commercial perspective."

The bank will offer financing to start-up entrepreneurs of all nationalities.EIB currently offers finance to SMEs that have a two-year trading and financial track record. SME lending makes up 15 per cent of the bank's total loan portfolio and it now wants to expand this level aggressively."SME lending is one of the more profitable areas of our loan book," Mr. Aqil said.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1459

Qatar First Investment Bank Firm Signs Islamic Finance Deal

Tuesday, March 15, 2011

Qatar First Investment Bank's (QFIB) portfolio company Emirates National Factory for Plastic Industries (ENPI) has signed a new five-year, 250mn UAE dinar syndicated Islamic finance facility arranged by Abu Dhabi Islamic Bank (ADIB).

The financing will be used for the construction of a new production facility in Industrial City of Abu Dhabi, the purchase of new machinery and equipment and the refinancing of a portion of the company's existing conventional debt.

The five-year facility - split into a dinar tranche and a dollar tranche - not only extends ENPI's debt maturity profile but also reduces the overall cost of funding of the company, the UAE's leading manufacturer of plastic packaging solutions, paper products and technologically advanced plastic cards.

ADIB acted as the mandated lead arranger for the transaction which was oversubscribed by more than 30% reflecting the strength of ENPI's credit. Participating banks included Al Hilal Bank, al khaleeji, Ajman Bank, First Gulf Bank and Mubadala GE Capital, for which the transaction represented their first Islamic investment since inception.

"The over-subscription not only demonstrates the financial strength of ENPI, but also the growing confidence in the outlook for small and medium enterprises and the increased appetite across the region for Islamic finance," said Emad Mansour, CEO of QFIB.

QFIB, ENPI's majority shareholder, played an instrumental role in structuring this facility which will allow ENPI's management further flexibility to realize its strategic objects.

The facility enables ENPI to capitalize on the growing demand for plastic solutions regionally and internationally as well as to raise the profile of the developing industrial sector in the UAE. The proceeds will in part be used to strengthen ENPI's production platform as well as to solidify the company's market position across the UAE.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1462

Dubai Islamic Bank Profit Hits Dh806m As Assets Rise 7%

Tuesday, March 15, 2011

Dubai Islamic Bank (DIB), the largest Islamic bank in the UAE, said its net profit for the last financial year — ended December 31 2010 — stood at Dh806 million.

The bank didn't provide comparative figures for a year earlier but, according to Zawya.com data, the equivalent previous year figure was Dh1.21 billion, meaning the bank's net profit plummeted 33 per cent year on year.

The bank also did not provide a figure for fourth-quarter 2010 net profits but, according to Zawya Dow Jones calculations, the fourth-quarter net plunged 60 per cent to about Dh35 million from Dh86.6 million in the same period a year earlier.

The fourth-quarter profit falls short of the Dh231.3 million net profit predicted by Kuwait's Global Investment House. But it slightly beats the Dh3 million loss forecast by Cairo-based EFG Hermes.

In a statement, DIB said it strengthened its balance sheet by adding provisions of Dh864 million.

"Core business growth continues to be strong with net operating income [before provisions] nearly Dh1.9 billion," said the bank, adding its total assets grew by 7 per cent during the year to nearly Dh90 billion with customer deposits remaining stable at Dh63.4 billion.

"Following the strategy of consolidating its leadership position in the market, DIB's main focus for 2010 was to achieve healthy growth through a comprehensive suite of products and services that meet the needs of its institutional and consumer clientele, while simultaneously ensuring that the franchise remains robust and profitable, despite the global downturn," said DIB.

"The strategy of focusing on balance sheet management yielded strong dividends with the primary driver being the success of its growth plans in the retail franchise. As a result, the bank's core business continued to grow. At the same time, the bank enhanced its balance sheet strength by continuing to build provisions amounting to Dh864 million to ensure that the interest of all stakeholders is safeguarded," said DIB.

"The outlook for the financial services sector globally, as well as in the UAE, is increasingly positive," said Mohammad Ibrahim Al Shaibani, Director-General of The Ruler's Court of Dubai, and Chairman of Dubai Islamic Bank.

"As global credit conditions improve and there is a continued return to financing growth, we will also see increased activity in the UAE, as the domestic economy continues to expand," he added.

Commenting on Dubai Islamic Bank's last financial year's result, Mohammad Ali Yasin, chief investment officer at CAPM Investment, told Gulf News that the numbers are within the expected range of the market.

"The result has already been priced in. We are expecting the bank to deliver good growth for the year 2011.

If they have cleaned up their bad loans, the DIB stock is headed to make some good gains in the year ahead.

Investors would like to see the bank's first quarter results this year to confirm that," Yasin added.

On the Dubai Financial Market (DFM), the shares of Dubai Islamic bank closed unchanged at Dh2.13.In 2010; DIB announced the increase of its stake in Tamweel, the UAE-based Islamic home finance provider, to approximately 58 per cent, thus becoming the majority shareholder of the company.

The bank also launched Emirates REIT, Dubai's first real estate investment trust. These moves are expected to provide much needed impetus to Dubai's real estate sector.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1461

ADIB Partners With Al Farman Exchange to Expand Payment Network

Tuesday, March 15, 2011

Abu Dhabi Islamic Bank Abu Dhabi Islamic Bank (ADIB), a top-tier Islamic financial services group, signed an agreement with Al Fardan ExchangeAl Fardan Exchange to provide payment facilities to ADIB customers.

The new payment facility agreement will allow all ADIB Covered Cardholders to settle their monthly payments at any of the 39 Al Fardan Exchange Al Fardan Exchange branches within the UAE.

The new service available to all ADIBADIB customers will be free-of-charge, and will allow them to settle their Covered Card monthly payments around the clock from any Al Fardan Exchangeable Fardan Exchange branch.

Commenting on the tie-up, Sarvesh Sarup, Head of Retail Banking Group at ADIBADIB said: "This partnership is a testament to ADIB's continuous efforts to provide convenience and best banking experience to its customers. Through this agreement cardholders will be able to avail complimentary payment services through multiple payment channels provided by Al FardanAl Fardan's extensive branch network. The move adds to our ever-growing range of services targeted at enabling our customers to efficiently manage their Covered Card payments. Al Fardan Exchangeable Fardan Exchange's widespread presence and customer-oriented approach complements ADIBADIB's proven strengths in customer service quality and delivery."

