

Report # 169
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Weekly Report on Global Islamic Finance
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Summary:

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.

Guidance Residential (Guidance) announced today the formation of the American Islamic Finance Project (AIF) which is a collaborative effort between the Islamic Society of North America (ISNA), Ethica Institute of Islamic Finance (Ethica) and Guidance to provide the first-ever Islamic finance training to over 100 American imams.

Russia's second-largest bank, VTB Group and Gazprombank are aspiring to become the first Russian borrowers to sell Islamic debt so as to attract Middle Eastern investment.

"We strongly believe it is just a matter of time for Russia to catch up with the global market for Islamic finance," said Zaid Maleh, director of Investment Banking for Middle East and Africa at VTB Capital, the investment business of Russia's VTB Group.

Standard & Poor's rated Russia at BBB, which is its second-lowest investment grade, while Moody's Investors Service ranks Russia at Baa1, the third lowest investment-grade rating.

As part of their continued, tireless efforts to convince concerned Indian authorities and institutions for allowing Islamic banking and finance system in the country, a high-level delegation of Indian Centre for Islamic Finance (ICIF), New Delhi called on Mr Shashi Kant Sharma, Secretary (Financial Services) under whom the banking sector of the country is operated to discuss the need and relevance of Islamic Finance in India.

Sharjah Islamic Bank (SIB) has announced the launch of 'Shares Murabaha', the latest addition to its portfolio of leading Islamic banking products. Through its Shares Murabaha product, SIB offers investors easy access to financial market shares, which it purchases on their behalf. The investors are able to sell shares at any time through Murabaha without the need for pledges, which provides liquidity.

1. GLOBAL ISLAMIC FINANCE

A new chance in Egypt for Islamic finance

Sunday, , April 24, 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.

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"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>

Zeti spearheads Islamic finance initiatives

Sunday, , April 24, 2011

Ask Zeti Akhtar Aziz, governor of Bank Negara Malaysia (BNM), the central bank, what her hobby is and the chances that she will say "central banking" are very high. For sheer commitment and articulacy, she is well above her global peers and commands a respect and seniority not seen enough in a sector still dominated by middle class men.

As such one could understand why the Malaysian and global Islamic finance industry in particular are rejoicing the extension last week of Zeti's term as governor of Bank Negara

Malaysia for another five years effective from May 1 by Malaysian Prime Minister Mohd Najib Abdul Razak, who is also the finance minister.

The announcement was made last week in Kuala Lumpur following royal assent from the Malaysian monarch, the Yang di-Pertuan Agong, to the reappointment of Zeti.

For a while, there were the usual unfounded rumors that Zeti may either retire or resign. Malaysian government officials technically are supposed to retire at the tender age of 55.

Bank Negara under its mandate is also responsible for “the prudent conduct of monetary policy” especially in achieving low and stable inflation and thereby preserving the purchasing power of the ringgit; maintaining financial system stability and fostering a sound and progressive financial sector; developing financial system infrastructure with major emphasis placed on building the nation’s efficient and secured payment systems; actively promoting financial inclusion, acting as a banker and adviser to the government, and of course issuing currency as well as managing the country’s international reserves.

The bank, although operating independently, ultimately reports to the minister of finance, who in Malaysia’s case is also the prime minister. However, Malaysia has an idiosyncratic structure in which there is also the minister of finance II, currently Ahmad Husni Hanadzlah, in addition to several deputy finance ministers.

In the nature of politics it is inevitable that tensions do arise occasionally over policy nuances. Politicians on the other hand are notorious in their desire to flex their muscles and to sometimes undermine the independence of the central bank.

Not that Gov. Zeti is free from oversight. Some of her appointments in the past were flawed and did raise some eyebrows.

But with respect to Zeti, it is uniquely a case of “like father and mother like daughter.” Beneath that seemingly beguiling charm, to which successive premiers have alluded to, there is a determination and sense of purpose driven primarily by a deep attachment to the concept of meritocracy.

This it seems she has inherited from both her parents. Her mother Sharifah Azah is a well-known writer and journalist and her father Royal Professor Ungku Abdul Aziz is the renowned academic, economist and effectively the founder of the iconic Lembaga Tabung Haji (the Malaysian Pilgrims Management Fund), the most successful non-banking Islamic savings institution in the world.

The US-educated Zeti has held the position of governor of the Malaysian central bank since May 2000. She oversaw the successful transformation of the Malaysian financial system into one of the most developed and resilient financial systems in an emerging economy. This also included spearheading the development of Islamic finance, domestically and globally, and enhancing the contribution of small-and-medium-enterprises (SMEs) to the Malaysian economy.

The dominant prime minister in Malaysia’s history for the last three decades, Mahathir Mohammad was both protective and perhaps paternalistic toward her. There is the anecdote that Mahathir did not want to appoint her as minister of finance, albeit she is eminently qualified,

because he wanted to protect her from the morass of Malaysian and UMNO politics, which at the time was plagued by “money politics.”

The current Malaysian Premier Mohd Najb emphasized that Zeti’s reappointment as Bank Negara Malaysia governor will ensure leadership continuity at the central bank, which under her watch has emerged as a strong institution and respected by the banking community not only in Malaysia but worldwide. “Therefore, she should be given the opportunity to continue leadership at BNM when we are facing a very challenging global economic environment,” he added.

Prominent Malaysian bankers including Abdul Wahid Omar, president and CEO of Maybank, agree that Zeti almost single-handedly elevated the image of Malaysia in the global financial system — whether at the G7 meeting, the Basel Committee or the World Bank/IMF Annual Meetings. Her international reputation is further underlined by her appointment as a member of the United Nations General Assembly Commission of Experts on Reform of the International Monetary and Financial System, a high-level task force established by the UN secretary-general to examine possible reform of the global financial system.

Zeti is also a champion of regional cooperation and integration, and chaired the Executives’ Meeting of East Asia-Pacific Central Banks (EMEAP) task force on “Regional Cooperation among Central Banks in Asia.” She is also a member of the Southeast Asian Central Banks (SEACEN) board of governors and directors; a member of the Bank for International Settlements (BIS), central bank governance group since 2001; and one of the founding members of the BIS Asian Consultative Council.

In the field of Islamic finance her contribution and leadership is legendary, carrying on and adding to the work of her predecessors. Thanks to this proactive support, Malaysia today has the most developed and systemic Islamic financial architecture in the world, and the Malaysian model is now emulated in several Islamic Development Bank (IDB)-member countries in the Middle East and Asia. Under her watch, Malaysia has easily achieved the target set by the Mahathir government of the Islamic banking sector reaching 20 percent of the total banking industry market share by 2010. In fact, the market share of Islamic banking is over 22 percent.

When the G7 finance ministers wanted someone to brief them on Islamic finance a few years ago at their meeting in Washington DC, it was Zeti they turned to. She is also a prime mover behind the establishment of the Islamic Financial Services Board (IFSB), the prudential and supervisory standard-setting body for the global Islamic finance industry; the chairman of the international task force on “Islamic Finance and Global Financial Stability” and the task force on liquidity management; and currently the chairperson of the International Islamic Liquidity Management Corporation governing board and the Chairperson of the IILM’s board executive committee.

The governor has played a leading role to develop Malaysia as a center for the origination, distribution and trading of sukuk under the Malaysia International Islamic Financial Center (MIFC) initiative. In 2002, Zeti led a team that launched the Malaysian global Islamic sukuk, the world’s first Islamic sukuk to be issued by a sovereign country.

In a post global financial crisis era, Zeti's focus has been more on financial stability and risk mitigation to ensure that the Malaysian banking system is in a position to handle future challenges and shocks. In 2009, Zeti spearheaded the formulation of a new central banking legislation which provided Bank Negara Malaysia greater clarity on its mandate and the necessary powers to enable the bank to perform its responsibilities effectively with the enactment of the Central Bank of Malaysia Act 2009.

Zeti has spearheaded a cornucopia of initiatives whether in talent and human capital development especially in Islamic finance; Shariah governance framework; Shariah research and cross-border cooperation; consumer protection and education in finance; and widening the financial inclusion net.

Not surprisingly, her accolades and recognition — local, regional and international — are numerous. She is one of the most senior central bankers in the world and was named as one of five “Central Bankers of the Year” by Global Finance magazine for 2009 and 2010. She has won similar awards from Emerging Markets magazine, The Banker and Euromoney, and several Lifetime Achievement Awards and industry organization awards.

This is not surprising given that Zeti Akhtar Aziz is not only a “Central Banker’s Central Banker” but also a “People’s Central Banker.” As a member of the Johor royal family and given her aristocratic origins, she has never leveraged her roots, instead displaying an innate ability to connect with people across the religious, class, ethnic and gender divides.

<http://arabnews.com/economy/corporatenews/article371886.ece>

Islamic finance could lead banks' recovery

Monday, , April 25, 2011

Dubai: Islamic finance is gradually building momentum across the world and will likely lead the re-emergence of the global financial industry from the recent crisis. However, the industry needs a level playing field to achieve its potential, said Richard Thomas, Chief Executive of London-based Gatehouse Bank, in a recent interview with Gulf News.

"Over the years, the conventional banking industry has been underpricing risk through excessively cheap debt. At such low levels of pricing it was impossible to compete with conventional banks," Thomas said.

He believes that competition has to be fair in the context of pricing and taxation. In the past, taxation rules in most developed markets favoured financing through debt compared to equity, but in the aftermath of the financial crisis that exposed the weaknesses of excessive leverage there is a move to create a level playing field for equity funding and asset-backed financing which lies at the core of Islamic finance.

Segregation

Thomas said the recent decision by the Central Bank of Qatar not to allow conventional banks to offer Islamic financial services is a move in the right direction to create a level playing field for pure Islamic institutions to compete with conventional institutions.

"This should be the way forward as it brings more regulatory clarity on balance sheets as sources of funding and methods of financing leave no scope for ambiguity," he said.

Thomas believes that Islamic banks will continue to have good growth prospects in the UK as long as their offerings do not imitate those of their conventional peers.

Gatehouse, a subsidiary of the Securities House Kuwait, says people are becoming more receptive to Islamic finance. The London-based wholesale investment bank's business has picked up across all segments.

"We are now taking business from conventional banks because we have a different business model and are not part of that mega-debt culture. We have seen a pick-up in business mainly in corporate asset finance, real estate, also the trade-related business."

