

Report # 168
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Weekly Report on Global Islamic Finance
Period: April 17 – April 23
Presentation Date: April 27, 2011
Submitted By: Zain Arshad

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Summary:

Indonesia is rapidly becoming the place to be seen for the Islamic banking community. Most recently Adnan Ahmed Yousif, CEO of Albaraka, Bahrain's largest listed bank said he was interested in buying into the Indonesian market. The price ticket? \$100m.

Covered head-to-toe in a black abaya embroidered with red and yellow flowers, Amal Abbas waits for her turn to place a deposit at Cairo's Al Baraka Egypt Bank, one of Egypt's two fully-fledged Islamic banks.

Although Egypt is considered the birthplace of Islamic finance, which adheres to Islamic principles banning interest and speculative trading, its growth has lagged due to past corruption scandals, while the previous government sought to enforce a more secular financial system. revision will help end users increase ability to enter the property market at very competitive terms including profit rates, etc.

With the new package, EIB will be offering reduced rates as low as 5.45% p.a. on reducing balance, and open new segments such as self employed, relaxed length of service for employees based on their salary, including buy out campaigns, special offerings for Sheikh Zayed housing program and those involved with the Mohamed Bin Rashed housing project.

Dubai Islamic Bank (DIB) kicked off a season of promotions and prizes with the launch of the Al Islami Festival. This year's festival will see DIB provide customers with value-packed promotional campaigns including low car and personal finance profit rates, special offers on credit cards and free gifts/vouchers with account and Takaful products. The Al Islami Festival will run from April 24 - June 20, 2011.

With an initiative to enable Bahraini private sector enterprises especially the small and medium enterprises (SMEs) to achieve greater competitiveness and operational efficiency through adoption of the latest Information and Communication Technology (ICT) solutions, Tamkeen announces the launch of the ICT Finance Scheme

The Bahrain Financial Exchange (BFX), the first multi-asset exchange in the Middle East and North Africa (MENA), participated in the 1st Annual Middle East Islamic Finance & Investment Conference (MEIFIC 2011) held in Dubai last week. The conference, which focused on the vital role of the global Islamic finance industry, provided key industry players with an ideal platform to discuss the reality of the Islamic finance market specifically in the Middle East.

Capital Investments, the investment banking arm of Capital Bank offering comprehensive financial and investment services has managed and arranged the first issuance of Islamic Sukuk in Jordan for the benefit of Al-Rajhi Cement - Jordan.

The JD85m, 7-year Sukuk was subscribed for by a number of leading Islamic and commercial banks, including Capital Bank, Cairo Amman Bank, Islamic International Arab Bank, Union Bank, Jordan Kuwait Bank, Bank of Jordan, and Arab Islamic Bank.

1. GLOBAL ISLAMIC FINANCE

Bermuda: ‘Obvious’ Hub For Islamic Finance

Sunday, , April 17, 2011

Bermuda’s efforts to establish itself as a global leader in the Islamic re/insurance sector — known as Takaful — are an economic priority for the island.

Business Bermuda CEO Cheryl Packwood told a recent London conference the island is intent on leveraging its position as a dominant regional financial and business hub to attract new, Shari’ah-compliant business from the Islamic world .

“Bermuda is the world’s number one reinsurance domicile, and it is only natural for us to layer Takaful (insurance) and reTakaful (reinsurance) on top of this,” she was quoted as saying in a number of Middle Eastern news outlets this week.

Last year Ms Packwood appeared on the BBC’s “Middle East Business Report” during a Business Bermuda swing through the Arab Gulf states to highlight the fact the island’s re/insurance, investment and wealth-management sectors had long-since introduced practices consistent with the principles of Islamic finance and law.

Premier and Finance Minister Paula Cox attended the Business Bermuda London roadshow along with Governor Sir Richard Gozney and Bermuda Monetary Authority CEO Jeremy Cox. When the itinerary was announced, Ms Packwood said the London conference would include the first ever seminar promoting Bermuda as a base for Islamic finance.

“At the moment many Takaful companies have to reinsure with conventional insurers,” said Mohammed Khan, head of Islamic finance for PricewaterhouseCoopers, who was also in attendance.

He continued: “There are very few well-rated Islamic reinsurers, but with its leading position in reinsurance, and a regulatory structure friendly to Shari’ah compliance, Bermuda makes an obvious centre for global reTakaful.”

In recent months Business Bermuda — an agency supported by both Government and the island’s international financial services sector — has appeared at several Middle Eastern business forums to try and position the island as a viable new off-shore centre for Islamic-structured finance.

<http://bernews.com/2011/04/bermuda-obvious-hub-for-islamic-finance/>

Indonesia becomes hotbed for Islamic banking

Sunday, , April 17, 2011

Indonesia is rapidly becoming the place to be seen for the Islamic banking community. Most recently Adnan Ahmed Yousif, CEO of Albaraka, Bahrain's largest listed bank said he was interested in buying into the Indonesian market. The price ticket? \$100m.

He was not the only one. It has been reported in a number of places that Qatar Islamic Bank - buoyed by the support given by the Qatari government's recent dictate that all of QIB's non-Islamic domestic competitors shut down their Islamic operations and transfer their assets and customer to the bona fide pure Islamic banks - has declared its intention to increase its influence in Indonesia.

QIB already has a presence in neighboring Malaysia through Asian Finance Bank and has said that it has identified two or three possible acquisitions in the archipelago nation. The banks already in Indonesia, such as Standard Chartered Saadiq, are also keen on expanding their operations in the country.

The reason why these foreign banks are clambering over one another to get a slice of the pie is plain for all to see. To start with Indonesia is home to the world's largest Muslim population, but up until recently it had no Islamic finance industry. Today the sector is worth \$11.5bn, according to the country's Central Bank, but this is still less than 10% of total banking assets. The Central Bank has declared it wants to increase Islamic finance assets by 45% this year, so that Indonesia can start to compete with Malaysia, so there is a lot to play for.

http://www.zawya.com/story.cfm/sidZAWYA20110417061413/Indonesia_becomes_hotbed_for_Islamic_banking

Japan quake delays Malaysian IPO of world's largest Sharia REIT-source

Thursday, , April 21, 2011

IPO delayed by about a month as managers resubmit prospectus - source

* Two Japanese properties near Sendai removed from asset composition - source

* Value of REIT to be reduced \$21.8 mln from \$1.05 bln (Adds details, quotes, comments)

By Min Hun Fong

KUALA LUMPUR, April 21 (Reuters) - The listing of Malaysia's Axis Global Industrial real estate investment trust (REIT), the world's largest sharia-compliant REIT, has been pushed back by about a month after two of its Japanese assets were damaged by the March earthquake, according to a source.

The source said that the two properties, which are located in Iwanuma near Sendai, the worst hit area in Japan, has been removed from the initial asset composition, which means the size of the REIT has been slightly reduced.

"The two properties were small contributors to the portfolio, and shouldn't affect the IPO by that much," the source with direct knowledge of the matter told Reuters.

Listing documents obtained by Reuters valued the two properties at 1.8 billion yen (\$21.8 million) of an initial asset size of about 3.17 billion ringgit (\$1.05 billion), making it the

largest REIT compliant with Islamic or sharia laws. The REIT comprises of properties in Australia, Hong Kong and Japan.

Australia's Goodman Group , which sold the properties to the REIT, will continue to be property managers directly or through their associated companies such as J-REP in Japan and GPS Hong Kong Whole Sale Ltd.

The IPO was initially slated to raise 2.15 billion ringgit to partially pay for the asset acquisitions, while the remainder would have been financed by debt. [ID:nL3E7EB0Y1]

The source said that a new listing prospectus reflecting the change in the asset composition had to be resubmitted to the Malaysian Securities Commission for approval.

Based on the initial timeline of the process, Axis Global was supposed to list in early June, but could now see the process pushed back to the end of the month or early July instead, said the source said, who was not authorised to speak to media.

Axis Global will also be the largest free float REIT in Malaysia with 98 percent of the REIT units to be offered during the IPO.

The REIT managers, Axis REIT Managers Sdn Bhd, which presently run Malaysian-listed Axis Real Estate Investment Trust , declined to comment on the development.