Osama Al Rahma, General Manager, Al Fardan Exchangeable Fardan Exchange said: "Our tie-up with ADIB will enable us to extend our services to a much wider network of customers effectively and at their convenience. We are delighted with this partnership and are looking forward to providing ADIB cardholders a convenient, safe and secure payment option via the Al Fardan Exchangeable Fardan Exchange network."

ADIB customers can also settle their Covered Card monthly payments through ADIB's Internet banking service, ADIB's 66 strong branch network around the UAE, Al Ansari Exchange outlets and telephone banking services.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1460

Tamweel brings back 'Baiti' to address home finance needs of UAE nationals
Wednesday, March 16, 2011

Tamweel PJSC, the UAE Islamic home finance provider, announced today the launch of a new product to meet the home finance needs of UAE nationals. "Baiti" is specially designed to help UAE nationals to buy their homes.

Baiti, which means "my house" in Arabic, was first launched by Tamweel in 2006. The home finance provider is bringing the product back following its January Ijara promotion, and its resumption of new business origination on 1st November 2010. Tamweel understands the importance of bringing the Baiti product back to the market and has now developed an exclusive home finance product for addressing the housing needs of UAE nationals.

Tamweel will make home finance available to UAE nationals for up to 85% of the current value of ready residential properties in Dubai and Abu Dhabi. The maximum finance value is Dhs5m with repayment tenure of up to 25 years.

"Baiti makes a welcome return to the UAE's home finance market," said Varun Sood, Acting Chief Executive Officer of Tamweel. "Today's announcement is in line with Tamweel's commitment to provide innovative solutions to meet the evolving needs of customers. We believe there is a need in the market to address this specific segment; therefore our product is catered to do just that. The demand for housing among the UAE Nationals is on the rise and Tamweel is committed to cater to this segment of the market which is ever growing."

For further information regarding home finance solutions from Tamweel, customers may visit the company's branches at Business Avenue building in Deira, Dubai, and at the Marina Mall in Abu Dhabi.

http://www.ameinfo.com/259421.html

SCB appoints Azhar Aslam as Head of Islamic Banking
Wednesday, March 16, 2011

KARACHI: Standard Chartered Pakistan (SCB) has announced the appointment of Azhar Aslam as Head of Islamic Banking. With more than 15 years of experience in the banking industry Azhar has worked in senior positions managing large local corporate, public sector and multinational entities. Mohsin Nathani, Chief Executive of Standard Chartered Pakistan said, “We strongly believe that the future of the Islamic Banking industry in Pakistan is extremely promising. With a strong experience in Shariah-compliant banking products and services, I am confident that Azhar will build on our position in this expanding market.” staff report

http://www.dailytimes.com.pk/default.asp?page=2011\03\16\story_16-3-2011_pg10_4

Export Development Bank of Iran's Ratings affirmed

Thursday, March 17, 2011

Capital Intelligence (CI), the international credit rating agency, announced today that it has affirmed Export Development Bank of Iran's (EDBI's) Long Term and Short Term Foreign Currency Ratings at BB- and B, respectively, with a 'Stable' Outlook.

These ratings, which are constrained by the Sovereign Foreign Currency Ratings for Iran, reflect EDBI's intrinsic financial strength as well as strong support by the Iranian authorities given the Bank's role as Iran's official export development bank. Accordingly, the Bank's Support Rating is affirmed at 3.

The Bank's Financial Strength Rating (FSR) of BB+ (affirmed with a 'Stable' Outlook) reflects the Bank's very strong capital adequacy and its good gross income generation, despite its weak asset quality, tight liquidity and the challenges posed by international economic sanctions. CI notes that the FSR rating could come under downward pressure should there be a substantial deterioration in the operating environment; this would include further significant closure of international markets to Iranian exports.

A major ratings support factor is EDBI's very strong capital adequacy which is based on continued capital support by the Iranian government. A new dividend reinvestment policy is expected to strengthen internal capital generation. Ratings support is also provided by EDBI's role as a policy bank. The Bank has a clearly defined business model which has enabled it to grow in new markets for Iranian non-oil exports.

The Bank's access to official low cost funding is also a ratings driver and underpins EDBI's gross income generation through a strong profit differential. Although ROAA decreased last year, it remained satisfactory and the outlook for the current year is one of improved performance.

The financial strength rating is constrained by EDBI's non-performing facilities ratio. This remains high by international standards, despite improvement through tighter credit standards and stronger collections. Loss reserve coverage is also still lower than adequate, albeit that this is mitigated by government insurance and collateral security.

Tight liquidity, derived from the Bank's strong growth in total assets and funding model, is also a ratings constraining factor. In order to address this, EDBI has begun to diversify its sources of funds, including through an international CD issue.

EDBI, with total assets of $4.9bn, is 100% owned by the government of the Islamic Republic of Iran. The Bank was established by Act of Parliament in 1991 in order to promote Iran's non-oil exports by providing financial services to exporters of Iranian goods and services, such as L/C facilities and export finance.

The Bank's international network includes a representative office in Almaty, Kazakhstan and a 100% ownership of Banco Internacional de Venezuela. The Bank, headquartered in Tehran, operates 35 branches throughout Iran. EDBI also engages in retail banking activities by providing a full range of customer deposit products.

http://www.ameinfo.com/259456.html

OCBC Malaysia to Spend RM100m on Upgrade and Branches

Thursday, March 17, 2011

OCBC Bank (M) Bhd plans to spend at least RM100mil to upgrade its banking system and information technology as well as open new branches and revamp existing ones.

It is also targeting between 10% and 15% bottom-line and top-line growth for the current financial year ending Dec 31, 2011 (FY11), driven by the growth in the business, consumer and Islamic banking segments.

OCBC Malaysia director and chief executive officer Jeffrey Chew said that the bank planned to open five OCBC Al-Amin branches and four conventional branches this year, adding to its current five Islamic and 29 conventional branches.

"The investment range is between RM2mil and RM6mil per branch, depending on the locations," he said at a press briefing on the bank's financial result, adding that profit contribution from the new branches would probably come in from the second year of operations.

The total investment in the new branches could range from RM18mil to RM54mil, depending on the amount spent on each branch. It is also looking to revamp its existing branches.