Gatehouse focuses on wholesale merchant banking and investment banking and is looking at expansion into the Middle East and South East Asia.

"Currently we have assets in the US, UK, GCC and a small exposure in Malaysia. We are confident about the long-term prospects of the GCC model and are keen to take more exposure here with a physical presence," he said.

Gatehouse launches brokerage

Dubai: Gatehouse Bank, a wholesale Sharia investment bank in London, has created a joint venture with Paul Napier, a Lloyd's Insurance Broker based in London, to form Gatehouse Napier, the world's first Sharia compliant insurance broker offering premium Takaful and Re-Takaful commercial risk solutions in London.

Gatehouse Napier brings the best of talent and expertise from London, home to the world's largest specialist insurance market and a strong financial services regulatory environment, and also an aspiring platform for the development of Sharia financial services.

"This partnership will help meet demand fuelled by an exponential increase in Sharia-compliant investor activity into the UK market. Gatehouse Napier will help provide insurance protection for Sharia investors investing in large commercial assets in London and Europe," said Richard Thomas, CEO, Gatehouse Bank and director of the board for Gatehouse Napier.

<http://gulfnews.com/business/banking/islamic-finance-could-lead-banks-recovery-1.798592>

Guidance Introduces Islamic Finance Training for American Imams

Tuesday, , April 26, 2011

Guidance Residential (Guidance) announced today the formation of the American Islamic Finance Project (AIF) which is a collaborative effort between the Islamic Society of North America (ISNA), Ethica Institute of Islamic Finance (Ethica) and Guidance to provide the first-ever Islamic finance training to over 100 American imams.

The role of AIF is to raise the level of knowledge and understanding of Islamic financial transaction law under the belief that financial markets can benefit significantly from the ethical and moral guidelines that Islam's financial concepts provide.

The landmark training, which is to be held from May 2 to May 5 in Berkeley, California, is designed exclusively for imams serving communities in the United States. Muslim communities across America are increasingly considering Islamic finance as a

legitimate option for their personal investment strategies and in doing so they are turning to their imams for direction, making this training more important than ever.

The opening ceremony, being held at 5pm on May 2nd, will feature a broad discussion by invited keynote presenters such as Shaykh Nizam Yaqub, a renowned Islamic finance scholar, Shaykh Hamza Yusuf, founder of Zaytuna College, and Imam Mohammed Maged, President of ISNA. The bulk of the training will be led by Atif Khan, Managing Director at Ethica, who will conduct two full days of intensive training about the principles of Islamic financial transactions.

The sole underwriter of this event is Guidance Financial Group, who made this training possible for all participating imams to increase their knowledge of Islamic finance without incurring any expenses.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1563

AHK and Dubai Exports lead Islamic Finance trade mission to Germany

Tuesday, , April 26, 2011

Dubai Exports, an agency of the Dubai Department of Economic Development (DED), Government of Dubai, led an Islamic financial services trade mission to Germany. The mission was organised in partnership with the German Emirati Joint Council for Industry and Commerce (AHK) and sought to assist firms from the UAE to enter the largest economy in Europe.

Eng. Saed Al Awadi, CEO of Dubai Exports, said that, "two years ago we started promoting UAE's capabilities and expertise in Islamic or Shariah compliant financial services to major markets abroad. We were not surprised by the overwhelmingly positive response and the successful outcomes that have been achieved to date. This mission builds on from our previous successes and allows our firms in the sector to target new markets."

Al Awadi's comment is strongly supported by statistics which show that global Islamic banking assets have grown approximately 10% per annum from the mid 1990s when they were about \$150bn.

Today, global Islamic financial assets stand at approximately 800bn. Industry experts claim that over the next decade the sector may reach \$4 trillion. In fact, some areas of Islamic finance, such as insurance or takaful, has been doubling in size each year since 2002.

The growth of Islamic financial services has been driven by a growing Islamic population that is enjoying a rapid rise in purchasing power, due to better education and employment opportunities. This has been supported by financial engineering and innovation in the provision of Islamic financial products and services. No longer is Islamic finance limited to simply the provision of interest free bank accounts but includes a whole spectrum of products such as fund of funds, exchange traded funds, hedge funds and real estate investment trust which are all gaining widespread acceptance.

These new products have increased investor awareness of Islamic products and made them more willing to invest in them. The same is true in the corporate sector whereby Islamic

financial innovation has developed products while being Shariah compliant meet the needs of the modern business.

"The financial innovation has been greatly assisted by financial centers and their regulators who have understood the importance of the sector and its unique structure. In this respect the UAE has become the leader and pioneer with the first recognized Islamic bank being established in the country, the first Islamic stock exchange and not only does it have the greatest number of listed Islamic bonds or sukuks, but also the largest ever sukuk issued," stated Al Awadi.

The Mission was accompanied by leading firms in the sector based in the UAE with the principle aim of showcasing the high level of expertise in the area in Dubai as well as to connect the participants with potential opportunities in Germany.

Germany has the largest Muslim population in Europe of 4 million with an estimated wealth in excess of Eur35bn. The German potential is huge for the Islamic finance world because the growth rate of the population is high as well as being young. Three quarters of the Muslim population in Germany is below the age of 49.

In addition, estimates show that the Muslim population in Germany has a much higher saving ratio of 18% compared to 10% for the country as a whole. More importantly, a survey in 2010 showed that 72% of Muslims living in Germany are interested in Islamic Financial products. The survey found that if such products were to be offered in Germany 60% of respondents would consider an investment. An amazing 94% of them stated that they would purchase such products if offered by an Islamic financial institution.

In the case of the Islamic insurance sector it is estimated to be worth more than EUR1bn euros. Studies show not only is the retail component lucrative but so is the corporate sector. Muslim entrepreneurs generated more than 50 billion euros in profits last year and this is an ideal market for the launch of Shariah compliant corporate products.

Neil Miller the Global Head of Islamic Finance at KPMG and one of the participants on the Trade Mission stated that, "I have been pleasantly surprised by this Trade Mission in that it is apparent that since my previous visits to Germany over the last 5 years, there is a genuine desire on the part of the authorities to support the establishment of Islamic financial Institutions."

Miller has considerable experience in Islamic finance and was involved in the setting up of the first Islamic bank and Investment House in the UK. Miller continued to state, "That the export led real economy with its deep manufacturing and technology base in sectors that are inherently compatible with Shariah investment objectives offer a natural fit for Islamic finance which is also concerned with the real economy."

The regulatory changes are being discussed although at an early stage nevertheless gave comfort to the firms in the Trade Mission that they can make a valid contribution to the Islamic financial services landscape in Germany.

Saud Siddiqi the Chief Operating Officer of Dar Istithmar stated that, "The Trade Mission was an excellent Initiative by Dubai Exports which has provided firms such as ours to

meet with the real decision makers and players in the Islamic finance space and to explore how we can contribute in their efforts to launch Shariah compliant products and services."

Siddiqui continued to state that, "The discussions with government authorities allowed the participants to better understand the regulatory framework of the country so as to develop a more appropriate strategy for expansion into the country."

The clear message that came from the Trade Mission to Germany was that there are no regulatory provisions which prohibit Islamic financial products and services in the country. This means that offering Islamic financial products in the German market is possible. The German state of Saxony Anhalt has already issued an Islamic bond or sukuk. However, there are still some changes that need to be made in order that Islamic financial products are treated at par with conventional ones.

The participants in the Mission brought them to the attention of the authorities and trust that it will be only a very short while before UAE firms enter the sector in Germany. UAE firms in the Islamic finance sector have been growing at home and have been keen to enter new markets overseas.

Al Awadi furthered that, "Our mandate is to support UAE firms to export their products and services overseas and this mission is one of the many ways in which Dubai Exports has spearheaded this in export drive of the emirate. I am sure that as more countries make the necessary regulatory changes so as to treat Islamic finance at par with conventional products it will allow our firms to gain greater market coverage."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1564

Malaysian Affin Recognises Islamic Banks Potential

Wednesday, , April 27, 2011

Affin Holdings Bhd expects to complete the conversion of PT Bank Ina Perdana of Indonesia into a syariah-compliance bank in two years once the acquisition of the bank is completed in the second half of this year.

Chairman Tan Sri Mohd Zahidi Zainuddin said the group was in the midst of getting an approval from Bank of Indonesia after being given the nod by Bank Negara last December for the proposed acquisition.

"It will take two years for PT Bank Ina Perdana to be transformed and this acquisition is part of the group's plans for business expansion," he told reporters after the group's AGM yesterday.

Affin Bank Bhd managing director and chief executive officer Datuk Zulkiflee Abbas said the group wanted to tap the vast potential of Islamic banking in Indonesia through the bank.

"This is what we are looking into as there are already a lot of conventional banks in Indonesia," he said. On the local front, the group said it was not looking for merger and acquisitions (M&As) with other local bank at the moment.

Deputy chairman Tan Sri Lodin Wok Kamaruddin said the group would continue to strengthen its business and management in view of the stiff competition in the market. "We

expect our overall loan growth to be around 15% to 18% for this financial year ending December 31 which is the same as last year's figure and if we manage to achieve that target, we are doing good in our business. However, if opportunities arise for M&As, we are open," he said.

The group had last year proposed to buy PT Bank Ina Perdana for RM138mil and if materialised, it would have a majority shareholding of 80% in Bank Ina, which has 22 branches, sub-branches and cash offices in major cities in west Java and east Java as well as Jakarta.

Lodin also said China was another country that the group was eyeing for potential business, particularly in Islamic banking.

"Affin and our partner Bank East Asia Ltd of Hong Kong are working together to find potential products and services that can be offered in the country," he said.

A recent report said the group and Bank East Asia Ltd planned to open an Islamic bank in China. According to the group's Annual Report 2010, Bank East Asia Ltd holds 23.5% in Affin.

In a press release issued yesterday, Lodin said: "The group will continue its success and improve its operational efficiencies while we look forward to introduce new products and campaigns that are tailored to the varied needs of our growing number of customers." With the strong financial performance in 2010, Affin is poised for greater growth to expand locally and regionally.

"Additionally, with expansion plans and strategic initiatives that we currently have in place, Affin will be a competitive one-stop financial provider.