"No comment (on the Japanese properties), but everything is on track," Stephen Hawkins, a part-owner of Axis REIT Managers and chief executive officer of Axis Global, told Reuters.

Axis REIT Management, which also manages Axis REIT , is planning to list Axis Global Industrial REIT, valued at over 3 billion ringgit to meet demand for new Islamic finance products.

<http://www.reuters.com/article/2011/04/21/axis-global-reit-idUSL3E7FL18020110421>

A new chance in Egypt for Islamic finance

Saturday, April 23, 2011

Covered head-to-toe in a black abaya embroidered with red and yellow flowers, Amal Abbas waits for her turn to place a deposit at Cairo's Al Baraka Egypt Bank, one of Egypt's two fully-fledged Islamic banks.

Although Egypt is considered the birthplace of Islamic finance, which adheres to Islamic principles banning interest and speculative trading, its growth has lagged due to past corruption scandals, while the previous government sought to enforce a more secular financial system.

But after the Egyptian revolution toppled Hosni Mubarak and his government, Muslims like Abbas are embracing Islamic banking, raising the prospect that Egypt could become another thriving centre of Islamic finance.

"I prefer Islamic finance, it keeps me far from usury and I feel my money is blessed," said the 50 year-old research centre manager at the Mohandessin branch of Al Baraka Egypt Bank.

"My husband has been dealing with mainstream banks for more than 30 years and all his projects failed because they were funded by unblessed money."

According to a 2009 report by consulting firm McKinsey, Islamic banking only accounts for 3 to 4 percent of Egypt's \$193 billion banking industry. That compares with 46 percent in the United Arab Emirates.

"In a post-Mubarak era, the urgency of rebuilding and changing things will clash with the absence of resources and lack of money," said Ibrahim Warde, adjunct professor at The Fletcher School of Diplomacy at Tufts University.

That will likely present an opportunity for Islamic finance houses in the Gulf region, which now serves as the industry's global hub.

"Egypt is going to look towards the Gulf for money and it's going to have to offer Islamic options to maximise investments."

Cairo-based National Bank for Development, which is converting into a full-fledged Islamic bank, is already 49 percent-owned by Abu Dhabi Islamic Bank. Al Baraka Egypt is in fact a unit of Bahrain's Al Baraka Bank.

There's also keen interest in Egypt for Islamic insurance, or takaful, which makes up 5 percent of Egypt's \$1.45 billion insurance market but is expected to grow dramatically, according to a March report by Islamic consultancy BMB Islamic.

Salama Islamic Arab Insurance's chief executive Saleh Malaikah said this month that demand for its products in Egypt have grown significantly since the revolution.

According to data from Bankscope and Thomson Reuters, Egypt could see Islamic finance assets grow to \$10 billion in 2013 from \$6 billion in 2007.

POLITICAL TOOL

Challenges remain, given the less than encouraging history of Egypt's Islamic finance industry.

Millions of Egyptians were stung by ponzi schemes in the mid-1980s, when a number of money management companies touted Islamic investments at returns above local interest rates.

A new post-Mubarak administration is expected to show more interest in Islamic finance, despite concerns that a growing Islamic finance industry could also provide political support for Islamic opposition groups in the country of 80 million.

Egypt will need to adopt Islamic banking as one tool to appease politically active Islamic groups or face a barrage of criticism for adhering to the previous regime's hard line against the industry, said Humayon Dar, chief executive of consultancy BMBIslamic.

"Egypt is a religiously sensitive country. There are a number of families and small savers who wouldn't want to use the conventional system," he said. "If there's a movement towards interest-free banking, that would draw deposits."

Grassroots support is already emerging among conservative Muslims. Manal al-Moursi, another bank customer at Al Baraka Egypt Bank, said Egyptians are turning to Islamic finance, in part, to show their support for the Muslim Brotherhood.

The Muslim Brotherhood, founded in 1928, was long persecuted as the main challenger to the ruling National Democratic Party in parliament and was one of the most vocal protesters during the demonstrations that toppled Mubarak on Feb. 11.

With the dissolution of the NDP and growing acceptance of the Muslim Brotherhood in mainstream politics, experts say Islamists will have increasing influence in the new Egypt and Islamic finance will serve as one way to propagate Islamic values and gain supporters.

"The Muslim Brotherhood are for Islamic finance because it is related to religion," said Mohasseb Refaat, deputy manager at Bank of Alexandria. "They will promote the idea so long as it is in their benefit."

Refaat said the industry is likely to gain more footing in Egypt if the Brotherhood secures a significant number of seats in the 508-member parliament in September. One leading Brotherhood figure said the group could field candidates for as many as 49 percent of the seats.

Even secularists calling for less religion in society may make a pre-emptive attempt to promote Islamic finance ahead of elections to reach a wider group of constituents.

"Secularists will see supporting Islamic finance as a way of stealing the thunder of the Islamists by giving people an outlet to express their religiosity," Warde said. "We've seen that strategy in other markets such as Iraq and North America. Even groups that were opposed to political Islam looked to Islamic finance as a way of preventing extremism."

Britain and France, for example, have changed regulations to accommodate Islamic transactions. And Malaysia, with its thriving dual system of conventional and Islamic finance, has been the biggest success story in the industry, serving as a model for new markets looking to offer Islamic products.

CHALLENGES REMAIN

Decades of lost growth, however, have left Egypt lacking proper financial regulation to accommodate Islamic financial instruments such as Islamic bonds, or sukuk.

The head of the Egyptian Financial Supervisory Authority (EFSA) said last year Egypt would issue its first regulations governing sukuk in the second half of 2010 and later delayed further to the first quarter of 2011. That deadline has passed as well as the government restructures and plans now appear in limbo.

Experts say the government will need to issue debt guidelines for sukuk issuance and remove tax barriers that make Islamic transactions commercially unviable in order to draw foreign investment from oil-rich Gulf countries.

And the revolution may spell a willingness among Egyptians to embrace alternatives, particularly if they can derive benefit from it for some of the social ills that sparked the protests.

Under the Mubarak regime, critics said the rich benefited from lending and other business opportunities while the poor were plagued by unemployment and low wages. Malik said Islamic finance with its focus on interest-free financing and ethical investments would appeal to the common man.

"I think the revolution gave a good push for Islamic finance to become the banking alternative in Egypt."

<http://in.reuters.com/article/2011/04/23/idINIndia-56490120110423>

2. ISLAMIC BANKING & INSTITUTIONS

DBP to unload 44% stake in Islamic bank

Tuesday, , April 19, 2011

MANILA, Philippines - The country's only Islamic bank has been placed on the auction block in a bid to broaden its ownership and financial expertise.

As part of its five-year rehabilitation program, a 49 percent stake Al Amanah Islamic and Investment Bank of the Philippines (Amanah Islamic Bank) will be offered to interested parties, particularly to existing Islam-oriented financial institutions.

The sale would open up the bank to capital from the Middle East as well as Southeast Asia investors. It would facilitate the entry of Islamic banking expertise and technology.

Amanah Islamic Bank is majority controlled by the Development Bank of the Philippines (DBP), the government financial institution that acquired the bank from the National Government.

According to DBP senior vice president for marketing (head office) Susan Prado, several domestic and foreign banks have already signified interest in acquiring the 49-percent equity in Amanah Islamic Bank.

Reports likewise confirmed that an Islamic financial institution based in Malaysia was interested in the bank.

The same reports indicate that the intention is in getting businesses from the Middle East and other predominately Islamic states. "These financial institutions and businesses have a bias towards dealing with shariah-oriented financial institutions. The opportunities are huge," it said.

The Islamic bank could likewise serve as a settlement bank for DBP for all Islamic-originated grants, donations, remittances, loans, and payments. It could provide DBP's Investment Banking Services group assistance in tapping the Islamic capital markets.

Islamic bonds is a potential funding source for major development needs in government infrastructure.

DBP alone cannot issue such unique debt papers but an Islamic investment bank like Amanah Islamic Bank can issue as well as tap capital sources.

But Prado said that DBP was not in a hurry to sell, adding that the immediate target was to make the bank profitable.

As part of the rehabilitation process, the bank acquired shariah core banking systems with modular applications, which include audit, treasury, and risk management systems. The new systems will conform to the Islamic practice.