Moving forward, he said the bank was looking to move beyond its traditional business banking strength to also further develop its growing consumer banking and Islamic banking presence.

"Currently, business banking contributes about 57% to the top line, followed by 27% from the consumer business and the remaining 17% from treasury," Chew said. "We are working towards a more balance ratio, ideally at 40% business banking, 40% consumer and 20% from treasury in five to seven years."

In 2011, he said, the bank planned to increase the traction of OCBC Al-Amin in its Islamic banking business especially in the areas of personal financing, mortgages and wealth management through deeper engagement with the urban mass affluent and bumiputra segments.

"Accordingly, we are expecting high double-digit growth in our Islamic banking this year," he said. adding that its Islamic banking subsidiary OCBC Al-Amin Bank Bhd registered a 10% growth in revenue to RM158mil for FY10.

On the outlook for the local banking sector, Chew said the domestic consumption and demand were still healthy and strong while the Government Economic Transformation Programmed would spur the demand for loans, which was positive for the banking sector.

OCBC Malaysia's operating profit for FY10 grew 8% to RM1.1bil despite higher overheads. Its overheads increased by 10% to RM656mil due to infrastructure development initiatives involving branches and information technology.

Its revenue grew 9% to RM1.7bil while net profit increased 16% to RM706mil. Its cost-to-income ratio, one of the lowest in the industry, stood at 38%.

Net interest income grew 9% to RM1.1bil while non-interest income increased 8% to RM448mil mainly due to an increase in trading, commercial FX and fee-based activities.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1466

Kuwait Finance House to Elect New Chairman

Thursday, March 17, 2011

Kuwait Finance House (KFH), the second-largest Gulf Islamic lender, will elect a new chairman after the resignation of Bader al-Mukhaizeem from the role, a local newspaper said.

Arabic paper al-Qabas said KFH's board is expected to elect Samir al-Nafisi as the new chairman and Nabil al-Manie as the vice chairman, after the shareholders elected a new board during its annual general meeting. Al-Mukhaizeem said during the AGM that the bank is planning to successfully exit businesses in Saudi Arabia.

Baitek Real Estate Company, a Kuwait Finance House unit in Saudi Arabia, exited several real estate investments worth 196 million riyals ($52.27 million), the company said in a statement to the bourse.

"The exits achieved a return of about 91 million riyals, which are expected to appear in KFH's accumulated financial results for the first-quarter of 2011," the statement said.

Al-Mukhaizeem added that the bank is currently considering entering markets in France."France is now open to financial Islamic operations and there are inquiries that we are currently studying."

In February 2011, KFH missed analyst’s forecasts as it posted a 29.2 per cent drop in its fourth-quarter profits compared to the same period last year.

The lender made 8.7 million dinars ($31.29 million) in the three months Dec. 31 compared with 12.3 million dinars in 2009, according to Reuters calculation.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1468

QIIB agrees to buy IBB

Thursday, March 17, 2011

LONDON: Qatar International Islamic Bank (QIIB) has agreed to buy full control of the Islamic Bank of Britain (IBB) as part of QIIB’s plans to develop an international banking business compliant with Shariah laws.

The deal values the British bank at around 25 million pounds ($40.19 million).

Last year, QIIB had already moved to raise its stake in IBB to 81 percent.

QIIB is offering one pence a share, representing a discount of 70 percent to IBB’s closing share price of 3.38 pence on March 15.

The IBB listed on the London Stock Exchange in October 2004.

“Our long-term strategy is to build an international Shariah-compliant banking business and we believe that our extensive experience in Shariah banking will allow us to develop and integrate the IBB business into the QIIB group,” QIIB Chairman Sheikh Khalid bin Thani bin Abdullah Al-Thani said in a statement.

“We look forward to working closely with the existing management of the IBB business and to developing it in the long term,” he added.

Last month, Qatar said it was open to buying stakes in part-nationalized British banks Lloyds and Royal Bank of Scotland.

http://arabnews.com/economy/article320675.ece

Maldives Islamic Bank Opens Its First Branch

Friday, March 18, 2011

As the Islamic finance industry is rapidly growing into a $2 trillion dollar industry many countries around the world are joining the band wagon and opening up Islamic Banks such as the Maldives who have seen the accomplishment of a fully fledged Shariah compliant bank.

The Maldives Islamic Bank opened its doors for the first time this week. MIB is the first Islamic bank in the Indian Ocean island nation. The new bank's CEO, Harish Haran said that the initial paid-up capital of the bank would be MVR150m ($11.7m), the minimum capital requirement for banks under Maldivian Banking Law.

Maldives Islamic Bank will offer domestic retail banking services including deposit, current and savings accounts and financing facilities structured in the form of Murabahah, Ijara or Musharakah. MIB will also offer trade finance to importers and exporters. The new bank is a JV between the Islamic Development Bank and the Maldivian government.

IDB owns 70% of the equity, with the government controlling the rest. MIB was licensed to operate in August 2010. The Maldives has long been of interest to the Islamic finance sector, with Dubai's Noor Islamic Bank pledging to set up operations in the country back in 2008.

The Maldives have scope to further develop the Islamic banking sector and cater for customers wishing to use Shariah compliant services and products in the country. It is an unprecedented achievement being the very first Islamic bank on the Indian Ocean Island and many investors from around the world will be looking to tap into opportunities in the Maldives in the infant stages of development of Islamic Finance.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1472

Ajman Bank enters into exclusive promotional arrangement with Arabian Automobiles to provide commercial vehicle financing

Saturday, March 19, 2011

Ajman Bank, an award-winning financial services institution committed to transforming the experience of Islamic banking, announced today that it has entered into an exclusive promotional arrangement with Arabian Automobiles to provide commercial vehicle financing in the UAE.

Ajman Bank will work with Arabian Automobiles, the exclusive dealer of Nissan, Infiniti and Renault in Dubai and the Northern Emirates, to provide financing to fleet customers, such as car rental companies, transport and logistics operators, and major institutions.

Under the arrangement, Ajman Bank will provide finance of up to Dhs5m to fleet customers of Arabian Automobiles. Customers will be able to avail of zero processing fees and, in most circumstances, are not required to make a down payment.