"The prospects for the group are very encouraging as it is also looking beyond the Malaysian shores to Indonesia, with its proposed acquisition of PT Bank Ina Perdana. We will continue to focus our efforts on growing our business portfolio and building a company that will enhance value for our stakeholders," he said.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1566

Bahrain Sovereign Remained Strong During 2011

Thursday, April 28, 2011

Demand for Bahrain sovereign debt remained strong during the first quarter of 2011, the Central Bank of Bahrain (CBB) has announced.

The domestic issues of government debt, which the Central Bank manages on behalf of the Ministry of Finance, have remained heavily oversubscribed. Although interest rates rose slightly, they have now started to trend downwards again and remain at historically low levels, a CBB statement said.

Between January and the end of March 2011, the CBB issued 3 month Treasury Bills at an average coverage of 283 per cent, and 6 month bills at an average coverage of 340 per cent. Demand for Shariah-compliant securities was even stronger with the coverage of both 3 and 6 month instruments exceeding 500 per cent.

Demand for debt with longer maturities also remained strong. The CBB was able to issue 12 month government treasury bills at a coverage of 211 per cent, and recently issued a 5 year

maturity Islamic Leasing Sukuk in the local market with a value of BD 200 million (\$530 million) and a rate of return of 5.5 per cent.

In addition to strong domestic demand, the kingdom has also seen a rapid recovery in the price of its US dollar benchmark international issue, the 2020 Government Development Bond. After reaching a high of 6.91 per cent on March 15, the yield of this bond has declined by 1.11 per cent from a high of 6.91 per cent to 5.80 per cent, its lowest level since February 2.

“The strong domestic demand for Kingdom of Bahrain sovereign debt is testament both to the depth and liquidity of our local markets as well as market participants’ confidence in the kingdom’s economic management.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1572

Zawya and Dubai Exports launched the first ever UAE Islamic Financial Services Directory

Thursday, , April 28, 2011

Zawya with Dubai Exports announced the new Directory at the Islamic Financial Services Trade Mission to Europe

Addressing the growing need for transparency in the Islamic Finance industry, Zawya ,the leading source of financial information in the Middle East and Dubai Exports - an Agency of the Dubai Department of Economic Development, unveiled the first ever UAE Islamic Financial Services Directory, as part of Dubai Export's Islamic Financial Services Trade Mission to Europe.

The UAE Financial Services Directory was officially launched as a limited edition for Germany, in Frankfurt at an Islamic Finance day event organised by The Institute for Islamic Banking and Finance. Developed in partnership with Dubai Exports, the Directory intends to promote the knowledge, experience and capabilities of the UAE in Islamic banking, takaful insurance, investment and asset management.

Over the last five years, the Islamic Finance industry has grown at an average annual rate of 15-20 percent and surpassed over \$1 trillion in assets. By 2016, annual industry growth is expected to reach 28.6 percent, nearly five times the rate of conventional investing, and \$5 trillion in assets.

Eng Saed Al Awadi,CEO of Dubai Exports commented, "A little over two years ago we started promoting Dubai's capabilities and expertise in Islamic or Shariah compliant financial services to major markets abroad. At the time we were not sure of the response that we would receive especially as we were in the midst of the largest financial crisis since the 1930s. However, we were surprised by the positive response and the outcomes to date. The activities of Dubai Exports have allowed firms in the sector to capitalise on overseas opportunities and this publication is further example of our intervention".

"Our participation in the Islamic Finance day was a great opportunity to meet with major stakeholders in the industry and initiate a fruitful collaboration between UAE Islamic Finance specialists and their foreign counterparts. Islamic finance is an ever growing part of Europe's

economy. The UAE Islamic Financial Services Directory along with this trade mission will provide a great resource for businesses to connect with government and industry leaders in the UAE, expand their reach, identify opportunities and create new jobs", said Jean Marc Paufique, General Manager at Zawya.

Paufique added, " Through continued research and analysis, Zawya is working to promote this growth by proactively addressing the issues facing the Islamic Financial Services industry, whilst developing innovative products and services that contribute to the prosperity of the Islamic Finance community and the sustainability of the industry. The first ever UAE Islamic Financial Services Directory is just one such initiative"

The first ever UAE Islamic Financial Services Directory includes articles by leading industry professionals, a comprehensive listing of scholars, as well as in-depth statistics and data on the industry. The Directory will lead to greater product development within the Islamic Financial Services sector as more investors and borrowers discover its potential.

A global Islamic Financial Services Directory will be available as of June 2011.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1573

Russian Banks to Initiate Trading in Islamic Debt

Thursday, , April 28, 2011

Russia's second-largest bank, VTB Group and Gazprombank are aspiring to become the first Russian borrowers to sell Islamic debt so as to attract Middle Eastern investment.

"We strongly believe it is just a matter of time for Russia to catch up with the global market for Islamic finance," said Zaid Maleh, director of Investment Banking for Middle East and Africa at VTB Capital, the investment business of Russia's VTB Group.

Standard & Poor's rated Russia at BBB, which is its second-lowest investment grade, while Moody's Investors Service ranks Russia at Baa1, the third lowest investment-grade rating.

Russia is well placed and has high potential to promote sharia compliant offerings such as infrastructure, agriculture, Maleh notes. According to estimates from Bloomberg and Moody's Investors Service there is an estimated \$800bn pool of Islamic cash yet to be tapped.

This year VTB Group aims to raise about \$200 million by issuing Shariah compliant Islamic bonds, sukuk. The lender's deputy chairman, Herbert Moos said in an interview on Wednesday that Gazprombank, the lending arm of gas export monopoly Gazprom, is in talks with at least 10 Moscow-based companies on arranging a sale and will meet investors in the Persian Gulf in September, said Alexander Kazakov, director of structured and syndicated finance.

"We'll probably see an issue in dollars, ranging from \$100 million to \$200 million" by the end of the year, Kazakov said in an interview this week. "We've been talking to Russian companies from various sectors, including metals, food, oil and gas."

The banks collaborated with borrowers in neighboring countries including Kazakhstan, Thailand and Senegal so as to tap the \$4.9 billion global sukuk market, which is mainly prominent in the Middle East and Malaysia. It is expected that yields of about 6 percent would

attract demand, as stated by Sarah Al-Suhaimi, who helps manage more than \$2 billion of assets, at Riyadh, Saudi Arabia-based Jadwa Investment. According to the HSBC/NASDAQ Dubai U.S. Dollar Sukuk Index. Currently the average sukuk yields are at about 4.2 percent

VTB has \$17.4 billion of total debt. This year the yield on VTB's dollar bonds due in 2015 dropped by one basis point to 4.54 percent as of Wednesday and has declined 80 basis points so far this year, touching a record-low 4.36 percent on April 6.

Moscow-based bank Gazprombank's has \$4.3 billion in debt. Its 2015 dollar bonds yielded 4.81 percent as of Wednesday, which is down by 94 basis points in the current year.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1574

Bahrain Enhances Islamic Banking with Citibank

Friday, , April 29, 2011

Citibank Bahrain and the Citi Islamic Investment Bank today unveiled a further enhancement to Citi's Islamic banking offering by launching the Shari'a-compliant Corporate Current Account.

The new account is targeted at corporate clients providing them with all the convenience and flexibility of a current account supported with a world class service experience. The account has been certified as Shari'a-compliant by the Shari'a Advisory Board of Citi Islamic Investment Bank comprising of eminent Shari'a scholars Sheikh Nizam Yaquby, Dr. Nazih Hammad and Dr. Mohammed Ali Elgari.

Furthermore, Citibank offers a range of Islamic investment options for corporate clients who wish to invest in Shari'a-compliant vehicles and maximize returns. These range from Sukuks (Islamic Bonds), Islamic mutual funds and customized structured notes.

Citibank Bahrain CEO, Mayank Malik, said: "Islamic banking is the fastest growing segment within Commercial Banking today, and the newly launched Shari'a-compliant current account for companies is part of our strategy to serve the Small and Medium Enterprises (SMEs) segment. This is in line with our efforts to meet the needs of SMEs who form the backbone of any economy and are significant contributors to business activities in Bahrain."

Samad Sirohey, CEO of Citi Islamic Investment Bank and Head Global Islamic Banking, added: "Citi Islamic Investment Bank continues to innovate and support Citi's Global Banking platform and the roll out of the Islamic Current Account in Bahrain is another milestone in providing the full range of Sharia'a compliant banking products to Citi's customers."

Citi has been in the Middle East for nearly 50 years and currently offers consumer-banking services in Bahrain, UAE and Egypt. In the Kingdom of Bahrain alone, Citibank, the consumer banking arm of Citi, has had a presence for the past 20 years, and is expanding its major operations within the country.

Citibank Bahrain is a top provider of Wealth Management solutions and has a comprehensive suit of products & services that include innovative Structured Notes, Mutual Funds, Islamic investment options, Hedge Funds, Multi-Manager funds, Unit Linked Insurance plans and CitiBest Current Account that pays market leading interest rates.

Since inception, Citi Islamic Investment Bank has played a pioneering and leading role in the development of Islamic Finance globally, having successfully arranged several billion dollars of Islamic transactions for issuers in the Middle East, Asia, Europe and Latin America. This includes the origination, structuring and distribution of numerous landmark Sukuks, syndications, project financings, Islamic advisory and investment products. The bank is ranked as the leading bookrunner of international Islamic Finance transactions.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1575

Finance Ministry briefed on prospects of Islamic banking in India

Saturday, , April 30, 2011

New Delhi: As part of their continued, tireless efforts to convince concerned Indian authorities and institutions for allowing Islamic banking and finance system in the country, a high-level delegation of Indian Centre for Islamic Finance (ICIF), New Delhi called on Mr Shashi Kant Sharma, Secretary (Financial Services) under whom the banking sector of the country is operated to discuss the need and relevance of Islamic Finance in India.

The delegation consisted of Mr Muddassir Siddiqi, a Shariah scholar and US-trained attorney, Mr Khurshid Najmi, former joint legal advisor, RBI and Partner, India Law Services, New Delhi, and Mr H Abdur Raqeeb, General Secretary, ICIF and Convener, National Committee on Islamic Banking.