It is refurbishing or rationalizing its seven-branch network, and it is sending bank personnel to Malaysia for training in Islamic banking processes.

Amanah Islamic Bank has to still ensure that it adopts the capital framework set by the Basel II and III.

Due to the unique character of shariah banking, lending is prohibited and deposits cannot earn interest.

But an Islamic bank can enter into joint venture or “profit sharing” arrangements with individuals or businesses. And it may receive deposits and reward the same with “safe keeping fees.”

Instead of mortgage loans, the Amanah Islamic Bank can enter into a profit sharing arrangement with its bank client, with the bank acquiring the prospective property.

Thus risk-sharing falls on the shoulder of both bank and ‘co-investor’ (borrower), thus the bank will not be burdened theoretically with non-performing loans (NPLs)

Al-Amanah Islamic Bank was formed as the Philippine Al-Amanah Bank in 1973 by virtue of Presidential Decree 264 issued by then President Marcos. It was re-established as Al-Amanah Islamic Investment Bank in 2000 to promote and accelerate socio-economic development of the Autonomous Regions of Muslim Mindanao (ARMM).

From 1990 to 2007, Amanah Islamic Bank incurred operational losses, forcing the Bureau of Treasury (BTr) to provide liquidity and cash operational requirements. In 2007, its deficit reached P562.19 million with total advances from the BTr of P459.34 million.

In 2008, P386.19 million worth of real and other properties acquired (ROPA) were transferred to the National Government. In turn, government shared the financial burden by selling 10-percent equity each to the Government Service Insurance System (GSIS), the Social Security System (SSS), and the DBP.

It was subsequently acquired by DBP, and recapitalized to as much as P1.5 billion.

<http://www.philstar.com/Article.aspx?articleId=677729&publicationSubCategoryId=74>

Emirates Islamic Bank liberalizes its home mortgage policy

Tuesday, , April 19, 2011

Emirates Islamic Bank announced significant changes to their home mortgage policy. The revision will help end users increase ability to enter the property market at very competitive terms including profit rates, etc.

With the new package, EIB will be offering reduced rates as low as 5.45% p.a. on reducing balance, and open new segments such as self employed, relaxed length of service for employees based on their salary, including buy out campaigns, special offerings for Sheikh Zayed housing program and those involved with the Mohamed Bin Rashed housing project.

"There have been noticeable development in the housing market over the last year and everyone involved in the property market has needed to evolve and properties now have very competitive valuation. As such, we would like to facilitate to customers who are interested in owning their dream home. We also believe that our competitive offering will support the growing interest for housing in the UAE," said Mr. Faisal Aqil, GM Retail Banking for Emirates Islamic Bank.

EIB home finance packages are based on Shariah compliant banking principles and tailored to suit all financial and personal needs providing customers with unique benefits and advantages. The revised pricing structure is subject to terms and conditions and further details are available in all Emirates Islamic Bank branches.

Finance House posts Q1 net profit, down on 2010

Wednesday, , April 20, 2011

Abu Dhabi-based Finance House (FH) has said its net income for the first quarter of 2011 dropped to Dhs29.3m from Dhs32.1m recorded in the year earlier period, Wam has reported. During the quarter, the firm acquired a 48% equity stake in Islamic Finance Co through the conversion of a convertible Sukuk issued earlier. Additionally FH completed the IPO of Insurance House, an associate in which the company holds a 36% equity stake.

"Going forward, our strategic investments in both these entities should contribute significantly to Finance House's bottom-line," FH chairman, Mohammed Abdulla Alqubaisi, said.

<http://www.ameinfo.com/262677.html>

Finance House reports net profit of Dhs29.3m for Q1 2011

Wednesday, , April 20, 2011

Finance House PJSC (FH), has kicked-off 2011 on a positive note by registering a net profit of Dhs29.3m for the first quarter of 2011, compared to Dhs32.1m for the same period last year. Net Interest Income in Q1 2011 at Dhs31.3m was higher than Dhs30.2m registered in Q1 2010 while Net Fee and Commission Income in Q1 2011 at Dhs8.3m was significantly higher than the comparable Dhs4.6m registered in Q1 last year.

Total Operating Income at Dhs52.7m was marginally lower than Dhs53m registered in Q1 last year primarily on account of fair value reductions in its trading portfolio representing investment in UAE stocks which suffered a temporary price set-back in view of the ongoing political unrest and resultant turmoil in the Middle East.

As of 31 March 2011, Customers' Deposits reached an all time high of Dhs1.59bn, manifesting the continued confidence of the market in the strong financial position and solid performance of the company even under unsettled economic and political conditions across the region. Compared to the same period last year, Customers' Deposits have grown by an impressive 30%. Similarly, Total Assets as of 31 March 2011 also scaled a new peak at Dhs3.22bn representing a 33% increase over the same period last year.

Mohammed Abdulla Alqubaisi, Chairman of Finance House, said, "Despite the temporary setbacks unleashed by the turmoil in the Middle East during the first quarter of this year, we are pleased to announce that Finance House has maintained its profitable stance, with the major part of the company's net profit coming from our core business, which has grown steadily over the years."

Finance House's Shareholders' Equity as at 31st March 2011 stands at Dhs551m, compared to Dhs520m at the same time last year. In the Annual General Meeting held on 21 March 2011, the Shareholders of the Company approved a cash dividend of 15% and a stock dividend of 10%. Its strong capital base provides it with the balance sheet strength to grow prudently and profitably.

During the quarter, the Finance House successfully acquired a 48% equity stake in an established & running Islamic Finance Company through the conversion of a Convertible Sukuk issued earlier. Additionally, as a key founding member, Finance House successfully completed the IPO of Insurance House, an associate in which the Company holds a 36% equity stake.

"Going forward, our strategic investments in both these entities should contribute significantly to Finance House's bottom-line," Alqubaisi added.

Alqubaisi continued, "The overall size of our loan book has not grown during the quarter, with new disbursements roughly matching repayments on existing loans. However, we expect to see a robust growth in our loan book from Q2 onwards, in line with our growth strategy. We continue to maintain a cautious approach towards managing our investment portfolio. Notwithstanding the unexpected steep fall in prices of UAE stocks in Q1, our investment portfolio as a whole has performed relatively well, with a positive contribution to net income. As to liquidity, the company has a robust system in place for managing its cash flows."

"We remain confident that our strategy of continuously seeking and addressing profitable niche segments will enable us to continue generating above average equity returns for our shareholders on a sustained basis," concluded Alqubaisi.

<http://www.ameinfo.com/262657.html>

Dubai bourse tops Arab capital markets

Wednesday, , April 20, 2011

The DFM General Index gained 1.60% on Wednesday, closing at 1,680.96. Year-to-date, the DFM soared 3.09%. Dubai is therefore the only Arab market as of now, which generated an stock index profit. Emaar Properties added 1.47% to reach Dhs3.46. Islamic home finance company Tamweel confirm media reports from yesterday that it applied for resumption of trading of its shares and that the issue was still pending. Dubai Insurance was the main loser (down 10% at Dhs2.25). Twenty-three stocks gained, seven lost and two ended flat. Some 244.2m shares valued at Dhs291.22m changed hands.

<http://www.ameinfo.com/262766.html>

Norton Rose Group announces 15 strong partnership round across 10 international offices

Wednesday, , April 20, 2011

International legal practice Norton Rose Group is promoting seven Senior Associates, seven Of Counsel and one Special Counsel in a 15 strong partnership round, which includes seven female promotions. During the course of the current financial year, a total of 37 partners have joined Norton Rose Group.

Peter Martyr, Group Chief Executive, Norton Rose Group commented: "The geographical spread and number of promotions reflect the continued enlargement of the Group's practice internationally. We are particularly delighted that seven of the promotions are women".

Campbell Steedman, Head of Norton Rose Group's Middle East practice also commented: "We are delighted that two of these promotions are in the Middle East highlighting the continued growth of the region and the strategic importance of the Middle East globally".

The promotions will create five new partners in Asia Pacific (two in Canberra, one in Shanghai, one in Singapore and one in Sydney), four new partners in London, four in Europe (Amsterdam, Athens, Munich and Paris) and two in the Middle East (Abu Dhabi and Bahrain).

There will be six new partners in banking, four in corporate finance, three in dispute resolution, one in real estate and one in Occupational Health & Safety.