"Ajman Bank attracts customers who value ethical services, complete transparency and total accountability, and we are proud to work with a company as respected as Arabian Automobiles," said Osama Al Hamdani, Head of Business Banking, Ajman Bank. "Today's announcement demonstrates Ajman Bank's growing strength in the auto finance sector and we look forward to meeting the needs of commercial vehicle buyers across the UAE."

Felix Welch, Director, Sales & Marketing, and Arabian Automobiles, said: "Arabian Automobiles consistently reviews the market to provide our customers with the best finance options for their car purchases. We are delighted to partner with Ajman Bank in this promotion which has been designed to provide commercial vehicle customers with outstanding financing options. With a range of profit rates and payment options, we are confident that we have the right financing package to suit companies in their fleet purchasing requirements."

http://www.ameinfo.com/259591.html

Jersey builds stronger links with India and the GCC
Saturday, March 19, 2011

Jersey's links with India and the Gulf Cooperation Council (GCC) nations will be strengthened this month through the signing of a Tax Information Exchange Agreement (TIEA) with India, the engagement of dedicated Jersey Finance representatives in Mumbai and Delhi and the opening of an official Jersey Finance representative office in Abu Dhabi.

A Jersey delegation consisting of States of Jersey Ministers, the Director-General of the Jersey Financial Services Commission and representatives of Jersey's finance industry arrived in India on 13th March for a five day visit designed to highlight and promote the new Jersey Finance representation in Mumbai and Delhi and which will culminate in the signing of the TIEA on 18th March.

The signing of the TIEA is an important step in facilitating business flows between Jersey and India and demonstrates Jersey's commitment to operating within the highest international standards. The move will take the total number of similar agreements Jersey has signed to 21, including agreements with countries such as the USA, UK, France, Germany and China.

Following that, the Jersey delegation will travel to the UAE to mark the opening of Jersey Finance's representative office in Abu Dhabi on Sunday 20th March with a reception at the British Embassy, hosted by the British Ambassador Dominic Jermey OBE and officiated by HE Sheikha Lubna bint Khalid bin Sultan Al Qasimi, Minister for Foreign Trade and a member of the Abu Dhabi royal family, and Jersey's Treasury Minister, Senator Philip Ozouf.

Jersey Finance representation in both India and the GCC will support the promotion of Jersey as an international finance centre in these important regions and act as a hub for Jersey Finance to communicate the breadth and depth of financial services and expertise available through Jersey. Sean Costello, Head of Jersey Finance's Business Development in the GCC and India will be supported by Business Development Representatives Kapil Dua, based in Delhi, and Jyoti Tathgur, based in Mumbai.

During the visits, Jersey delegates will also meet with a range of government and regulatory officials and business leaders. In India, Jersey delegates will emphasise Jersey's strength as a centre for corporate banking, funds and wealth management work, and go on to explain the expertise Jersey has in corporate structuring, including the benefits of Jersey's recently introduced Cross Border Mergers Law. Meanwhile, meetings in Abu Dhabi will focus on Jersey's expanding range of Islamic financial services, including Islamic asset management and fund domiciliation, Special Purpose Vehicles (SPVs), Sukuk structures and Islamic private wealth management.

Geoff Cook, chief executive of Jersey Finance, commented: "Both the GCC and India are key finance and business centers that we have been visiting for some years and we are delighted that we are now to have representation in both locations. This is a natural extension of Jersey's growing links with these regions, will complement our existing representative office in Hong Kong, and is a reflection of our commitment to growing our finance industry's presence in international markets in the coming years."

Sean Costello, Jersey Finance's Head of Business Development for the GCC and India, added: "We are now seeing growing interest from GCC nations and India in the wider capabilities of Jersey's finance industry. In the GCC, for example, there is greater appreciation that Jersey's flexible legislation can be a natural choice for Islamic asset and wealth management, whilst in India, as well as seeing persistent interest in Jersey's funds expertise, that is now extending to corporate and listings work - there are currently, for instance, 86 Jersey companies listed on worldwide exchanges with a market capitalisation of £16bn. These are the kinds of messages we will be looking to communicate through our expanded global representation of Jersey's finance industry."

http://www.ameinfo.com/259611.html

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3. SUKUK (ISLAMIC BONDS)

Sukuk and Islamic Capital Markets

Sunday, March 13, 2011

A 3 day course will be delivered by industry expert Abdulkader Thomas. The program will be conducted in a consultative fashion and all key concepts and structures will be illustrated by a case study or an exercise.

Course Highlights:

Analyzing Principles of Islamic Investment & Finance for Capital Market Activities

Understand the structure and use of different Sukuk structures

Assess legal, risk, ratings and financial management issues of Sukuk

Update yourself on the position of AAOIFI regarding Sukuk Structures

http://www.ameinfo.com/events-490399.html

North Firm's Islamic Bond Deal is an Award Winner

Monday, March 14, 2011

North Firm's Islamic bond deal has been announced as an award winner and a ground-breaking corporate finance deal to provide development funds for an engineering design business.

In the first deal of its type in the UK, the Gateshead-based International Innovative Technologies Ltd (IIT) raised £6.4m from an Islamic bond, called a sukuk, placed with the Dubai-based Millennium Private Equity.

The successful and unique nature of the transaction has now been recognized as European Deal of the Year in the prestigious Islamic Finance News Awards.

Newcastle-based law firm Hay & Kilmer was part of the advisory team behind the deal which provided funds to support the development of IIT's new patented powder milling technology, alongside other innovative engineering processes and systems.

Since launching the new milling technology at the end of last year, IIT has attracted global interest. The company has recently expanded its sales team with two new appointments and is in the process of boosting its engineering team with two new additions.

Tom Wilkinson, chairman of IIT, said: "The investment from MPE has provided support for balance sheet and working capital requirements as well as providing the basis for further R&D activities.

"The new powder milling system is the first of a number of planned product introductions we are working on, and the funds we secured last year will be used as growth capital to help us maximise the market opportunities that are available to our new technologies."

Sukuk are Shariah compliant investment instruments that have seen steady global growth in recent years. They provide a way for financial institutions and other entities to invest in companies without breaching the principles and rules of Shariah, the sacred law of Islam.