Mr Siddiqi explained to Mr Sharma and Mr Alok Nigam, IAS, Joint Secretary, Department of Financial Services how Islamic finance has emerged as a viable source of financing in a number of modern, secular and industrialized countries such as the United Kingdom, Japan, Singapore, France and Hongkong and even in China recently where Islamic Financial institutions have been allowed to operate by incorporating some changes in local banking and tax laws in order that they may provide financing on a level playing field with conventional financiers.

Mr Siddiqi, who is a scholar from the early batch of scholars from the world renowned Islamic University of Medina, KSA, cited the example of UK where the largest number of legislative changes in their banking and tax law system without using such terms as the Shariah or Islamic in their legislation, thereby equally utilized by any entity, regardless of its faith. He also said that a large number of consumers of Islamic financial products (particularly Sukuk) have come from the conventional world.

Referring to the report of the Working Group of RBI on the feasibility of Islamic banking instruments in India by Mr Anand Sinha, he placed before the secretary of the finance ministry that the report is fair and accurate when it describes the objectives, goals and traditional Islamic contracts written by early Muslim jurists more than 1000 years ago. As the member of the Shariah Standard Committee of the Accounting and Auditing Organisation for Islamic Financial Institutions -- AAoIFI of Bahrain, he presented the AAoIFI standards to show the model Islamic finance contracts that are not the same as the traditional contracts as discussed in Sinha Report. Further, copies of the rulings of US Central Bank (OCC) and Financial Service Authority -- FSA of UK were submitted to show the approach they have taken to facilitate those contracts.

Both Mr Sharma and Mr Alok Nigam sought some clarifications on Islamic Finance. Mr Muddasir Siddiqi and Mr Najmi explained to them in detail.

Finally Mr Abdur Raqeeb joined Mr Muddasir Siddiqi and suggested Finance Ministry and RBI to appoint a committee to look into all relevant angles and aspects in order to base its conclusions on a full and complete analysis and assured to offer their services by providing the names of the experts who are both familiar with the modern tools of Islamic financing as well as the criteria adopted by many countries in facilitating Islamic finance to serve the committee.

“The patient hearing and the positive, but clear and candid discussion that took place with the topmost officials in charge of banking in the country, it is hoped will take up the matter with RBI and fulfill the task of the dawn of Islamic Finance, which PM Manmohan Singh said in Malaysia few months before that he would ask RBI to look into the example of Malaysia for Islamic finance and banking,” said Mr Raqeeb.

http://twocircles.net/2011apr30/finance_ministry_briefed_prospects_islamic_banking_in_dia.html

2. ISLAMIC BANKING & INSTITUTIONS

Kuwait Finance House reveals drop in Q1 profits

Monday, , April 25, 2011

Kuwait Finance House (KFH) has said its first-quarter net profit has plunged by 26.9%, missing analysts' forecasts, Reuters has reported. Analysts estimated KFH's net profit would range between KD36.3m and KD37m for the quarter, but the Gulf state's largest Islamic lender made KD22.6m (\$81.88m) in the three months ending March 31, compared with a net profit of KD30.9m in the comparable period one year earlier. Total assets for the lender came in at 12KD.7bn.

<http://www.ameinfo.com/263067.html>

Kuwait Finance House considers access to three GCC markets and new hospitals in Kuwait

Monday, , April 25, 2011

Kuwait Finance House "KFH" announced that it intends to broaden its investment base in the healthcare services sector by further supporting local investments and gaining access to several GCC promising markets currently showing growing upward trend and stability within this sector.

The decision comes after extensive studies conducted on these markets, as part of its strategy aimed at distributing investments and risk diversification among the major promising sectors in order to maximize revenue and returns for shareholders and achieve sustainable development in the targeted communities in which it invests.

Assistant General Manager of Investment Sector Abdul Nasser Al-Sabeeh said: "Our Gulf expansion effort is now focused on the healthcare services sector, specifically in Saudi Arabia, Qatar and the Sultanate of Oman and we are equally determined to expand our existing investments in the Kuwaiti market. Proven results of specialized studies show that these markets meet feasibility requirements and present promising investment opportunities in this specific

sector given the immediate need for more sector focused projects and the growing demand for healthcare services."

Al-Sabeeh added: We are closely following these promising sectors characterized for being stable and least likely to react to hurried fluctuations in order to secure a share in these sectors befitting KFH's repute and overall investment base. As the process progresses, we retain consultant firms to scrutinize these opportunities deeper. At this point we have engaged KFH Research Ltd. which concluded market research with a recommendation to increase the size of KFH's investments in this sector, and more particularly in the markets of first choice. The recommendation further places additional weight and gives priority at the present stage to embark upon the Saudi market in light of the increasing support provided by the government authorities to investment enterprises in general.

Al-Sabeeh went on to confirm that KFH's strategy to invest in selected GCC markets is rooted in solid foundations that encompass among other key considerations the cumulative experiences available to it underlined by a unyielding base of local investments in the healthcare services sector, and increasing demand for these services in the region's markets and being in a position to utilize superior business relations and reputation it enjoys with official agencies and private sector institutions regionally welcoming its advent to these markets.

Al-Sabeeh noted that KFH's subsidiaries and affiliates with diverse activities showcased in different business areas, are geared up to actively participate in the development plan ambitions, particularly in the healthcare care sector, either by investing directly in a number of major projects of the plan or providing the necessary funding for the participating companies in accordance with applicable fiduciary standards.

He pointed out that KFH has already made budget provisions to meet the financing requirements needed for local as well as regional healthcare project expansions in the upcoming period.

It is worth noting that KFH has led since its inception over more than three decades, efficient initiatives to invest in the healthcare services sector whereby it successfully managed to provide value added and could improve the level of potential in this sector along parallel to the efforts of the concerned government authorities. In so doing, KFH is aware of the importance of this sector and its positive impact on the community members' health and the country's economy while being concerned to capitalize on shareholders equity in viable and rewarding investment opportunities to achieve the best return at tolerable risks.

KFH diverse initiatives in the healthcare care sector include direct investments in the construction of medical facilities such as integrated service hospitals and providing state-of-the-art medical equipment for the local market, medical insurance, in addition to its remarkable efforts to make available the necessary funding to investors in new healthcare and expansion projects that is to say the least about its social initiatives launched primarily in this sector.

Al-Salam International Hospital is but one of the most successful private sector investments it maintains in the Kuwait healthcare sector. The hospital has witnessed in recent years notable qualitative and quantitative developments as indicated by the increasing number of

patients and surgical operations conducted by international renowned medical consultants who performed operations under a successful visiting doctors program.

The hospital, which today comprises about 169 beds, employs professional doctors from all over the world. The hospital stands out as the only private medical facility with a dialysis unit that also recently obtained a license for a cardiac surgery unit and cardiac diagnostic and therapeutic catheterization.

Chairman and Managing Director Dr. Tariq Al-Mukhaizeem, pointed out that the hospital provides world class medical services, and as such we aim to expand qualitatively in terms of further improving the quality of service for the benefit of society which we consider as priority that precedes achieving profits. Our expansion efforts geographically include establishing a local hospital or medical center in each of Al-Jahra and Ahmadi governorates and regionally to gain access to the Saudi market, where negotiations are under way to secure a license for our operations.

KFH direct investments extend in the healthcare services sector to include business operations dealing with medical devices and equipment provided through Yaaco Medical Company, a company listed on the Kuwait Stock Exchange engaged in mainstream business activities focused in advanced medical and chemical products and equipment supply to the local market. KFH investments also include medicines and pharmaceuticals through a stake in Safwan General Trading and Contracting Company which shares traded on the Kuwait Stock Exchange. Safwan also provides the market with medical equipment and instruments.

KFH as well maintains an active medical investment portfolio in healthcare insurance sector Takaful (i.e. Cooperative Insurance) programs, as the Islamic alternative to conventional insurance and investment which include insurance and reinsurance operations, through its contributions in Al-Muthanna Takaful Insurance Co. and First Takaful Insurance.

General Services Company provides insurance for expatriate workers in some markets in cooperation with the Ministry of Health in Kuwait.

Equally valuable to economic goals pursued, KFH is aware of the paramount importance of its social responsibility and mission in this sector, as Al-Sabeeh sounds out that KFH also seeks through these investments to deliver important messages that raise awareness on initiating investments according to Islamic Sharia, and that these investments are not aimed only to achieve profits as it also involves noble social goals.

In this context KFH launched numerous social initiatives in the field of healthcare care mainly through Addiction Treatment Center. The center contributes to an active role in providing treatment for persons with addictions, rehabilitation and reintegration effort into the society. KFH recently inaugurated three ambulance centers out of 15 centers planned in different geographical areas of Kuwait to be granted to Kuwait Ministry of Health.

KFH maintains strong presence through its outstanding initiatives in healthcare education and awareness most importantly its ongoing diabetes prevention campaign, where KFH was the first banking institution to sign an agreement whereby millions of patients with diabetes in the Middle East were served.

KFH stands out as the first bank to send a medical team to Harvard University to receive the highest levels of training to combat this disease. On equal footing KFH strives to provide financial and moral support to government medical institutions and community-based care and medical events and promote scientific research activities in the healthcare sector.

KFH assumes economic and social responsibilities by the same token hoping that it would achieve the ultimate goal to create a healthy society.

<http://www.ameinfo.com/263134.html>

Qatar Islamic Bank Affirmed Ratings

Monday, , April 25, 2011

It has been reported that Capital Intelligence (CI), the international credit rating agency 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 th 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 growthpotential 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.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1555

Tamweel Seeks Approval For Trading

Monday, , April 25, 2011

Dubai based company Tamweel, one of the UAE's largest Islamic mortgage companies, has applied to regulators for a resumption of trading in its shares.

The company, listed in Dubai, had its shares suspended in late 2008 when talks began over a merger with its larger competitor, Amlak Finance. But the planned merger failed to materialise and Dubai Islamic Bank (DIB) took full control of the company last year.

Brokers said a rush of trading was likely to follow the reactivation of the company's shares. Hundreds if not thousands of trades have taken place on the grey market since the freeze, they said, all of which would be officially executed when the stock trades again.

Since the stock was suspended in November 2008, the Dubai market has lost more than 16 per cent of its value. Jalal Faruki, the managing director of brokerage at Al Mal Securities in Dubai, said while his company did not get involved in such grey-market transactions, he did expect a flood of selling that could put downward pressure on the shares.