Details of the new partners are as follows:

Joanne Emerson-Taqi (Banking, Bahrain)

Joanne is a construction lawyer based in our Bahrain office. Her main areas of focus are non-contentious projects and construction in the real estate and infrastructure sectors. She advises government institutions, concessionaires, project companies, developers, contractors, and financial institutions.

Dino Wilkinson (Corporate Finance, Abu Dhabi)

Dino is a lawyer in the communications, media and technology team and has advised Islamic and conventional financial institutions, telecoms operators, professional services organisations and other corporate clients on a wide range of non-contentious IT and outsourcing matters, including data privacy and security, e-commerce, m-commerce and online payments. He has considerable experience of advising Middle East businesses on sourcing arrangements, technology contracts and intellectual property licensing.

Ben Allen (Dispute Resolution, Canberra)

Ben is a dispute resolution lawyer, who has acted in a broad range of commercial disputes relating to contracts, corporations law, equity, product liability, guarantees, commercial leases, real property, intellectual property, government and trade practices. His experience includes managing both large and small-scale matters in the Federal, Supreme and District Courts, dispute negotiation and mediation as well as a focus on arbitration in the major institutional arbitration regimes both domestically and within the Asia-Pacific region.

Eva-Maria Barbosa (Corporate Finance, Munich)

Eva-Maria is part of the corporate insurance team in Germany. She has broad experience of insurance regulatory and corporate insurance matters. Her experience includes work on insurance related M&A and restructuring projects, including exit strategies for discontinued business, run-off and cross-border outsourcing service agreements as well as mergers and cooperation agreements.

Arnaud Bélisaire (Banking, Paris)

Arnaud is a project finance lawyer who represents French and international clients in a variety of renewable and conventional energy related matters. He is active in general business, contract (in particular turnkey contracts), company law / acquisitions, regulatory and real estate matters. Arnaud advises developers and banks on renewable energy in France, focusing on solar, biomass and hydro power projects, as well as on-shore and off-shore wind farm projects.

Charlotte Bijlani (Real Estate, London)

Charlotte is a solicitor advocate and regularly advises developers, banks, investors and landlords on a variety of issues and disputes including tenant insolvency, rent review, dilapidations, service charges, forfeiture, restrictive covenants, pre-emption rights, leasehold enfranchisement, compulsory purchase, land assembly, professional negligence claims, business

rates and possession actions. She also has extensive expertise in relation to actual and potential breaches of contract, distressed developments and debt enforcement.

Saskia Blokland (Corporate Finance, Amsterdam)

Saskia is a corporate finance lawyer based in Amsterdam. She specialises in private equity, M&A and joint ventures. She has been involved in a wide range of both international and domestic corporate finance transactions. Her experience includes advising on mergers & acquisitions, restructurings, controlled auctions, leveraged buy-outs, management buy-outs, joint ventures and public take-overs.

Andrew Buisson (Banking, London)

Andrew Buisson is a projects lawyer based in London, advising on non-contentious matters in the infrastructure and construction/engineering sectors, and specialising in PFI/PPP concession arrangements, and project-financed construction contracts and operation and maintenance agreements. Andrew has particular experience of advising on major transactions in the accommodation, transport and nuclear sectors, and advises a broad range of private and public sector clients, including G4S, the London Borough of Lewisham and Fusion for Energy.

Robert Driver (Banking, Singapore)

Robert is a lawyer in the banking team with wide ranging contentious and non-contentious experience in shipping, offshore and commodities. He frequently acts for banks, shipowners, oil companies and traders in relation to a variety of shipping, offshore and trading matters.

Sun Hong (Corporate Finance, Shanghai)

Sun Hong's main area of practice is corporate finance, covering foreign direct investment, cross-border mergers and acquisitions, joint ventures and corporate transactions involving People's Republic of China (PRC) assets or entities. Sun Hong also has extensive experience of advising the clients on PRC regulatory aspects of banking transactions.

Bill Kritharas (Occupational Health & Safety, Canberra)

Bill is an Occupational Health and Safety lawyer and focuses on the construction and development industry and government. His areas of expertise include incident/accident investigations, OHS prosecutions, Coronial Inquests, OHS Management Systems review and OHS training. Bill has also advised strata schemes and community schemes in relation to safety issues, fire safety claims and has acted for many owners corporations and builders in claims for defective building works.

John Liberopoulos (Dispute Resolution, Athens)

John is a dispute resolution lawyer, specialising predominantly in shipping litigation and arbitration as well as contractual negotiations related to shipping. He has particular experience in charterparty and ship sale & purchase disputes, international trade, marine casualties, salvage, insurance and shipbuilding.

Marnie McConnell (Dispute Resolution, Sydney)

Marnie is an insurance lawyer and professional indemnity and directors & officers liability specialist, advising local and London underwriters, as well as providing insurance and contractual risk related advice to corporate clients. She has conducted Federal and Supreme

Court litigation defending engineers, architects, project managers, quantity surveyors and private certifying authorities in disputes ranging from defects in residential and commercial property developments to large state-sponsored infrastructure projects. Marnie is a member of the Australian Insurance Law Association and the Australian Professional Indemnity Group.

Fiona Reilly (Banking, London)

Fiona has been involved in the nuclear industry for over 14 years. She has worked on all aspects of the nuclear cycle from new build and licensing to decommissioning, fuel storage and waste management. Fiona has a detailed understanding of the international regulatory framework within which the nuclear industry works and frequently advises on liability regimes, regulatory and reporting requirements as well as contracts relating to the development, construction, operation and maintenance of nuclear stations and the fabrication, storage and reprocessing of nuclear fuel.

Arun Velusami (Banking, London)

Arun is a banking lawyer who has acted for governments, sponsors and lenders in a variety of international energy projects and project financings, with a particular focus on power, oil, gas and LNG projects in Africa.

<http://www.ameinfo.com/262732.html>

Capital Intelligence (CI) affirms Qatar Islamic Bank ratings

Wednesday, , April 20, 2011

Capital Intelligence (CI), the international credit rating agency, announced today that it has affirmed Qatar Islamic Bank's (QIB's) Long-Term and Short-Term Foreign Currency Ratings at 'A' and 'A2', respectively.

The ratings are based on the Bank's intrinsic financial strength and, as is the case with other Qatari banks, a very high level of support from the highly rated State of Qatar (CI Long-Term and Short-Term Sovereign Ratings of 'AA-' and 'A1+'). The Support Rating of '2' is also affirmed, as is the Financial Strength Rating (FSR) of 'A'. All Ratings carry a 'Stable' Outlook.

The Bank's ratings are supported by its good asset quality as well as improved liquidity. As the leading Islamic bank in Qatar, QIB enjoys a substantial franchise, which has enabled it to increase its customer deposit base. It is expected that new Qatar Central Bank regulations excluding the commercial banks from conducting Islamic Banking will enhance the Bank's growth potential in the Qatari market.

Capital contributed by the Qatar Investment Authority (QIA) has enabled the Bank to sustain high growth in total assets and strong capital adequacy. However, as is the case with other Qatari banks, internal capital generation has been low due to high dividend payments.

A major ratings constraint is that QIB's operating profitability has been on a declining trend. There is a need to strengthen core activities and to redefine the scope of the Bank's investments and international operations. Balance sheet maturity mismatching is also a constraining factor, although this is being addressed as the Bank has begun to raise medium-term funding with sukuk.

Qatar Islamic Bank (QIB) was the first Islamic banking institution to be incorporated in Qatar in 1982. Following a special issue of shares in 2009 and 2011, the Bank's single largest shareholder at end 2010 was the Qatar Investment Authority (QIA) with 16.67%. QIB is the third largest bank in the local market and the leader in Qatar's growing Islamic banking industry.

QIB's domestic operating platform is a network of 28 full service branches. The Bank provides a full range of Islamic investment and financing services through various Shari'a compliant products for both corporate and retail clients. QIB is also considered to be a major player regarding the issuance of sukuk in Qatar and internationally through its affiliates in London and Malaysia. QIB is also present with an equity stake in Arab Finance House, which offers retail and corporate banking services in Lebanon.