In making the award , IFN said that the IIT deal was notable for creating a model that other private equity firms may apply to UK and international acquisitions as they develop capital structures which allow efficiency and exits.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1457

Kuveyt Türk plans five-year Islamic bond sale

Monday, March 14, 2011

Kuveyt Türk, the Turkish unit of Kuwait Finance House, is planning to sell five-year Shariah-compliant debt, the longest maturity by a Turkish borrower, its chief executive Ufuk Uyan said.

Kuveyt Türk will benefit from interest in a similar sale last year of $100 million of three-year Islamic bonds, also known as sukuk, Uyan said in an e-mailed statement Monday. The sales will enable the bank, one of the four Islamic lenders in Turkey, to tap Gulf funds, he said.

"Our target in the coming period is to issue Turkey's first five-year sukuk," Uyan said. He did not say when the sale would take place.

The Istanbul-based lender may sell more than $100 million of the bonds after last August's borrowing, the first in the nation since regulators allowed companies to offer Islamic bonds, Uyan said in an interview on Aug. 25. The Turkish government is also considering selling such debt, Finance Minister Mehmet Şimşek said in an interview with Bloomberg HT television on Aug. 25.

Emaar Properties, a United Arab Emirates real estate developer, was the only issuer of Islamic bonds so far this year with a $500 million sale in January, according to Bloomberg data.

Turkey allowed companies to issue debt in accordance with Islamic finance rules in April last year.

http://www.hurriyetdailynews.com/n.php?n=kuveyt-turk-plans-five-year-islamic-bond-sale-2011-03-14

First sukuk ijara issues in Iranian Capital Market

Tuesday, March 15, 2011

Ali Saleh-Abadi, The President of Iranian Securities and Exchange Organization (SEO) announced that SEO ratified issuing sukuk, Islamic bond. On 13 March 2011, Mahan Airline issued Sukuk with the value of IRR 291 billion in Farabourse (Iran's OTC market) to finance its network developmental projects for the first time in the Iranian Capital Market.

"The Organization is developing the regulation of new financial instrument Istisna (Sukuk Using Al- Istisna Structure), which is expected to be approved by the Supreme Council of Exchange early next year", SEO spokesman noted.

Saleh Abadi added that currently six other companies have lodged their requests for issuing Sukuk to Securities Exchange Organization. In addition to these companies, a company has requested to issue Sukuk in the free zones with the aim of attracting foreign investment.

Sukuk, which are often called Islamic bonds, cover Islamic investment instruments that are registered in the name of the bondholders. Sukuks are always linked to underlying assets through a variety of contract structures such as Istisna, Ijara or Musharaka contracts.

Holding a sukuk certificate represents ownership in the underlying asset. Sukuks are generally treated as a guaranteed Debt. Although similar in structure to asset-backed securities, Sukuk's issuer is obliged to pay the bondholder 100% of the redemp on amount and a periodic distribute on amount, regardless of how the underlying performs.

http://www.ameinfo.com/259315.html

Masraf Al Rayan plans $1bn sukuk

Tuesday, March 15, 2011

Masraf Al Rayan plans to raise $1bn through an Islamic medium term notes (EMTN) to part fund its expansion needs. This will be discussed by its board with shareholders at the annual general assembly scheduled for March 28.

One of the agenda items said the meeting would seek to "authorize the board of directors to issue Islamic sukuk with total value of $1bn, after the full payment of the share capital and the approval of the concerned authorities". The bank, with a capital base of QR5.07bn, has assets to the tune of QR34.68bn and reported a net profit of QR1.21bn in 2010. The general assembly will also elect seven members to the board for three years.

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=422068&version=1&template_id=57&parent_id=56

Kazakhstan may issue $500 mln Islamic Bond this Year

Wednesday, March 16, 2011

Kazakhstan will revive plans this year for a $500 million debut sukuk issue that could create a benchmark for corporate lenders aiming to develop an Islamic finance sector in Central Asia's top economy**.**

Kazakhstan also plans to attract up to $10 billion in Islamic finance over the next five to seven years, Arken Arystanov, chairman of the state-run agency that regulates the Regional Financial Centre of Almaty (RFCA), said.

Oil-rich Kazakhstan, where 70 percent of the 16.4 million populations are Muslim, is being touted as a potential new market for Islamic finance. Its economy has grown on average by 8 percent a year in the last decade to reach almost $150 billion.

Abu Dhabi-based Al Hilal Bank opened the first Islamic bank in Kazakhstan last year, with plans to invest as much as $1 billion over the next two years. Malaysian trustee firm Amanah Raya Bhd is expected to open the second Islamic bank this year.

Berik Sholpankulov, deputy finance minister, told reporters that Kazakhstan was drafting new regulations that would permit his ministry to issue sovereign sukuk before the end of 2011.

"The issue will be a benchmark for the corporate sector," he said on the sidelines of an Islamic finance conference.

The modern, $1 trillion global Islamic finance sector began three decades ago, but its major principles such as a prohibition on paying interest -- would have been familiar to Muslim traders on the medieval Silk Road through Central Asia.

Asset Isekeshev, deputy prime minister and industry minister, told the conference that Islamic finance would play a major role in funding Kazakhstan's drive to develop its industrial base.

"I hope Islamic finance will become one of the main sources of finance for our industrial programme," he said. Isekeshev led a delegation to the United Arab Emirates in January to drum up investments in sectors such as petrochemicals and agriculture.

Kazakhstan first mooted the idea of issuing sovereign sukuk during the global financial crisis, especially as Western credit dried up. New money from the Middle East and Asia ensured that 2008 and 2009 were record years for foreign direct investment.

"The lesson learned from the crisis is that Kazakhstan cannot rely on one source of funding: Western investors. This is a move in that direction," said Milena Ivanova-Venturini, head of research for Central Asia at Renaissance Capital.

Authorities are working on legislative changes to widen the list of possible issuers, which is currently restricted to Islamic banks and state agricultural company Kazagro, as well as sovereign wealth fund Samruk- Kazyna and its subsidiaries.

There is still a question mark over who might set the benchmark for sukuk issuance in Kazakhstan, as private issuers, impatient after the postponement of the previous plan to issue sovereign debt, might push to tap the market first.

"Our wish would be for the pilot project, the benchmark, to be determined by the corporate sector," said Yerlan Baidaulet, chief economic adviser to the industry ministry.