"I think you're going to have people selling but I don't have any idea on pricing," Mr Faruki said.

Tamweel's stock last traded at just under Dh1 a share in November 2008, but DIB valued them at above Dh2 each in recent financial statements for last year.

Mr Faruki said DIB could step in as a ready buyer to stabilise the share price should the stock decline on the resumption of trading.

Tamweel did not say when its shares would be unfrozen, only that it had "made an application" to the Emirates Securities and Commodities Authority, the national markets regulator, "for resumption of trading in the company's shares".

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1557

Al Baraka Banking Group plans to expand its operations in Syria

Monday, , April 25, 2011

Al Baraka Banking Group originally based in Bahrain is working towards implementing its plans to expand its operations in Syrian market.

Al Baraka Bank Syria, a subsidiary banking unit of Al Baraka Banking Group (ABG), commenced its operations in June 2010 by establishing the main branch at Seven Bahrat district of Damascus. Al Baraka Bank Syria, has three branches and a headquarters in Syria. The further expansion plans of Al Baraka Bank Syria were recently confirmed at the bank annual general meeting.

Adnan Ahmed Yousif, Chairman of the Board of Directors of Al Baraka Bank Syria and President & Chief Executive of Al Baraka Banking Group said that Al Baraka Bank Syria "In addition to furnishing and equipping its head office, the bank has so far opened two branches in Damascus and one in Homs," said Adnan Ahmed Yousif, chairman Al Baraka Bank Syria as well as president and chief executive of Al Baraka Banking Group.

He added, "Furthermore, another two branches - one in Hama and one in Aleppo - are expected to be opened during this month. The bank will continue to implement its plan to expand its branch network to cover all Syrian governorates, initially to reach 10 branches by the end of 2011."

Adnan Ahmed Yousif said that Al Baraka Bank Syria was the first ABG bank to be established since the inception of the Al Baraka Banking Group in 2002 through the merger of the individual banks established by Sheikh Saleh Abdullah Kamel.

He claimed that from an initial stage Al-Baraka Bank established strategic alliances with all personal and corporate customers. The financial statements reveal that the bank displayed a growth of 103 per cent in its total assets compared to the total assets at the commencement of operation. The total assets amounted to \$108 million at the end of December 2010. Furthermore bank's total deposits, including unrestricted investment accounts, reached \$58 million, while the finance and investment portfolio amounted to \$55 million through the establishment of a high quality portfolio of Islamic financial products, and investments through Wakala agencies and Mudaraba reached \$32 million.

Despite the short time span since its inception Al-Baraka successfully established its operations and with only one branch amidst strong competition, and was able to achieve reasonable results compared with the other banks, both conventional and Islamic, in the Syrian market.

The bank passed through two stages in 2010, the first stage involved taking several steps in preparation for launching the operations of the bank including the selection and hiring of qualified staff from amongst the best bankers in Syria, said chief executive officer Mohammed Halabi.

The majority of the bank's department heads were appointed during this stage and the number of employees reached 144 at the end of 2010.

The second stage began when the bank commenced actual operation in June.

During this stage, a number of steps were taken to ensure strong entry into the Syrian banking market.

Management revealed that the bank's expansion plan for the next three years, included a wide range of "numerical and non-numerical" targets, which will have a significant impact on the results of the bank for the current year 2011

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1559

Assets of Al Bakara Syria On The Rise

Tuesday, , April 26, 2011

Al Baraka Bank Syria, a subsidiary banking unit of Al Baraka Banking Group (ABG), had started its operations through its main branch at Seven Bahrat district of Damascus with profits on the rise.

The bank's total assets amounted to \$108 million as at the end of December 2010, a growth of 103 per cent compared to the total assets started with at the beginning of operation. The total deposits, including unrestricted investment accounts, reached \$58 million, while the finance and investment portfolio amounted to \$55 million through the establishment of a high quality portfolio of Islamic financial products, and investments through Wakala agencies and Mudaraba reached \$32 million.

Adnan Ahmed Yousif, Chairman of the Board of Directors of Al Baraka Bank Syria and President & Chief Executive of Al Baraka Banking Group said that Al Baraka Bank Syria was

the first ABG bank to be established since the inception of the Group in 2002 through the merger of the individual banks established by Sheikh Saleh Abdullah Kamel.

Yousif said, "In additions to furnishing and equipping its head office, the bank had so far opened three branches, two in Damascus and one in Homs. Furthermore, another two branches one in Hama and one in Aleppo are expected to be opened during this month. The bank will continue to implement its plan to expand its branch network to cover all Syrian governorates, initially to reach 10 branches by the end of 2011.

"Al Baraka Bank Syria convened its annual general meeting on 23rd April to discuss the directors' report on the Bank's business in 2010 and approve the financial statements of the Bank for year 2010."

Mohammed Halabi said that despite the short period since it started its operations and with only one branch amidst strong competition, the bank was able to achieve reasonable results compared with the other banks, both conventional and Islamic, in the Syrian market.

Speaking about the bank's plan for the next three years, Halabi said that it included a wide range of "numerical and non-numerical" targets, which will have a significant impact on the results of the bank for the current year 2011.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1560

Dow Jones Indexes Named 'Best Shari'ah Compliant Index Provider'

Tuesday, , April 26, 2011

Dow Jones Indexes, a leading global index provider, today announced that, for the fourth consecutive time, it was named "Best Shari'ah Compliant Index Provider of the Year" by Global Finance magazine.

Dow Jones Indexes has now won this category in each of the four years Global Finance has honoured the "World's Best Islamic Financial Institutions". The award pays tribute to Dow Jones Indexes existing market share and index launches across the Middle East region, as well as its contribution to the growth of Islamic finance. All selections were made by Global Finance editors after extensive consultations with bankers, corporate finance executives and analysts throughout the world.

"We are proud to again be recognised as being at the forefront of Islamic finance, one of th marketplace's fastest-growing sectors," said Michael A. Petronella, President, Dow Jones Indexes."As the first provider of Shari'ah compliant indexes, The Dow Jones Islamic Market Indexes were introduced in 1999 to measure the global universe of investable equities that pass screens for Shari'ah compliance. With hundreds of indexes, the series is the most comprehensive family of Islamic market measures and includes regional, countryand industry indexes. An independent Shari'ah Supervisory Board counsels Dow Jones Indexes on matters related to the compliance of index-eligible companies.

Over the past 12 years, the Dow Jones Islamic Market Index family has won 25 industry awards byorganizations, research institutions and magazines around the world. In addition to Global Finance, Dow Jones Indexes has also been recognised by the International Islamic

Finance Forum, the Kuala Lumpur Islamic Finance Forum, Islamic Business & Finance, Asia Asset Management, Islamic Finance News and Incisive Media.

More than 100 licensees with roughly US\$5 billion in assets are currently benchmarked to the Dow Jones Islamic Market Indexes. For further information on Dow Jones Islamic Market Indexes.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1561

Gatehouse Launches Innovative Brokerage

Tuesday, , April 26, 2011

Islamic finance is gradually building momentum across the world and will likely lead the re-emergence of the global financial industry from the recent crisis. However, the industry needs a level playing field to achieve its potential, said Richard Thomas, Chief Executive of London-based Gatehouse Bank.

“Over the years, the conventional banking industry has been underpricing risk through excessively cheap debt. At such low levels of pricing it was impossible to compete with conventional banks,” Thomas said.

He believes that competition has to be fair in the context of pricing and taxation. In the past, taxation rules in most developed markets favoured financing through debt compared to equity, but in the aftermath of the financial crisis that exposed the weaknesses of excessive leverage there is a move to create a level playing field for equity funding and asset-backed financing which lies at the core of Islamic finance.

Thomas said the recent decision by the Central Bank of Qatar not to allow conventional banks to offer Islamic financial services is a move in the right direction to create a level playing field for pure Islamic institutions to compete with conventional institutions.

“This should be the way forward as it brings more regulatory clarity on balance sheets as sources of funding and methods of financing leave no scope for ambiguity,” he said.

Thomas believes that Islamic banks will continue to have good growth prospects in the UK as long as their offerings do not imitate those of their conventional peers.

Gatehouse, a subsidiary of the Securities House Kuwait, says people are becoming more receptive to Islamic finance. The London-based wholesale investment bank’s business has picked up across all segments.

“We are now taking business from conventional banks because we have a different business model and are not part of that mega-debt culture. We have seen a pick-up in business mainly in corporate asset finance, real estate, also the trade-related business.”

Gatehouse focuses on wholesale merchant banking and investment banking and is looking at expansion into the Middle East and South East Asia.

“Currently we have assets in the US, UK, GCC and a small exposure in Malaysia. We are confident about the long-term prospects of the GCC model and are keen to take more exposure here with a physical presence,” he said.

Dubai Gatehouse Bank, a wholesale Sharia investment bank in London, has created a joint venture with Paul Napier, a Lloyd's Insurance Broker based in London, to form Gatehouse Napier, the world's first Sharia compliant insurance broker offering premium Takaful and Re-Takaful commercial risk solutions in London.

Gatehouse Napier brings the best of talent and expertise from London, home to the world's largest specialist insurance market and a strong financial services regulatory environment, and also an aspiring platform for the development of Sharia financial services.

"This partnership will help meet demand fuelled by an exponential increase in Sharia-compliant investor activity into the UK market. Gatehouse Napier will help provide insurance protection for Sharia investors investing in large commercial assets in London and Europe," said Richard Thomas, CEO, Gatehouse Bank and director of the board for Gatehouse Napier.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1562

Kuwait Finance House launches unique new family of transparent cards

Tuesday, , April 26, 2011

Kuwait Finance House (KFH) announced the launch of a new family of transparent banking cards that are highly secured. These exciting new designs will replace its existing credit, prepaid, and ATM cards going forward. The new family of KFH cards, have a unique design identity, which makes it the first of its kind in Kuwait and the Middle East. These cards besides being secure with the Chip also have 3D security for Internet transactions.

The cards are scratch resistant and have higher durability. This step comes as part of KFH's efforts to keep offering its customers state of the art products with the latest technology in the banking and e-payment fields in a brand new unified look.