<http://www.ameinfo.com/262789.html>

Qatar Islamic Bank ratings affirmed

Wednesday, , April 20, 2011

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player regarding the issuance of sukuk in Qatar and internationally through its affiliates in London and Malaysia. QIB is also present with an equity stake in Arab Finance House, which offers retail and corporate banking services in Lebanon.

<http://www.ameinfo.com/262788.html>

National Bank of Abu Dhabi reports Dhs927m net profits in Q1

Wednesday, , April 20, 2011

The National Bank of Abu Dhabi (NBAD) reported 27% increase in net profits to Dhs927m for the quarter ended 31 March 2011 compared with Dhs732m earned in the last quarter of 2010.

Net profits were lower by 10% over the first quarter of the previous year on higher provisions. The annualised return on shareholders' funds for the quarter is 17.2% in line with the targets for 2011.

Mr Nasser Alsowaidi, Chairman of NBAD said, "Economic recovery in UAE and in Abu Dhabi continues, amidst global recovery, driven by the various initiatives undertaken by the government and government-related institutions in UAE. Despite NBAD's good performance, we remain cautious to the challenges posed by the regional and global environment. Longer term prospects for the Bank remain clear and bright as we continue to implement our strategies aligned with the growth of Abu Dhabi and UAE."

Mr Michael Tomalin, Group Chief Executive, commented, "Although net profits for the current quarter are below the first quarter of 2010 as a result of higher provisions, top line revenues, operating profits, assets, loans and deposits are all at record levels. The Group remains well placed and continues to invest in its people, network, systems and brand."

Operating income

Operating income for the quarter reached Dhs1,881m up 6.2% compared with Dhs1,772m for the corresponding period of 2010 and higher by 3.5% over the fourth quarter of 2010. Net interest income and net income from Islamic financing contracts for the quarter rose 11.2% to Dhs1,378m compared with first quarter of 2010 while non-interest income was lower by 5.6% to Dhs503m.

Net interest margin was 2.48% for 1Q 2011, almost matching the levels recorded in 1Q 2010 albeit lower as compared to 2.57% for the full year 2010.

Expenses

Operating expenses for the quarter were Dhs566m, higher by 14.6% compared with the corresponding period, but lower by 10.4% compared to the last quarter of 2010.

The cost to income ratio was 30.1% for the first quarter of 2011. The ratio remains below the Group's medium-term cap of 35%.

During the quarter, we expanded our domestic presence to 113 branches and cash offices and 421 ATMs. NBAD launched three Business Banking Centers in UAE in its ongoing effort to expand its services to small- and medium-sized enterprises (SMEs).

Our investments in the franchise, network and systems, products and people shall continue in line with our vision to be recognised as the World's Best Arab Bank.

Operating profits

The Group's individual businesses delivered good performances in challenging market conditions, contributing operating profits of Dhs1,315m for the quarter.

Impairment charges

The gross impairment charge for the quarter was Dhs446m, which after Dhs81m of recoveries reduced to a net charge of Dhs365m, comprising of collective provisions of Dhs84m, net specific charges of Dhs261m and other provisions for impaired assets of Dhs20m. Our collective provision of Dhs1,976m is 1.39% of the credit risk-weighted assets, in line with Central Bank's requirement for banks to have a collective provision of 1.5% of credit risk-weighted assets by the end of 2014.

Non-performing loans increased to Dhs3,775m representing 2.56% of the loan book.

Balance Sheet

Total Assets reached Dhs233.5bn as at 31 March 2011, 10.4% up on 31 December 2010 and 16.3% up on 31 March 2010 mainly driven by the growth in deposits.

Loans and advances to customer increased to Dhs143.2bn, up 4.7% on 31 December 2010 and 7.2% on 31 March 2010.

Customer deposits at Dhs141.1bn jumped 14.6% compared to the year end and by 23% compared to 31 March 2010.

Capital resources stood at Dhs32.4bn after dividend payments of Dhs120m on Government of Abu Dhabi (GoAD) Tier-I capital notes and Dhs718m to shareholders as a cash dividend for 2010. Capital resources consist of shareholders' funds of Dhs20.1bn, GoAD Tier-I capital notes of Dhs4bn and subordinated convertible notes of Dhs8.3bn. Our capital adequacy ratios remain well above the minimum required by the UAE Central Bank and Basle-3.

Awards & Recognition

During the quarter, NBAD was awarded the Best Corporate Social Responsibility programme by emefinance and won the Best Arranger of Middle Eastern Loans award from Euroweek being the first bank from the region to win this award.

We also won 3 awards at the 5th GCC Regulators Summit under the auspices of Emirates Securities and Commodities Authority (ESCA) - Compliance Officer of the Year, Most recognised International Compliance Officer of the Year and Effective Implementation of Compliance Training Programmes (NBAD Academy).

The Gulf's first exchange traded fund launched by NBAD in March 2010 - 'OneShare Dow Jones UAE 25' - was named the Best Investment Product by 'Banker Middle East'.

In addition to being recognised among the World's 50 safest banks by Global Finance, NBAD's long term ratings continue to remain amongst the strongest combined ratings of any financial institution in the MENA region with ratings from Moody's Aa3, Standard & Poor's A+, Fitch AA-, RAM (Malaysia) AAA and R&I's (Japan) rating of A+.

<http://www.ameinfo.com/262669.html>

Dubai Islamic Bank kicks off Al Islami Festival

Saturday, April 23, 2011

Dubai Islamic Bank (DIB) kicked off a season of promotions and prizes with the launch of the Al Islami Festival. This year's festival will see DIB provide customers with value-packed promotional campaigns including low car and personal finance profit rates, special offers on credit cards and free gifts/vouchers with account and Takaful products. The Al Islami Festival will run from April 24 - June 20, 2011.

"Dubai Islamic Bank has always believed in offering great value to its customers combined with a great product experience. With the exciting array of promotions and prizes available during Al Islami Festival, customers can really enjoy the better way to bank which DIB represents," said Dr. Adnan Chilwan, Deputy CEO - Chief of Consumer and Wholesale Banking, Dubai Islamic Bank.

During the Festival, DIB will offer Al Islami Auto Finance from only 3.49% per annum profit rate. Any customer who takes advantage of the broad array of Al Islami Personal Finance solutions will receive attractive profit rates starting at only 7.99% per annum. Additionally, customers applying for an Al Islami Credit Card (Classic/Gold/Gold

Premium/Platinum/Platinum Plus) will be able to get Wala'a Dirhams.

Also, as part of the festival, DIB will offer shopping voucher to customers who take out the Al Islami Takaful Nama' policy - a robust savings and investment plan with protection, while Al Islami Takaful Riayati, which offers protection to families against accidental death or disability, will come with a free gift.

With three new accounts offering a free gift upon opening, the Al Islami Festival has something for everyone. The Al Islami Current Account Plus is an account with no minimum balance requirement, the Al Islami 2-in-1 Account offers a cheque book and profit in one account, while the Al Islami E-Savings Account features an online savings account that offers higher profit rates.

<http://www.ameinfo.com/262939.html>

Tamkeen launches ICT finance scheme

Saturday, April 23, 2011

With an initiative to enable Bahraini private sector enterprises especially the small and medium enterprises (SMEs) to achieve greater competitiveness and operational efficiency through adoption of the latest Information and Communication Technology (ICT) solutions, Tamkeen announces the launch of the ICT Finance Scheme.

On the occasion of the launch, Dr. Ahmed AbdulGhani Al Shaikh, Tamkeen's Vice President for Enterprise and Human Capital Development said, "The ICT Finance Scheme is Tamkeen's pro-active response to the global challenges faced by Bahraini enterprises in the procurement of ICT applications for business improvement. The programme is built with a motive to facilitate ICT uptake by enterprises so that it becomes a part of their development and empowers them to sustain themselves in a very competitive market".

Tamkeen will target fifty participating enterprises in the pilot phase of the project. The targeted enterprises will be selected on the basis of pre-set criteria that will measure the impact of the adopted ICT systems on the enterprises' operational and competitive competencies.

Tamkeen has signed an agreement with Bahrain Islamic Bank (BisB) to allocate a portfolio of BD One million to finance this scheme. The beneficiaries of the ICT finance scheme may apply for finance amounts that range from BD3,000 to BD50,000 to finance the cost of the ICT systems.