When asked about the precise timing of the sovereign issue, Sholpankulov said: "Everything depends on the market. Everything depends on the law."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1464

Islamic Bonds Make a Comeback

Thursday, March 17, 2011

DUBAI — The global market for Islamic bonds, or sukuk, returned to growth last year, shaking off the lingering effects of the global financial crisis, analysts say, with total issuance beating even the pre-crisis year of 2007 and Gulf issuers playing an increasingly important role.

Sukuk issues reached a record $51.2 billion in 2010, an increase from the 2007 peak of 34 percent, according to a report by Standard and Poor's.

It is too soon to say what effect the turmoil in Bahrain and elsewhere may have on the market, analysts said. But by mid-February, more than $16 billion worth had already been issued worldwide since the start of the year. High-profile issues from the Gulf region included a 3.5 billion dirham, or $953 million, sukuk from Aldar Properties in Abu Dhabi, issued on Feb. 28 and maturing in December 2013.

"What the market has done in 2009-2010 is grow back to the 2007 level of issuances," said Paul-Henri Pruvost, an analyst covering Central Europe, the Middle East and Africa at S. &P. "Malaysia remains the real driver of the sukuk market, but compared to Southeast Asia, there are other large sukuk markets, such as Saudi Arabia, Qatar and the United Arab Emirates, that have strong economic needs and are still creditworthy."

After two turbulent years, the market started making a strong comeback at the end of 2010. While Malaysia continues to dominate the sukuk market, accounting for 78 percent, or $39.8 billion, of total issuances in 2010, activity is picking up in the Gulf. The value of Islamic bonds issued in the Gulf alone jumped 61 percent in the past year, with issuances valuing $7 billion in 2009-2010, compared to $4.3 billion the previous year, according to research by the international commercial law firm Trowers & Hamlins.

The Gulf region is expected to play a larger and more sustainable role in the sukuk market in the future, according to research by S. &P., in the expectation of a gradual recovery in economic activities and the region's need to finance the huge pipeline of government projects and infrastructure for events planned for the coming years, like the 2022 World Cup in Qatar.

A general improvement in debt markets has contributed to the rise in sukuk activity. The value of conventional bonds issued in the Gulf hit $15 billion in 2009-2010, up from $12.9 billion the year before, an increase of 16.3 percent, Trowers & Hamlins said. The uprisings in the Arab world may have dampened prospects for debt issuances in general in the short term, but analysts say they remain optimistic about long-term opportunities.

"The issuance of fixed-income instruments in the G.C.C. and Asia, whether sukuk or conventional bonds, would probably not find the ideal reception for a launch right now," said Eric Swats, head of asset management at Rasmala Investment Bank in Dubai, referring to countries in the Gulf Cooperation Council. "And of course, because of the uprisings, there probably haven't been as many issuances as there could have been."

Still, there has been a marked effort by regional governments to develop the sukuk market in the Gulf. The central bank of Bahrain has been issuing modest-size sukuk on a regular basis as part of a policy begun in 2005 to provide domestic Islamic financial institutions with funds.

Similarly, the central bank of Qatar announced plans in early February to close Islamic banking sections within conventional banks to push business toward the country's purely Islamic lenders. After that announcement, Qatar International Islamic Bank confirmed plans to issue sukuk this year.

"There has been a general increase in debt markets in the region," said Khalid Howladar, senior credit officer at Moody's Investor Services in Dubai. "However, contagion and political risks may have pushed up the risk perception that may stall full recovery for awhile."

In the past two months, ratings agencies have downgraded sovereign ratings for Bahrain, Tunisia, Egypt and Jordan in response to the economic uncertainties stemming from political risks.

This may have lowered appetite for sukuk introductions and made issuance more costly by raising premiums, but analysts said the effects on the general sukuk market appeared to have been limited.

The downgrade of Bahrain's sovereign rating is likely to raise the risk premium on issues from the central bank of Bahrain, said Mr. Pruvost, of S. &P. But "given the small amounts issued in relation to the government's liabilities, such a trend should not have a major impact on the kingdom's finances," he said.

"As for other negative rating actions on Tunisia, Egypt and Jordan, these are not countries that were as active in the sukuk market," he continued. "For the time being, it is affecting countries which are not market makers in the sukuk markets, like Saudi Arabia, Qatar and Malaysia."

There are still kinks to be worked out in the industry — from standardizing compliance with Shariah law to encouraging the private sector to become more involved. One of the main reasons behind the push to build a stronger sukuk market in the region is to develop a more solid fund-raising market for Islamic banks and insurance companies. These companies are typically constrained in terms of the asset classes they can invest in, so making more sukuk available to them eases their treasury financing challenge.

"These institutions in the Gulf and Asia are trying to make their balance sheets very liquid," Mr. Pruvost said, "so they are very hungry for this kind of instrument."

http://www.nytimes.com/2011/03/17/business/global/17iht-m17b-sukuk.html?_r=3&src=busln

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4. TAKAFUL (ISLAMIC INSURANCE)

Amana Takaful announces rights issue

Monday, March 14, 2011

Amana Takaful, the pioneer of Takaful in Sri Lanka, has announced rights issues on a 1:1 basis at Rs 1.50 a share, which is subject to approval by the Company's Shareholders at the EGM scheduled for 18th March 2011. Once concluded, the rights issue will see Amana Takaful's core capital rise to Rs 1.25bn, which will facilitate its expansion strategy in spearheading Takaful in Sri Lanka as well as consolidating its position to meet changes in regulations pertaining to risk-based capital and splitting of life and general business, the company said in a statement.

"We feel bullish about the opportunities that are emerging through the post war development taking place, backed by long term economic policies of the Government. The changes in regulation pertaining to the insurance industry is also a strong impetus and the recent amendments to the Regulation of the Insurance Industry Act (RII act) will allow us to spread Takaful more strongly in Sri Lanka," said Ehsan Zaheed, Director/CEO, Amana Takaful PLC.

"These changes also allow us to spread our investments portfolio, which has up to now been limited. Further, the budget proposals are also an added source of strength to us, which will help us increase financial performance," he added.

"The economic climate for investment is good in Sri Lanka as the regulator intends to adhere to a development oriented monetary policy. This will bring liquidity back into the market for investment and other activity thereby creating more opportunities for insurance companies to capitalize on. As Sri Lanka's only takaful provider we are readying ourselves to meet this very challenge," Zaheed said.