KFH's AGM for Banking Sector Mohammed Al-Fozan stated that the new cards are transparent and have a smart microchip, and that they reinforce security procedures taken by banks worldwide to combat electronic crimes, which makes clients feel safe and secure, in addition to offering users a wide variety of financial options.

He added that the new design of the card that was produced in collaboration with Oberthur, London, focused on creating an International design with an Islamic flavor to identify with KFH.

He noted that all current banking cards will be changed gradually, where clients will receive their new cards on renewal. Clients can also request for replacement of their cards in any of KFH branch before renewals. KFH customers who open new accounts will receive the new cards.

Moreover, Al-Fozan said that KFH is proud to be the first bank in Kuwait and the region to make this initiative, and hoped that this step would reinforce KFH's competitiveness among other banks in the region. He further explained that by offering KFH customers world class products like these cards our intent was to promote electronic use of funds conveniently and with the highest security. KFH was the first local bank that implemented the chip card in all its banking cards, which allowed KFH to possess an effective banking cards' market share.

It is worth noting that KFH had topped the ratings of platinum and golden banking cards in Kuwait, according to Forbes-Middle East magazine list of best 73 credit cards in its March issue, where KFH's platinum card ranked first in Kuwait and fourth in the Middle East.

KFH's golden cards ranked first in Kuwait and fifth in the Middle East, while KFH's classic cards ranked second in Kuwait and third in the Middle East.

<http://www.ameinfo.com/263238.html>

Meezan Islamic Bank Launches Laptop Financing

Wednesday, , April 27, 2011

It has been reported that Pakistan's first and largest Islamic bank, Meezan Bank has launched a new consumer financing product that will allow customers to purchase laptops on easy installments.

The new product called Laptop Ease is being offered for repayment periods ranging from 3 months to 24 months. The bank will not charge any profit or return for customers who opt for the 3 month or 6 month installment plan.

The product has been launched in collaboration with New Horizon and is available for only HP laptops. New Horizon will provide two years warranty with parts along with nationwide after sales services at the customers' doorsteps.

Mohammad Raza, Head of Consumer Banking of Meezan Bank and Rahim Eqbal, COO of New Horizon signed the MoU at Meezan Bank's Head Office. "Meezan Laptop Ease" through which customers can purchase Hewlett Packard (HP) laptops, equipped with the latest features under a Halal financing scheme, is another step towards achieving Meezan Bank's Vision of making Islamic banking the banking of first choice. Through this Riba-free facility, customers will be able to acquire laptops at easy installments for periods ranging from 3 to 24 months.

Speaking at the occasion, Raza said that Meezan Bank has an active focus on developing customer-friendly, Islamic alternatives to conventional banking products, in line with its Mission to offer a one-stop shop for innovative value-added products and services to the customers within the bounds of Shariah.

Meezan Bank is the first and largest Islamic Bank in Pakistan having a network of over 220 branches in over 60 cities across Pakistan. Meezan Bank offers a complete range of Islamic banking products and services, including free online banking for all Pak Rupee account at all its branches. The Bank's retail banking network is supported by 24/7 banking services that include over 175 ATMs, Internet Banking, VISA Debit card and a 24-hour Call Center. The Bank's VISA Debit card allows its customers to shop at more than 30 million merchants worldwide and withdraw funds from their accounts from more than 1.4 million ATM's worldwide.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1567

Kuwait Finance House Launches its New Branch in Kota Bharu

Wednesday, , April 27, 2011

Kuwait Finance House (Malaysia) Berhad (KFHMB), the first foreign Islamic bank in the country, launched its newest branch in Kota Bharu, Kelantan. The official ceremony held at the branch was graced by the presence of KDYMM Sultan Muhammad V, the Sultan of Kelantan, His Excellency Monther Bader Sulaiman Aleissa, the Ambassador of Kuwait and officers from the State Government of Kelantan.

Commenting on the development, Puan Jamelah Jamaluddin, Chief Executive Officer, KFHMB said, "We are happy to explore opportunities and strategic partnerships for growth in the State of Kelantan. We hope to share the KFH Group Islamic finance expertise and experiences of over 30 years from the Middle East and play a major role in attracting foreign investors."

The new branch offers KFHMB's full range of Shariah-based products and services to the business sector as well as retail customers. These include KFH Gold Account - i, KFH Automobile Ijarah - i, KFH Personal Financing - i Hajj and Umrah and KFH Home Financing - i, among others.

Explaining the location, Puan Jamelah said, "We have chosen the State of Kelantan and the city of Kota Bharu as our foray into the East Coast to allow us to reach and serve our growing customer base in the East Coast. The opening of this branch is part of our overall strategy to strengthen our retail banking network."

She also thanked the authorities of the State and regulators such as Bank Negara Malaysia, for their continued support towards Kuwait Finance House, and for the assistance in realising the new branch.

"I hope our presence in Kota Bharu will enable us to better contribute to the State's community-based initiatives and play a major role in enhancing the lives of people in these areas," she added.

In addition to KFHMB's existing branches in Kuala Lumpur, Shah Alam, Klang, Johor Bahru, Pulau Pinang, Kuching and Kota Kinabalu, the Bank also operates a Bureau de Change at KLIA, LCCT and KL Sentral.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1568

Sharjah Islamic Bank launches 'Shares Murabaha' product

Wednesday, , April 27, 2011

Sharjah Islamic Bank (SIB) has announced the launch of 'Shares Murabaha', the latest addition to its portfolio of leading Islamic banking products. Through its Shares Murabaha product, SIB offers investors easy access to financial market shares, which it purchases on their behalf. The investors are able to sell shares at any time through Murabaha without the need for pledges, which provides liquidity.

Shares Murabaha paves the way for investment in companies listed on the Abu Dhabi Securities Exchange and Dubai Financial Market, and will give investors the flexibility to sell their shares whenever they want.

Speaking on the launch of the new product, Jassim Al Baloushi, SIB's Head of Retail Banking Group, said, "Stock markets are currently one of the most attractive investment destinations for investors, particularly as the UAE's securities markets have recovered from the impact of the global financial crisis. However, a large number of investors are reluctant to enter this sector due to the complicated financial procedures and the required guarantees and commitment".

"SIB's innovative Shares Murabaha product will contribute to encouraging and stimulating investment in the stock market, and will help make the investment experience convenient and pleasant. We are expecting a high demand for this product, in line with the pace of investment in ADX and DFM," he added.

Shares Murabaha is a Shari'a-compliant that offers fast approval, simple and straightforward procedures, high financing amounts, long repayment tenures, instant purchase, and the ability to sell any time without shares pledge.

Since its successful transition from conventional to Islamic banking in 2002, Sharjah Islamic Bank has offered a variety of Shari'a-compliant products that cater to the needs of individuals, companies, institutions, as well as investment and international banking services. As a result of well-considered strategies and careful planning based on risk management and cost control, SIB has seen unprecedented growth. The bank currently has 23 branches located across the UAE, in addition to more than 100 ATM and deposit machines installed in residential districts and other vital areas such as shopping malls and entertainment centres.

<http://www.zawya.com/story.cfm/sidZAWYA20110427100302>

Ajman Bank Dismisses Plan for Realty Fund

Thursday, April 28, 2011

It has been reported that Ajman Bank has cancelled plans to launch a real estate fund, citing adverse market conditions.

Our real estate fund was cancelled due to recent market conditions. Of course, the fund was never launched," the bank said in an emailed statement.

In 2010, the Shariah-compliant bank had said it plans to launch a property fund, but had then refrained from stating the size or time for the fund's launch. The Dubai Financial Market-listed bank is the only entity till date to offer end user finance under the Tayseer - the guaranteed funding - initiative of the Dubai Land Department.

Mohamed Amiri, Deputy CEO, Ajman Bank, had told this website that they had agreed with the Land Department to initially start end-user financing and had set aside Dh4 million to fund properties under the programme.

"Home financing is a core part of our bank's business. The agreement will have a positive impact on the UAE's overall economic climate by increasing liquidity and boosting the Dubai real estate sector," he had said.

In the past two years, a number of real estate and fund management companies had announced plans to launch realty funds. However, most of them till date haven't been successful in launching their funds.

Among the many was Deyaar Development, which announced in 2009, plans to launch a distressed fund worth Dh500 million. However, the fund failed to take off as international investors pulled out.

Later, Gowealthy Capital Limited, an investment company registered with Dubai International Financial Centre, said it was working on facilitating launch of four funds worth \$435 million (Dh1.6 billion) in the second and third quarter of 2009. No details of the fund were released.

Ajman Bank has reported a net profit of Dh4 million for 2010 compared to Dh1.1 million in 2009 due to strong growth in income from its core activities.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1571

3. SUKUK (ISLAMIC BONDS)

Rajhi Announces Groundbreaking Sukuk Issuance

Monday, , April 25, 2011

It has been reported that Shariah compliant Al Rajhi Cement Company has become 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. 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. Capital Bank and included Cairo Amman Bank, Cairo Amman Bank, Jordan Bank, Islamic International Arab Bank, Islamic International Arab Bank, Union Bank, Union Bank, Jordan Kuwait Bank, Jordan Kuwait Bank and the Arab Islamic Bank, 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, Capital Investments, the investment arm of Capital Bank, Capital Bank.

Bassem Salem, chairman of Capital BankCapital 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.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1556

Indonesian Government to Initiate Issuance of 10-Year Dollar Bonds

Wednesday, , April 27, 2011

Indonesia aims to initiate a benchmark-sized sale of 10-year dollar bonds shortly with a price level cited in the "low 5 percent area" as reported by Reuters.

Indonesia Finance Ministry's head of fiscal policy, Bambang Brodjonegoro, announced today in Jakarta that there is a possibility that Indonesia may sell global bonds in the "near future" he did not reveal any specific details. Bloomberg reports that three investors that were informed about the 10 year dollar bond issuance revealed that Indonesia may sell the debt at 5.125 percent.

It can be stated that the appetite of Indonesia's debt which is almost applicable for investment grade rating remains robust. As incase this bond issuance is realised, the yield on this paper would be lower than Indonesia's last dollar bond in January 2010 when it raised \$2 billion, With the prevailing zero global interest rate and Federal Reserve's quantitative easing policies the Developing-nation debt offerings are off to a record start . These policies have lead to attracting the biggest investor flows to emerging-market bonds on record in 2010. EPFR Global data reveals that the issuance of international debt from emerging markets rose by 8 percent this year to \$256 billion relative to last year. According to data compiled by Bloomberg. Indonesia had a budget deficit of 0.6 percent of gross domestic product in 2010.