Tamkeen will contribute to financing 100% of the profit cost on behalf of the beneficiary enterprise; moreover, the beneficiaries may become entitled to an additional subsidy of a maximum of 25% discount on the principal of the finance amount. The aim of the subsidy in the profit amount and discount in the finance's principal is to increase the feasibility of the uptake and upgrade of the ICT systems by the private sector enterprises, especially the SMEs, by making these systems more affordable.

The CEO of BisB, Mohammed Ebrahim Mohammed has commented on the launch of the ICT Finance Scheme saying, "This partnership with Tamkeen comes as a result of a fruitful relationship between the two organisations, enhanced by signing the Enterprise Financing Scheme earlier this year. BisB is proud to continue its partnership with Tamkeen and become the first bank in Bahrain to offer such scheme in the market to assist enterprises develop and cope with the current ICT requirements and trends in the market. BisB welcomes the enterprises to inquire and apply for the scheme and benefit from the other services provided by BisB to support their businesses."

As part of its objectives, the ICT scheme aims to promote and create awareness of best practices in aligning business strategies with ICT capabilities amongst the private sector enterprises especially amongst the SMEs. The scheme will accordingly present enterprises that excelled in their adoption behavior of the ICT by promoting the potential benefits ICT created to these enterprises. The scheme will conclude by selecting a model enterprise that followed the best ICT -business alignment practice.

WIPRO Bahrain W.L.L. will be managing the ICT Finance Scheme programme on behalf of Tamkeen. WIPRO will be in charge of running the day-to-day operational activities of the programme.

Tamkeen's Senior Manager of Private Sector Support, Mr. Mohammed Bucheery, said "Tamkeen welcomes ICT enterprises to benefit from the scheme.

<http://www.ameinfo.com/262366.html>

3. SUKUK (ISLAMIC BONDS)

Rajhi announces groundbreaking sukuk issuance

Wednesday, April 20, 2011

Al Rajhi Cement Company on Tuesday became the first company in Jordan to tap Islamic sukuk to finance its operations in the Kingdom.

Last year, the Cabinet approved the issuance of Islamic bonds (sukuk) for Al Rajhi group at its request for financing an expansion of its investment base in Jordan.

However, the Cabinet demanded that Al Rajhi coordinate with legal bodies in the Kingdom, including the iftaa department, and should buy the sukuk from Jordanian banks.

Sukuk (plural of sakk) are Islamic financial certificates, similar to bonds used in conventional finance, that comply with Sharia, or Islamic law.

As the traditional interest paying bond structure is not permissible in Sharia, the issuer of sukuk sells an investor group the certificate, who then rent them back to the issuer for a predetermined rental fee. The issuer also makes a contractual promise to buy back the bonds at a future date at par value, according to web-based finance sites.

The JD85 million, seven-year sukuk was issued by a consortium of seven local banks led by the Capital Bank and included Cairo Amman Bank, Jordan Bank, Islamic International Arab Bank, Union Bank, Jordan Kuwait Bank and the Arab Islamic Bank.

The announcement of the sukuk issuance, the first in the Kingdom's history, was made during the signing ceremony that was attended by heads and directors of the participating financial institutions in the issuance.

The issuance was managed by Capital Investments, the investment arm of Capital Bank.

Bassem Salem, chairman of Capital Bank, said the move shows confidence in Jordan's economy and will attract investors to the country, adding that Islamic sukuk are associated with less risk than financing tools in conventional banking.

Omar Rajhi, chairman of Al Rajhi Cement Company, which started production in 2010, highlighted the government's support to facilitate the issuance of the Islamic bonds, remarking that Islamic finance proved its soundness during difficult economic conditions, particularly during the global financial crisis.

"It is worth considering carrying out investments in Jordan not only in the cement sector but in several various fields due to the attractive investment environment and incentives," he added.

Sukuk have emerged over the past eight years as an increasingly important asset class in a bid to enable organisations to raise capital in a Sharia-compliant fashion, whilst at the same time expanding the investor base and offering investment opportunities to new groups, according to Islamic websites.

<http://www.jordantimes.com/?news=36708>

Al-Rajhi Cement - Jordan issues the first Islamic Sukuk in Jordan managed by Capital Investments

Thursday, , April 21, 2011

Capital Investments, the investment banking arm of Capital Bank offering comprehensive financial and investment services has managed and arranged the first issuance of Islamic Sukuk in Jordan for the benefit of Al-Rajhi Cement - Jordan.

The JD85m, 7-year Sukuk was subscribed for by a number of leading Islamic and commercial banks, including Capital Bank, Cairo Amman Bank, Islamic International Arab Bank, Union Bank, Jordan Kuwait Bank, Bank of Jordan, and Arab Islamic Bank.

Capital Investments announced this landmark transaction during a launch ceremony which was attended by Al-Rajhi Cement - Jordan Chairman Omar Bin Sulaiman Al-Rajhi and Central Bank of Jordan Governor H.E. Faris Sharaf, alongside chairmen and representatives of the participating banks, including Cairo Amman Bank Chairman Khaled Al-Masri, Arab Bank Chief Executive Officer Nemeh Sabbagh, representing Islamic International Arab Bank, Union Bank General Manager H.E. Nadia Al Saeed, Arab Islamic Bank General Manager Atiyeh Shanani, Jordan Kuwait Bank Deputy General Manager Tawfiq Mukahal, and Bank of Jordan Deputy General Manager Mohammad Hamdan, together with Chairman of Capital Bank and Capital Investments H.E. Basem Khalil Al Salem. The event was also attended by a number of local and Arab media representatives.

Highlighting the significance of this transaction, Al Salem expressed great confidence in Jordan's resilient economy, which he said is built on solid foundations that enable it to flexibly accommodate regional economic and political fluctuations. He also lauded the progressive pro-investment policies adopted by the country, and underscored the role of the participating institutions as major market players contributing to the sustainable growth in the national economy.

H.E. Al Salem thanked both the Government and the Central Bank of Jordan for their invaluable support and dedicated efforts in opening the Jordanian capital market to new investment instruments and Islamic finance transactions in particular, creating new means of capitalizing on lucrative investment opportunities in the Kingdom.

Al-Rajhi Cement - Jordan's Chairman, Omar Bin Sulaiman Al-Rajhi, praised Jordan's Government and national institutions for their efforts in creating a positive investment environment and supporting the implementation of economically viable investments in the Kingdom. He also thanked them for their support for the issuance of the first Sukuk in Jordan, thus enabling the company to adhere to its commitment to aligning its financing activities with Islamic Shari'a law.

The Sukuk were structured based on the Ijara (leasing) principle, through which the benefit in the underlying leased assets is represented by the issued Sukuk (securities).

Al-Rajhi Cement - Jordan was established as a private shareholding company in 2006 and is wholly owned by Al-Rajhi Cement Holding Ltd, which is registered in the Dubai International Financial Centre. Al-Rajhi Cement - Jordan established and operates a cement manufacturing plant in Al-Mafraq, Jordan, which commenced distribution of its products in the local market during 2010.

In turn, Capital Investments' CEO Omar Al Wir communicated his pride in the cooperation that brought together leading financial institutions to introduce Sukuk for the first

time in the local market, stating that "We hope that this alliance will pave the way for future successful Islamic finance transactions in the Kingdom."

Al Wir also commended the General Ifta' Department's efforts in facilitating the Shari'a-compliant structuring of the Sukuk and its contribution to the successful closing of this landmark transaction. He also thanked Al-Tamimi & Company Advocates and Legal Consultants for their role as legal counsel for the transaction, noting the firm's extensive experience in Islamic finance transactions in the Gulf.

In addition, Omar Al Wir stated that this issuance corresponds to the growing interest in and appetite for Islamic financing instruments in the local market, and that it reflects the readiness of the Jordanian economy to accommodate developments in the regional and international markets, and the growing Islamic finance segment in particular.

"We appreciate Al-Rajhi Cement - Jordan's confidence in Capital Investments, and are proud to have been appointed as the lead manager for this issuance," said Al Wir. "This achievement is a valuable addition to our track record in the Jordanian market, and we trust that our collaboration with Al-Rajhi will continue to support their ambitious expansion and investment plans in Jordan," he added.