In a related development, Amana Investments, the parent company of Amana Takaful, was awarded a license to operate a fully fledged commercial bank. Called Amana Bank it will be Sri Lanka's first fully fledged Islamic Bank and herald a new era in Islamic banking and finance in Sri Lanka helping grow with the momentum built by Amana Investments over the last decade of operations.

Amana Takaful Maldives also made news recently when it applied to be listed in the Maldivian Stock Exchange making it the first and only insurance company to do so in the country. Amana Takaful Maldives, a subsidiary of Amana Takaful PLC, has served the people of Maldives since 2003 and is a leading insurer patronised by the people, the government and private institutions alike.

Globally Takaful is growing fast and estimated to reach a staggering 7.4 billion by the year 2015 according to Moody's Investors Service of the US, from 5.3 billion as at 2008 as mentioned in the Ernst & Young World Takaful Report of 2010. World over there are about 80 Takaful operators with an additional 200 Takaful windows. Furthermore, according to Bank Negara of Malaysia the global Takaful growth rate stands at 20 percent.

http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=20675

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5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

DIFC proposes investment fund for realty nationwide

Thursday, March 17, 2011

Dubai: The Dubai International Financial Centre (DIFC) is proposing a real estate investment fund in the UAE to attract investors to a range of property across the country, according to its chief economist.

"There is no well organized market structure for investing in real estate. It's not easy," said Dr Nasser Saidi on the sidelines of an Arab property conference yesterday.

"A real estate investment fund is important because it provides a facility to invest on a broad basis."

For investors, this means having the benefit of a diverse portfolio and property exposure across the country, region, socio-economic groups, and various areas of the cities, according to Dr Saidi.

"They don't need to be personally involved in management. We lack something like this," he said.

He predicted the initiative would attract a number of institutional and retail investors.

"There is a lot of appetite for investment in the region, even now," he said, pointing to the Arab world's demographics, growth opportunities, investments in infrastructures and improved laws around transparency.

A reasonable size for the fund would be from $100 million to $150 million (Dh367 million to Dh550 million), Dr Saidi added.

However, the current real estate legislation and ownership structures across the UAE make this a less feasible idea, said Ian Albert, regional director of Colliers International.

The lack of quality stock, unified legislation between the emirates and different ownership structures between expats and nationals complicates the idea of the fund, he said.

He suggested these issues would need sorting out before any fund could be activated.

Going forward, reforming and developing the home financing sector is one way to revive the real estate industry, Dr Saidi said.

Mortgage sector

In the UAE, the mortgage sector makes up only 5 per cent of the GDP compared with 93 per cent in Denmark, 78 per cent in the US, and 62 per cent in Spain, he noted.

He said the main reasons for this are the lack of development in the financing market, less protection of ownership rights, and a weak regulatory basis in the mortgage market.

During the conference, the DIFC proposed two initiatives aimed at restoring and building the house financing market.

The first proposal is to find a mechanism to use the mortgage according to Islamic banking principles and the second is to establish a mortgage insurance system that will motivate banks and finance companies so the mortgage sector can be developed.

http://gulfnews.com/business/property/difc-proposes-investment-fund-for-realty-nationwide-1.778213

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6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

Major local and regional financial institutions sponsor 10th GCC Banking Conference

Sunday, March 13, 2011

A large host of major banks have demonstrated their commitment to the regional banking sector by sponsoring the 10th GCC Banking Conference to be held in Doha between March 23rd and March 24th at the Ritz Carlton Hotel.

The conference, held under the patronage of HE Sheikh Hamad Bin Jassem Bin Jabor Al Thani, Prime Minister and Minister of Foreign Affairs, the Qatar Central Bank (QCB) in cooperation with the General Secretariat of the Gulf Cooperation Council will tackle the topic 'GCC Banking and its Role in Development in Light of Current Updates - Reality and Ambition.'

A total of ten financial institutions based in Qatar and Bahrain are sponsoring this year's event: Qatar National Bank (QNB), the Host Sponsor, was established over forty years ago, with ownership split equally between the government's Qatar Investment Authority and the private sector. With almost 40% of the market share by assets, QNB is the leading bank in the country, and one of the largest in the region.

The Platinum Sponsor for the conference is the Commercial Bank of Qatar (CBQ), the largest privately owned bank in the country. Established in 1975 as Qatar's first private bank, CBQ offers comprehensive corporate, retail and investment services through a network of 24 full service branches, 8 full service Islamic branches, 144 ATMs and 4800 POS outlets. Listed on the Qatar Exchange, CBQ has obtained excellent credit ratings from Fitch (A), Moody's (A1) and Standard & Poor's (A-).

Gold Sponsor Qatar Islamic Bank (QIB) has been offering Islamic banking products and services since its establishment in 1982. As a result of tremendous growth over the last several years, QIB has become the largest Islamic bank in Qatar, with over 50% of the Islamic banking assets in the country. QIB has recently embarked on increasing its international presence, with the establishment of finance houses in the Middle East, Europe, and Asia.

Five financial institutes have committed to Bronze Sponsorship of the conference: Established in 1957 as Bahrain's first locally owned Bank, the National Bank of Bahrain (NBB) has grown steadily to become the country's leading provider of retail and commercial banking services. With a major share of the total domestic commercial banking market and the largest network of 24 branches and 54 ATMs, NBB plays a key role in the local economy, as well as diversifying to capture business opportunities in the Gulf region and international.

Even though they have only been active in the market for the past five years, Masraf Al Rayan (MAR) has quickly established itself as a leading Islamic banking institution in Qatar. MAR offers Corporate, Retail, SME, and Private banking solutions to its clientele.

Another newcomer to the Qatar Islamic banking climate is BarwaBank. The bank is a fully owned subsidiary of Barwa Real Estate Co, one of the largest real estate conglomerates in Qatar. The bank offers a full array of Islamic banking services including retail, corporate and commercial banking, private banking, real estate finance, structured finance, investments and asset management.

Doha Bank has been active in the local market since 1979, and with net assets nearing the QR50bn mark, has grown to be one of the largest privately owned banks in Qatar. The bank has been recognized for its excellence with numerous achievements awarded for its services in retail, corporate, and institutional services.