"There's a lot of emerging-market, dollar-denominated funds that will be interested in participating," shared Rajeev de Mello, who helps oversee \$454 billion as head of Asian investment in Singapore at Western Asset Management Co., the Pasadena, California-based fixed-income unit of Legg Mason Inc.

“Indonesia is a country that a lot of people like. The total debt to GDP is low. There’s not that many Asian dollar- denominated bonds anymore in the sovereign space” that will be issued this year, he said.

According to prices from Royal Bank of Scotland Group Plc the yield on Indonesia’s 5.875 percent U.S. currency bond due March 2020 fell by two basis points, or 0.02 percentage point, to 4.84 percent as of 5:16 p.m. in Jakarta. The yield climbed 25 basis points this year.

On the whole the spread has narrowed relative to last year to 169 points as Bloomberg data reveals that the last 10-year dollar bonds were sold in January 2010 at a 228 basis point yield premium over U.S. Treasuries

. HSBC Holdings Plc compiled index shows that the dollar debt of Southeast Asia’s largest economy has returned 7.4 percent over the past year. Indonesia is giving the fourth-best Asian nation index returns after the Philippines, Thailand and China.

Indonesia’s credit ratings were improved this month. The three major ratings rank Indonesia a level below Investment grade. Standard & Poor’s increased Indonesia’s sovereign credit rating to BB+ in April and this depicts that the country has a positive investor outlook. Furthermore Moody’s Investors Service raised Indonesia’s credit ranking to Ba1 on Jan. 17, citing the nation’s “economic resilience” and improving debt position. Fitch Ratings assessed Indonesia’s credit ratings as BB+.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1569

\$530m sukuk listed on Bahrain Bourse

Wednesday, , April 27, 2011

The BD200 million (\$530.4 million) Government Islamic Leasing Sukuk issued by the Central Bank of Bahrain on behalf of the government has been listed on the Bahrain Bourse.

Bourse director Fouad A Rahman said the five-year sukuk would mature on April 7 2016.

The sukuk pays an annual fixed interest rate of 5.5 per cent payable every six months on October 7 and April 7 during the issuance period.

The minimum investment in the sukuk is BD10,000 or multiples thereof.

Following the listing of the Government Islamic Leasing Sukuk, the number of conventional bonds and sukuk listed on the bourse reached 13 issues with an approximate total value of \$4.69 billion.

http://www.tradearabia.com/news/CM_197586.html

MARC downgrades Dawama SDN BHD's junior sukuk rating to 'D', maintains senior sukuk rating at 'CIS'

Friday, , April 29, 2011

MARC has taken the following actions on the Dawama Sdn Bhd's (Dawama) RM140.0 million Sukuk Musyarakah Medium Term Notes Programme comprising RM120.0 million Senior Sukuk and RM20.0 million Junior Sukuk:

MARC has lowered its rating on the Junior Sukuk to 'D' from 'CIS' to reflect missed profit payment on April 27, 2011 following notification from the Sukuk trustee that it has been instructed not to release any profit payment on the Junior Sukuk. MARC will cease rating surveillance on the defaulted Junior Sukuk from today.

MARC's rating on the Senior Sukuk, meanwhile, remains unchanged at 'CIS' following confirmation from the trustee that Senior Sukukholders have consented to defer scheduled principal repayment of RM20.0 million on April 27, 2011 until September 27, 2011. Nonetheless, Dawama met its April 2011 profit payment on the Senior Sukuk. MARC understands that Senior Sukukholders will be duly compensated for the overdue principal repayment. MARC will continue to review management's ability to manage its cash flows through the next payment date. The rating will be lowered to 'D' in the event no payment is made on September 27, 2011.

Dawama holds a concession to print school textbooks on behalf of statutory entity, Dewan Bahasa dan Pustaka.

<http://www.zawya.com/story.cfm/sidZAWYA20110429111701>

4. TAKAFUL (ISLAMIC INSURANCE)

Takaful to expand agency force to 2,500

Sunday, , April 24, 2011

The first Takaful operator in Malaysia, Takaful Malaysia Bhd aims to grow its agency force to 2,500 this year as part of efforts to expand its business, its General Manager for Retail Agency, Mohd Suhaimi Ahmad said.

Since the introduction of the three-tier agency model in March 2010, the agency team of the company has grown to 800 active agents and 66 dedicated agency leaders, he said.'

"We are looking for suitable candidates with interest and high enthusiasm to succeed," he told reporters on the sideline of the ongoing Malaysian Unit Trust

Week (MSAM) 2011 in Ipoh today.

Mohd Suhaimi said Takaful Malaysia has programmes and courses in the pipeline for interested agents to train and enhance their product knowledge, sales and recruitment skills while unleashing their potential to excel in their agency business.

He said suitable candidates should realise that the penetration rate of the Takaful business was only 11 per cent against conventional insurance which had 43 per cent.

This again shows that the community is aware of the importance of insurance, he said.

"Our vision and mission is not only to be the preferred choice of insurance but also to be the preferred choice of company for agents to expand their businesses," he said.

Incorporated on Nov 29, 1984, Takaful Malaysia has an authorised capital of RM500 million and a paid-up capital of RM162.817 million.

Currently, it has 31 branches, seven Takaful myCare Centres, five Takaful myDesks and one Takaful Retail Centre nationwide with current assets under management at RM4.9 billion at group level.

<http://www.btimes.com.my/articles/20110423202335/Article/>

Takaful Brunei Hands Over Business Tithe

Friday, , April 29, 2011

Takaful Brunei Am Sdn Bhd handed over its zakat perniagaan or business tithe for the year ended June 2010 yesterday at the Ministry of Religious Affairs.

A sum totalling B\$144,656.74 was handed over by Pehin Orang Kaya Seri Dewa Major General (Rtd) Dato Seri Pahlawan Awang Haji Mohammad bin Haji Daud, Chairman of Takaful Brunei Darussalam Sdn Bhd and its subsidiaries, to Deputy Minister of Religious Affairs cum Acting Chairman of Brunei Religious Council, Pengiran Haji Bahrom bin Pengiran Haji Bahar.

In 2010, Brunei Islamic Religious Council received B\$16,528,674.41, of which B\$3,805,103.28 were from 45 business companies in the country.

<http://email.brudirect.com/index.php/2011042846159/Local-News/takaful-brunei-hands-over-business-tithe.html>

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

Takaful Emarat ties up with RAMMY to make world class Shariah-compliant funds accessible to its customers throughout UAE

Sunday, , April 24, 2011

Takaful Emarat announced their partnership with Reliance Asset Management (Malaysia) Sdn. Bhd. (RAMMY), the Islamic asset management arm of Reliance Capital Asset Management Limited, India (RCAM). This announcement was made by Mr. Ian Lancaster, Chief Executive Officer, RAMMY with Mr. Ghassan Marrouche, General Manager, Takaful Emarat.

As part of the alliance, Takaful Emarat will offer its customers three Shariah-compliant funds managed by RAMMY - WSF Reliance Global Shariah Growth Fund, Reliance India Shariah Growth Fund, and the proposed Shariah Equity Growth fund investing into China and India.

Speaking on the announcement, Mr. Ghassan Marrouche, General Manager, Takaful Emarat, said, "Our partnership with Reliance Asset Management (Malaysia) Sdn. Bhd. signifies a landmark achievement for Takaful Emarat in promoting Shariah-compliant savings and insurance products in the UAE. This partnership will enable our customers throughout UAE to have Shariah-compliant insurance products not only competitive in pricing but also flexible and affordable to meet their needs."

"We are proud to announce this alliance with Takaful Emarat, one of the leading Takaful operators in the UAE. Takaful Emarat 's credibility, reputation for quality, and high standards,

make it an ideal partner in providing Reliance Asset Management (Malaysia) Sdn. Bhd.'s Shariah-compliant investment solutions across the UAE," said Mr. Ian Lancaster.

This announcement is part of RCAM's Islamic Asset Management strategy wherein it plans to develop its Malaysian subsidiary as a global Islamic finance hub for Shariah-compliant products. The partnership will allow RAMMY to offer a comprehensive range of diverse Shariah-compliant unit-linked insurance products to Takaful Emarat's valued clients through Shariah-compliant funds managed by RAMMY

<http://www.ameinfo.com/263017.html>

New guidelines for Islamic investment funds

Thursday, , April 28, 2011

The Bermuda Monetary Authority has announced the publication of guidelines to help individuals and companies set up Islamic investment funds in Bermuda.

The guidance notes will assist prospective applicants looking to establish such funds to comply with Bermuda's funds regulations, specifically the Investment Funds Act 2006. They also complement the Island's efforts to promote the jurisdiction as a domicile of choice for Islamic financial products.

Jeremy Cox, CEO of the BMA, said: "The Authority is pleased to confirm that Bermuda's regulatory framework can accommodate these types of products. By issuing the guidance notes we are helping the market take advantage of this potential business opportunity for Bermuda, while ensuring the sector remains appropriately regulated.

"As Bermuda's financial services regulator, the Authority is keen to ensure that this jurisdiction upholds the highest standards in regulation, while at the same time maintaining a regulatory environment that supports business growth and development. This development is a clear example of the Authority's work in this regard."

The Authority drafted the notes following a review of the Island's regulatory regime for investment funds. The review found that there was no impediment to authorising Islamic investment funds in Bermuda under the current framework. However, the notes provide guidance on a number of issues which such funds may need to consider in complying with the existing regulatory framework, such as required disclosures, notification of material changes, and the role and responsibilities of the Shariah Supervisory Board, a body required under Islamic law to ensure such fund products conform to Islamic principles.

<http://www.royalgazette.com/article/20110428/NEWS/704289898/1001/business07>

Islamic Finance Industry Has More Room To Advance In Corporate Governance

Friday, , April 29, 2011

Malaysia's Islamic finance industry has more room to advance in corporate governance practices and to be in the global platform as its prudent regulatory framework is seen as a global benchmark.

Malaysia has a comprehensive regulatory and governance framework that catered to the unique characteristics of Islamic finance with stronger standards, said Deloitte's Global Islamic Finance Leader Daud Vicary Abdullah.