<http://www.ameinfo.com/262846.html>

Malaysia beats Indonesia on sukuk safety

Thursday, , April 21, 2011

Malaysia's dollar Islamic bonds are giving twice the returns of those in Indonesia this year as investors seek investment-grade assets amid unrest in the Middle East and Europe's escalating debt woes.

Malaysia's 3.928 per cent sukuk maturing in June 2015 gained 1.9 per cent this year through April 19, according to prices from Royal Bank of Scotland Group. Indonesia's 8.8 per cent note due April 2014 climbed 0.8 per cent, RBS data show. Malaysia is rated A- by Standard & Poor's, the fourth-lowest investment level, while Indonesia is rated BB+, one level short of the top grades.

Malaysia has become the global hub for the US\$1 trillion Islamic finance industry as the government provided tax incentives and eased foreign-investment rules to promote growth. Prime Minister Najib Razak predicted the nation's Shariah-compliant assets will almost triple to RM2.9 trillion (US\$964 billion) this decade when he unveiled the capital-market master plan April 12.

"Concerns about the global economic recovery due to turmoil in the Middle East and the debt crisis in Europe led to a general flight-to-quality," Zeid Ayer, portfolio manager at Kuala Lumpur-based CIMB-Principal Islamic Asset Management Bhd., said in an interview yesterday.

"There's probably greater confidence investing in Malaysia compared to Indonesia."

Spread Widens

The extra yield investors demand to hold Indonesia's debt over Malaysia's widened 20 basis points, or 0.20 percentage point, from a three-month low on April 11 to 42 today, according to data compiled by Bloomberg. It reached 52 on April 18, the highest since March 23, as concerns over the ability of European nations to repay debt resurfaced.

The yield on the Greek government's two-year non-Islamic bond surged above 20 per cent this week as Germany, the biggest contributor to Europe's bailout, urged the nation to restructure its debt and reduce the budget deficit. Lars Feld, a member of German Chancellor Angela Merkel's council of economic advisers, said yesterday Greek restructuring is probable.

Indonesia's Islamic note looks expensive given its non-investment grade rating and Malaysia's bond is more actively traded, said Zeid, whose company is a unit of CIMB Group Holdings Bhd, the top sukuk underwriter last year.

Ignoring Currency

Overseas investors will focus more on Indonesia's credit standing than the appreciation of the currency during times of risk aversion, said Mohd Farid Kamarudin at Kuala Lumpur-based AmInvestment Management Sdn Bhd Indonesia's rupiah strengthened 4.1 per cent this year, the second-best performance in Asia, according to data compiled by Bloomberg. The Malaysian ringgit climbed 1.9 per cent, the fourth-best performance.

"There could be some upside if Indonesia gets a ratings upgrade," Mohd Farid, who helps manage RM1.3 billion of Islamic assets at AmInvestment Management, said in an interview yesterday.

Malaysia's Islamic banking assets grew 16 percent last year to RM350.8 billion, according to Bank Negara Malaysia's annual report published on March 23. Assets that comply with Shariah law in Indonesia expanded to 100.3 trillion rupiah (US\$11.6 billion) as of Dec. 31, 2010, from 67 trillion rupiah a year earlier, data from Bank Indonesia's website showed.

Global sales of sukuk, which pay returns on assets to comply with Islam's ban on interest, rose to US\$4.6 billion this year from \$4 billion in the same period of 2010, according to data compiled by Bloomberg.

Most Liquid

"The Malaysian sukuk market is by far the largest and most liquid in the world and that makes it relatively more attractive to investors," John Bates, the London-based head of fixed income at Silk Invest Ltd, said in a response to e-mailed questions yesterday.

Shariah-compliant bonds returned 3.7 per cent this year, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Debt in developing markets gained 1.6 per cent, JPMorgan Chase & Co.'s EMBI Global Diversified Index shows.

The Bloomberg-AIBIM-Bursa Malaysia Sovereign Shariah Index, which tracks the most traded ringgit-denominated bonds, was unchanged at 101.9370 yesterday. The gauge has climbed 0.8 percent this year. The difference in yields between Malaysia's sukuk and the Dubai Department of Finance's 6.396 per cent note due November 2014 declined five basis points to 243 an April 20, Bloomberg data show.

“The regulatory framework in Malaysia is more conducive for foreign investors because they’ve relaxed capital controls,” Najmi Mohamed, a Kuala Lumpur-based senior fixed-income manager at AmanahRaya Investment Management, which oversees RM5.3 billion of assets, said in an interview yesterday.

http://www.btimes.com.my/Current_News/BTIMES/articles/20110421151841/Article/index_html

4. TAKAFUL (ISLAMIC INSURANCE)

National Takaful Company 'Watania' to open IPO on April 18th

Saturday, April 23, 2011

The National Takaful Company 'Watania', an Abu Dhabi based Sharia'a-compliant (Islamic) insurance company under establishment, will launch an Initial Public Offering (IPO) tomorrow to raise Dhs82.5m, representing 55% of the total share capital amid expectations of high participation due to strong growth potential of the Islamic insurance sector.

The National Bank of Abu Dhabi (NBAD) has been mandated as financial advisor, lead manager, and the receiving bank for the Watania IPO. Subscription will be accepted at all NBAD branches across the UAE starting from tomorrow (Monday) until May 1st 2011.

Watania's Founders have subscribed to an aggregate value of Dhs67.5m shares representing 45% of the total share capital of Dhs150m. The four founders, Abu Dhabi National Islamic Finance (ADNIF), Abu Dhabi National Insurance Company (ADNIC), Abu Dhabi National Energy Company (TAQA), and Aldar Properties (ALDAR), are among UAE's strongest institutions.

The offer price for each share is fixed at Dhs1 with an additional Dhs0.05 as subscription fee per offered share. The shares will be listed on the Abu Dhabi Securities Exchange (ADX)

The offering is over two tranches. The first tranche, comprised of twenty million shares, or 13.33% of the total capital, is open to UAE nationals individuals only, who can subscribe to 5,000 shares. The second tranche, which comprises 41.67% of the total capital, is allocated on a pro rata basis for all individual and institutional investors who can apply for a minimum of 10,000 shares, with additional subscriptions in multiples of 1,000 shares. The refund date has been set for May 15, 2011.

"Commitment of Watania's founding shareholders underscores the company's capital strength and the promise of the offering," said Aref Ismail Al Khouri, Chairman of Watania's Founders' Committee and Managing Director of ADNIF. "Watania will play a vital role in developing the growing Shariah-compliant insurance industry in UAE and to provide critical insurance support for all organizations participating in the realization of Abu Dhabi Vision 2030. The tremendous growth opportunities in this sector make Watania an attractive investment."

NBAD has a network of 113 branches, cash offices, and more than 450 ATMs to provide comprehensive banking services to customers all over the UAE, which makes it convenient for investors to subscribe in this IPO.

Recent statistics reveal that Takaful gross contributions grew at Compound Annual Growth Rate (CAGR) of 83% between 2004 -2009 whereas conventional premiums grew at a CAGR of 25% during the same period. Takaful gross contributions in the UAE are projected to grow at a CAGR of 30% between 2010 and 2014, outpacing growth in the overall insurance sector (CAGR of 17%) during the same period.

"We believe that Watania Takaful will be able to implement its ambitious business plan and succeed with the support of the organization's founders and a seasoned management team, which has proven track record in the market and given the growth opportunities in the Takaful industry in the UAE and throughout the region," said Ahmed Wahdan, the Head of equity capital markets at NBAD's Investment Banking Group.

<http://www.ameinfo.com/262375.html>

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

Halal index is new Islamic investment frontier

Monday, , April 18, 2011

Benchmark to be bridge-builder for Islamic and exchange-traded funds, sukuks and for non-Islamic investors

Dubai: The newly launched Socially Acceptable Market Investments (Sami) Halal Food Index has a market capitalisation in excess of \$114 billion (Dh418 billion).

The world's first Halal Food Index was unveiled at the opening of WHF 2011 by Tun Abdullah Ahmad Badawi, former Malaysian prime minister.

Experts say the index will be a bridge-builder for Islamic funds, exchange-traded funds and sukuks as well as for global non-Islamic investors interested in the emerging food sector. Here are some basic facts about the index and its role in the future of Islamic investing.