The National Bank of Kuwait (NBK) was founded in 1952, and is the first bank in the entire region to be wholly-owned by local investors. NBK offers a full spectrum of innovative financial and investments services to its individual, corporate, and institutional clients. Since its inception, NBK has become a regional and international powerhouse, with over 16 branches spanning 5 continents.

First Finance, a Qatari financial institution offering Islamic banking services, is the Support Sponsor of the conference. Established in 2004, its amazing remarkable success has attracted the attention of BarwaBank, who now wholly own First Finance.

"We are extremely grateful to the sponsors, as the conference could not have been held without their support," said Karim Zarka, managing director of Qatar Expo Event Management, the conference organizers. "Their involvement is also a testament to the great importance that the topics that will be covered at the 10th GCC Banking Conference are to the regional finance industry."

The 10th GCC Banking Conference is held in cooperation with Qatar Expo Event Management and is the latest of a series of conferences beginning in 1985 and is held every two years in one of the six GCC countries.

http://www.ameinfo.com/259040.html

KPMG voted best Islamic finance adviser fourth year in a row

Sunday, March 13, 2011

KPMG has been named 'Best Islamic Assurance and Advisory Services Provider' in the 2011 Euro money Islamic Finance Awards.

It’s the fourth time in a row the firm has landed the top prize, which is a record in the advisory category. The awards - now in their ninth year - are regarded as the benchmark awards for the global Islamic finance industry.

Highlighting KPMG’s active role in promoting and aiding the development of the Islamic finance industry around the world, Euro money said: “KPMG stands out for the way it is helping to grow Islamic finance globally. From training a leading UK bank in the processes, risks and controls involved in Islamic banking to helping India and Sri Lanka examines the potential of an Islamic finance industry, KPMG stands above its rivals to win the best advisory firm award.”

KPMG member firms are active in several countries. In France, KPMG continues to advise on the establishment of what are expected to be France’s first stand-alone Islamic retail and commercial banks. In Canada, KPMG is advising a firm that hopes to be that country's first Islamic bank. The KPMG South African practice was part of the national treasury task team for recommending enabling legislation for Islamic finance by way of a new insertion in the income tax act. Meanwhile, KPMG in Qatar was commissioned to assess the feasibility of setting up a takaful (Islamic insurance) company and KPMG in India produced a paper examining Islamic financial products and their likely tax treatment.

In the UK, KPMG is working on three Shariah-compliant real estate funds. One has launched and is buying its first property while the other two are in the early stages of fund launch. KPMG also continues to act as auditor to the first stand-alone takaful company in Western Europe. In Ireland, KPMG advised on the Irish tax implications of a proposed transaction involving a commodity murabaha structure with a non-Irish borrower.

http://www.kpmg.com/KZ/en/IssuesAndInsights/ArticlesAndPublications/Press-Releases/Pages/KPMG-voted-best-Islamic-finance-adviser-fourth-year-in-a-row.aspx

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NCB Capital Named Best Fund Manager in Euro money Islamic Finance Awards

Sunday, March 13, 2011

NCB Capital, Saudi Arabia's largest investment bank and a leading GCC wealth manager, is proud to announce that it has been named "Best Fund Manager" in the Euro money Islamic Finance Awards 2011. The award was made at a ceremony in London on 24th February.

Highlighting excellence in the global Islamic finance arena, Euro money noted that NCB Capital "Is a world leader in developing Islamic investment solutions, having launched the first Shariah-compliant real estate fund and managing the most diverse Shariah-compliant product portfolio of any bank in the GCC region."

It further added "Whether it is its expansion of innovative and client-inspired solution offerings or solid AUM growth, NCB Capital continues to demonstrate leadership that is firmly built on top of client-centric business conduct making it an obvious choice for this award"

Accepting the award for NCB Capital, Jawdat Al Halabi, Chief Executive Officer, said, "The Euro money awards are acknowledged as a true industry gold standard. We are proud to have been honored for our work with clients in Islamic finance in this way."

NCB Capital's strength in Islamic fund management is typified by its AlAhli Saudi Riyal Trade Fund. With assets under management at a record SAR 16.5 Billion (US$ 4.4 Billion) and more than 17,000 clients as of December 2010, it is the largest Shariah-compliant fund in the world.

More broadly, NCB Capital has grown its assets under management by 23.46 percent since January 2010, adding SR6.8 billion which represents 95 percent of the total market's growth last year and today it has a 36 percent share of Saudi mutual funds (Tadawul, December 2010).

NCB Capital also expanded its Discretionary Portfolio Management service growing overall AUM 20% as a result. High calibre portfolio managers and profound active management experience have been commonly noted as reasons for winning these mandates.

http://www.zawya.com/story.cfm/sidZAWYA20110313065320/NCB%20Capital%20Named%20Best%20Fund%20Manager%20In%20Euromoney%20Islamic%20Finance%20Awards

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SC, OCIS Convene Roundtable on Islamic Finance

Monday, March 14, 2011

KUALA LUMPUR, The Securities Commission Malaysia (SC) and the Oxford Centre for Islamic Studies convened a two-day closed door Roundtable on Islamic Finance in Oxford shire, England, over the weekend.

Under the theme "Islamic Finance and the Public Good", the select group of key industry practitioners, senior academicians, Shariah scholars, standard setters and regulators from around the world discussed three topics.

The topics were were "Shariah, Finance and the Public Good", "Shariah, Recourse to Law and Enforceability of Financial Contracts" and "Creating and Enabling Corporate Structure for Islamic and Ethical Finance", the SC said in a statement Monday.

http://www.bernama.com/bernama/v5/newsbusiness.php?id=570905

2-nd Kazakhstan Islamic Finance Conference to start in Astana

Monday, March 14, 2011

Kazakhstan, The 2-nd Kazakhstan Islamic Finance Conference will start at 10 am on Monday in Astana.

The topic of the event is "The development of Islamic capital markets in Kazakhstan and CIS countries."

Kazakh Prime Minister Karim Masimov, Deputy Prime Minister - Minister of Industry and new technologies Asset Isekeshev, the Secretary General of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Mohammad Nedal Alchaar, chairman of the Kazakh Agency for regulation of activities of the regional financial centre of Almaty city Aslan Arystanov, representatives of international financial and investment institutions from the Middle East, Asia, Europe and America are expected to participate in the conference.

http://en.trend.az/capital/business/1844632.html