"We need to play by the global rules to be on the global platform. We have a good level of regulatory and governance framework that could be benchmarked as world standard," he told reporters after a talk series on Corporate Governance Lessons For Islamic Financial Institutions here Friday.

"Malaysia is in a leadership position in Islamic finance and it gives a better platform to move global," he said.

He said Malaysia needs to incorporate and practise skills to excellent level that would set the direction to be a global leader in all segments of Islamic financial services.

"Transparency, corporate governance, risk management, accountability, press freedom, human rights, democratic rights and legal governance are among the skills

"Excellency in upholding these skills had led New Zealand to be ranked as the top country in the Islamic City Index, a study conducted by George Washington University students last year, followed by Luxembourg and Ireland," he added.

Malaysia was ranked 34th, the top Muslim nation, followed by Kuwait in the 46th ranking, among the 208 countries.

Daud said non-Islamic countries were behaving more Islamic than Muslim nations due to the excellent conduct in skills.

The intellectual discourse talk series was hosted by the International Centre for Education in Islamic Finance established by Bank Negara Malaysia.

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=582821>

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

IFSB's debut summit in Europe attracts widespread interest

Sunday, , April 24, 2011

This year's 8th annual summit of the Islamic Financial Services Board (IFSB), scheduled to be held at the New Conference Centre Kirchberg in Luxembourg on May 10-13, is already making an impact.

The summit, hosted by the Banque Centrale de Luxembourg, is attracting particular interest from the European Union in addition to the traditional markets in the Middle East and Asia.

The summit indeed will be held for the first time in a EU country and Luxembourg is threatening to overtake the UK and France in spearheading Islamic finance in Europe.

For various reasons, the UK model of Islamic Finance is dissipating following hesitation by the UK Treasury in issuing a debut sovereign benchmark sukuk in the wholesale sterling market. At the same time, the five UK Islamic banks have had a tough two years and only one, the Bank of London and the Middle East, has reported a profit for 2010.

Indeed, Luxembourg remains the only EU country to accede to membership of the IFSB and is also a founding member and equity subscriber of the recently established International Islamic Liquidity Management Corporation (IILM).

The summit will also be the last one over which IFSB Secretary General Rifaat Abdel Karim will preside. He is leaving an institution that he has served in the above capacity since it was established in 2002.

Under his watch, the IFSB has grown from a handful of few founding members to a staggering current membership of 195 institutions comprising 53 supervisory and regulatory authorities from the banking, capital markets and Islamic insurance (Takaful) sectors in 41 jurisdictions, six international inter-governmental organizations, and 136 market players (financial institutions, professional firms and industry associations).

Rifaat will be succeeded by Jaseem Ahmed, until recently a director of the Southeast Asia department of the Asian Development Bank (ADB).

A bevy of prominent participants will converge on the Duchy next month. They include Mulyani Indrawatim, managing director of the World Bank Group; Zeti Akhtar Aziz, governor of Bank Negara Malaysia; Yves Mersch, governor of the Banque Centrale de Luxembourg; Rasheed Mohammed Al-Maraj, governor of the Central Bank of Bahrain; Faris A. Sharaf, governor of the Central Bank of Jordan; Sanusi Lamido Aminu Sanusi, governor of the Central Bank of Nigeria and Sultan bin Nasser Al-Suwaidi, governor of the Central Bank of the United Arab Emirates.

Other prominent executives who have confirmed their participation include Huseyin Erkan, chairman of the Istanbul Stock Exchange, Turkey; Paul Koster, chief executive, Dubai Financial Services Authority, UAE; Makoto Utsumi, president and chief executive officer of the Japan Credit Rating Agency Ltd. and former vice minister of finance; Philipp Wackerbeck, principal, Booz & Company in Germany.

In the aftermath of the 2008-2009 financial crisis, the global financial industry is considering and in the throes of implementing several changes in prudential controls, stricter supervision and better governance, all to promote financial stability and to preempt the excesses of market practice that undermined the system so badly.

Although the Islamic financial sector was less affected by the crisis, the industry did not escape its economic impact.

This year's summit theme, "Enhancing Global Financial Stability: Challenges and Opportunities for Islamic Finance" embodies the increasing globalization of Islamic finance and its ambitions and aspirations of seeking a legitimate role in contributing to global financial stability and economic growth in the aftermath of the devastating financial crisis in market capitalism which brought the global financial system to the brink of collapse.

The five session topics of the summit include international developments in regulatory landscape and its implications for Islamic finance; financial stability: regional and global cooperation; developing capacity building to enhance financial stability in the Islamic financial

services industry; enhancing transparency and market discipline and information environment; and a panel discussion on issues in enhancing global financial stability.

The main proceedings will be preceded by three traditional pre-summit events, including a workshop on Islamic finance and IFSB standards for institutions offering Islamic financial services and Islamic capital markets; IFSB country showcases by Luxembourg and Malaysia; and a special session on liquidity management in the Islamic financial services industry that the IFSB is organizing on May 10-11.

The workshop on Islamic finance will cover concept and contracts of Islamic finance and the guiding principles on conduct of business for institutions offering Islamic Financial services as well as examine case studies.

It will be followed by concurrent sessions comprising an overview and recommended case studies on the standard on capital adequacy requirements for Sukuk, securitizations and real estate investments and an overview and case studies on guiding principles on governance for Islamic collective investment schemes.

Mersch will open the Luxembourg country showcase, which is being organized by international auditing firm PwC (Luxembourg) and FWU International (Luxembourg) SA, the subsidiary of the German FWU AG Group, a leading finance service provider with system solutions in the investment field.

Similarly, Aziz will give the welcome address at the Malaysia country showcase, which is also organized by the Malaysian central bank in conjunction with its dedicated entity, the Malaysia International Islamic Finance Centre (MIIFC).

In the first country showcase, the emphasis will be on sukuk and listings, Islamic funds and on Takaful. According to data from international auditing and consultancy firm Ernst & Young, Islamic investment funds assets under management currently amount to almost \$52 billion comprising 700 funds worldwide, most of which are dedicated to equities.

Prominent Shariah scholars such as Mohammed Daud Bakar are urging the international Islamic funds industry to offer more innovative areas of investment and to expand into hitherto untapped geographical markets.

In the Malaysia country showcase, prominent international fund manager, Mark Mobius, executive chairman of Templeton Emerging Markets Group, will deliver a special lecture following Zeti's opening address. Mobius's lecture will be followed by a question and answer session and a Malaysia business panel moderated by John Lee, group chief risk officer, Maybank Group.

The showcases will be followed by a special session on liquidity management in the Islamic financial services industry organized jointly by the IFSB and Banque Centrale de Luxembourg.

The timing of this session is extremely pertinent given the Islamic liquidity management challenge, especially cross-border short-term liquidity management, in the global industry and the commencement on Feb. 1, 2011 of operations by the multilateral International Islamic Liquidity Management Corporation (IILM), an initiative by the IFSB.

The urgency of a Shariah-compliant liquidity management mechanism cannot be overstated. Markets all over are demanding a well-established short-term hard currency international liquidity management scheme to meet their various overnight, daily, monthly and even yearly requirements.

In fact, the lack of a global Islamic interbank market and a liquidity management scheme according to several Islamic bankers has hampered the systemic development of the Islamic finance industry.

But in the aftermath of the global financial crisis and the credit crunch, a renewed effort has been initiated to come up a mechanism that is truly global, effective, efficient and Shariah-compliant.

This effort culminated in the establishment of the IILM in October 2010, following the publishing of a report on Islamic liquidity management by the IFSB, which maintains that the IILM "is a major breakthrough in the Islamic financial industry development as it will provide liquid short-term Shariah-compliant instruments that would promote further the competitiveness and resilience of international Islamic financial services globally."

IILM will issue papers periodically in tranches in different currencies. The first two tranches will be in the US dollar and the euro.

<http://arabnews.com/economy/corporatenews/article371885.ece>

Dubai Islamic Bank kicks off Al Islami Festival

Wednesday, , April 27, 2011

Dubai Islamic Bank (DIB) started 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.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1565

Islamic finance global leaders gather at the Amanie-Failaka Symposium

Thursday, , April 28, 2011

Global leaders in Islamic finance gathered 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.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1570

Global Finance magazine names KFH Best Islamic Financing Institution in the GCC in 2011

Saturday, , April 30, 2011

(KFH) received Best Islamic Financing Institution award in Kuwait and GCC from Global Finance magazine, as part of the prestigious magazine's awards for best Islamic financial institutions in the world in 2011 for the fourth consecutive year.

The magazine stated in its report that the awarded financial institutions contributed in the growth of Islamic finance, and managed to meet the demands of its clients for various Islamic products. It noted that the selections that were made by financial and experts and analysts from around the globe, were based on several professional criteria, such as growth in assets and

profits, geographical expansion, strategic relationships, the upgrading of services, and technical innovation.

Meanwhile, Kfh's CEO Mohammed Al-Omar said that receiving such a prestigious award from Global Finance, serves to highlight Kfh's initiatives to offer its clients the best level of services possible, whether individuals or institutions. He added that Kfh continued to play its role in the financing sector during the financial crisis, while other financial institutions were reluctant to follow in its footsteps in that field. Kfh continued to shoulder its responsibilities because it believes it has a role to play in assisting the national economy through supporting Kuwaiti companies; thus allowing them to function optimally again. He went on to say that the bank played an effective role in restructuring several institutions through granting them the required financing according to the internal terms and regulations followed.

Moreover, he remarked that Kfh is willing to finance major development plan projects, since the concerned authorities rely on Kuwaiti banks to shoulder this responsibility, while banks await such opportunities to channel their liquidity into fruitful investment opportunities. He revealed that kfh is highly experienced, since it has financed major developmental projects in the field of infrastructure in the region, such as the oil, gas, airports, communications, and other sectors.

The magazine's publisher Joseph Giarraputo said that Islamic finance is the fastest growing area of finance worldwide, with more than 300 financial institutions that are either fully Islamic or selling Islamic finance products, in addition to hundreds of Islamic investments banks and insurance companies.

http://www.zawya.com/story.cfm/sidZAWYA20110430072825/Global_Finance_magazine_names__KFH_Best_Islamic_Financing_Institution_in_the_GCC_in_2011