Where did the idea of Sami Halal food index come from?

The halal industry has traditionally been related to foods, ingredients, certification, etc. For Islamic finance, the halal industry has generally been viewed as the (1) 'kebabs for lunch' and (2) as a business model deemed too risky for Islamic corporate loans. But, when halal presented also as an asset class and about inward investments or even investment banking, it becomes an interesting conversation. The DNA for all investing is an appropriate index. The halal food industry needed a global halal food index. So, on April 4 the Sami Halal food index was launched.

What is Sami Index index all about?

The Sami index is about consumer non-cyclical companies involved in food processing, distribution, fishing, farming, etc. The companies in the index, at stage one, are from 15 Muslim

countries, about 270 plus companies with market capitalisation of \$115 billion. It made more sense to focus on companies from Muslim countries as it is easier to verify their products as halal in accordance with local standards.

What is the role of IdealRatings and World Halal Forum?

IdealRatings has been screening companies for Sharia adherence for a number of years and they understand the halal food company space equally well. They do research-based screening over the commonly used automated screening. Hence a deep fundamental understanding of companies. World Halal Forum, along with International Halal Integrity Alliance, has full understanding of the halal food process.

Please explain terms like 'participation' and 'green chip' used in the index.

There are two versions of the index, one without the Sharia screening, Sami Halal Food index, and one with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), that is the Samil Halal Food Participation Index. The use of the term 'green chip' marks the beginning of the de-linking from conventional finance and its language, hence, it will not only convey the Islamic 'blue-chip' alternative, but also encourage Islamic investing to start considering the environment.

Why is an index for the Halal food industry important to Islamic investors?

At a surface level, it's simply about halal food as an asset class. Muslims, as consumers, already invest in these companies by buying their halal products. Now they can be investors of such companies by purchasing shares in these companies directly or through funds. To those (Muslims) who have been saying investing in the stock market is gambling, investing in publicly listed halal food companies in Muslim countries is about inward investment.

What are the challenges faced by food companies in the index?

The major challenges include: (1) excessive weighting of Malaysia's Sime Derby, we had to put a ceiling on its weighting to 20 per cent; (2) free float is small for many companies and (3) illiquidity for many companies. These are common issues when investing in emerging and frontier markets. However, the more important point is that these companies, including the small capitalised companies, are now in the world's first Halal Food Index, hence, are on the radar screens of investors.

What are the expectations of the Index?

We expect investment products like mutual and exchange-traded funds, will be launched off of the index, hence, consumers become natural investors. A halal food fund may be easier to explain to the Muslim 'woman and man on the street' than Sharia compliant companies like Exxon Mobile, Pfizer or Procter & Gamble. As the index gathers traction over time in the marketplace, it will become a high-profile index, hence, an ideal marketing opportunity for investor relations department for companies in the index. It may even encourage privately held halal food companies to go public to be included in the index.

What does this index mean for Islamic finance?

The industry has been talking about authenticity, innovation, Sharia based funds etc, and the Sami Halal Food index may just be the model for these. It is about Muslim money staying in Muslim countries for growing and building companies that contribute to the real economy.

<http://gulfnews.com/business/banking/halal-index-is-new-islamic-investment-frontier-1.795078>

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

Bahrain Financial Exchange participates in 1st Annual Middle East Islamic Finance and Investment Conference

Sunday, , April 17, 2011

The Bahrain Financial Exchange (BFX), the first multi-asset exchange in the Middle East and North Africa (MENA), participated in the 1st Annual Middle East Islamic Finance & Investment Conference (MEIFIC 2011) held in Dubai last week. The conference, which focused on the vital role of the global Islamic finance industry, provided key industry players with an ideal platform to discuss the reality of the Islamic finance market specifically in the Middle East.

Mr. Craig Hewett, Chief Business Officer of the Bahrain Financial Exchange, hosted a session entitled "Exchanges: the catalyst for growth in Islamic Finance", where he addressed the significance of exchanges and their integral role in Islamic finance and driving liquidity into Islamic markets, as well as in facilitating price discovery, transparency, transaction cost efficiency and risk mitigation.

Mr. Hewett commented on the success of the 1st Annual MEIFIC conference and the benefit it provided to the industry, saying that, "The Islamic finance industry has been on a steady and consistent growth pattern for a number of years now, which has lead to a wealth of options and opportunities for the investor. In order to help encourage the industry to continue following this upwards growth trend, we have strategically positioned our business to offer a unique and powerful toolset that will not only simplify Islamic transactions, but ensure it continues to adhere to the underlying Islamic Shariah principles upon which our industry is built.

The e-Tayseer product, which was recently introduced, is the first of these tools, and through it we offer financial institutions the option to purchase assets directly from asset suppliers to be used for Murabaha liquidity management transactions, all in a secure online environment."

The BFX is the first multi-asset exchange in the MENA region providing a unique opportunity for the MENA financial services sector to link-in with established markets and take a step forward on the global financial services stage.

<http://www.ameinfo.com/262362.html>

Islamic finance global leaders gather at the Amanie-Failaka Symposium

Tuesday, , April 19, 2011

Global leaders in Islamic finance gathered this week at the Amanie-Failaka Symposium and Failaka Islamic Fund Awards, held at the Intercontinental Hotel in Abu Dhabi, which drew key decision-makers from some of the world's biggest Islamic financial institutions and Islamic divisions of some of the world's largest banks.

"The Amanie-Failaka Symposium and Failaka Islamic Fund Awards are extremely valuable events in terms of bringing together leading fund managers and bankers who are active in this space," said Mark Smyth, Managing Director, UAE-based Failaka Advisors.

"Recognising the significant achievements of top-performing managers is something we've been doing now for six years. While we have a number of return winners this year, it does spotlight clearly those who lead the sector. There is, however, always room for others," Smyth added.

Selected from a strong field comprising hundreds of Islamic funds and fund managers from across the GCC, Asia, the US and Europe were, Saudi Arabia's Jadwa Investment and Malaysia's AmIslamic Funds Management.

"The Failaka Islamic Fund Awards set the industry standard and raise the profile of Islamic finance. It is an extremely important event for all industry stakeholders, particularly Islamic fund managers and distributors. Events such as this are extremely important in furthering understanding of just how much economic potential this sector represents - I see the Failaka Islamic Fund Awards as the Islamic finance equivalent of the Cannes Film Festival," said Datin Maznah Mahbob, chief executive officer, AmIslamic Funds Management.

<http://www.ameinfo.com/262653.html>

Abu Dhabi Islamic Bank Real Estate Solutions Centre to take part at Cityscape Abu Dhabi 2011

Saturday, April 23, 2011

Abu Dhabi Islamic Bank (ADIB), a top-tier Islamic financial services group, announced that it offers a host of incentives aimed to boost the UAE real estate market through the ADIB Real Estate Solutions Centre at Cityscape Abu Dhabi 2011.

ADIB offers instant approvals on a complete suite of home finance solutions that include financing from construction of new homes, financing from developers and refinancing properties with the option of releasing equity. These solutions are offered at market leading profit rates starting at 5.5%.

At Cityscape, ADIB intends to create customized solutions to facilitate developer purchase, owner to owner purchase, and construction financing. It refinances buy outs as well as cash outs for property sector investors and will be open to further customizing financing options for all segments of the property sector. The ADIB Real Estate Solutions Centre can be visited at Stand 6D10 near Gate 6 during April 17-20, 2011 from 10:00 am to 07:00 pm at the Abu Dhabi National Exhibition Centre (ADNEC). During Cityscape Abu Dhabi 2011, ADIB customers can also avail of ADIB's free shopping offer with the ADIB Etihad Covered Card and 50,000 Etihad Guest miles.

Dhafer Luqman, Head of Strategy Products Management International & Retail at ADIB, said, "As the UAE property sector is showing signs of stability and improvement as compared to last year, we realize that efforts to improve sentiment within the sector are the need of the hour. Sentiment plays a key role in the sector and our Cityscape 2011 offers are specifically designed towards influencing it. With a market leading profit rate of 5.5%, we aim to incentivize unfreezing of any pending decisions by investors as well as developers. This is vital to help grow the UAE economy that is our primary mandate."

<http://www.ameinfo.com/262466.html>
