

Report # 172
BUSINESS AND POLITICS IN THE MUSLIM WORLD
Weekly Report on Global Islamic Finance
Period: May 15 – May 22
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Summary:

Islamic Finance is set to help aid the Middle East economy as already commodities such as Sukuk and Takaful are providing various profits for the oil rich nation.

The Islamic instruments in Abu Dhabi should be invested towards the development of an entrepreneurial middle class so that long-term economic progress and job creation can be guaranteed, Dr Volker Nienhaus, economic adviser and former president of the University of Marburg, said at 19th International Conference on Investment Rules and their Impact on Economic Development.

The Islamic Financial Services board has given top priority for the Islamic finance industry and is due to work on the development of facilitating a wider audience and customer base for Islamic financing worldwide.

At its 8th Annual Summit in Luxembourg last week and held for the first time in Europe, new Secretary-General Jaseem Ahmed; summit host, Yves Mersch, Gov. Banque centrale du Luxembourg; and Faris Sharaf, the chairman of the IFSB governing council and governor of the Central Bank of Jordan were indeed upbeat about the remarkable performance of the global Islamic financial services industry amidst the more challenging environment presented by the recent international financial crisis.

Kuwait Finance House "KFH" received the best Islamic real estate finance provider in the world from Global Finance, the world prestigious magazine. This comes as part of the awards the magazine granted to world best financing institutions in 2011.

AlHuda Centre of Islamic Banking and Economics is going to be organizing world's largest Islamic Microfinance Conference for Poverty Alleviation.

AlHuda Centre of Islamic Banking & Economics (CIBE) and AKHUWAT are organizing International Conference on Islamic Microfinance on June 13, 2011 at Faisal Auditorium Islamabad wherein delegates from 12 countries will grace the occasion and 800 participants will attend this mega event. The aim of this conference is to choke out the plan of poverty alleviation on national and international scale to lessen poverty, social welfare and to tackle other problems pertaining to it

The awards are granted based on an assessment conducted by experts from around the world who participated and studied the role of "KFH" in real estate activities since its inception, as well as its various contributions to the field of finance and real estate development.

1. GLOBAL ISLAMIC FINANCE

Dubai rescues Islamic lender to bolster bank sector

Monday, May 16, 2011

Dubai's government took control of Dubai Bank on Monday to prevent a collapse undermining the state's banking sector.

Dubai said it will inject an unspecified amount of capital into the bank and its takeover would protect depositors' interests.

"In terms of credibility of the UAE banking system, it was very important that the bank did not default. A default by Dubai Bank would have raised worries about other local banks operating in the country," Mohammed Yasin, chief investment officer at CAPM Investments in Abu Dhabi, said.

Options for Dubai Bank included being run on a stand-alone basis or merged with another state-owned bank, the government said in a statement.

Dubai already has stakes in six commercial banks in the UAE, including Emirates NBD, Dubai's largest by market capitalization, Dubai Islamic Bank and Noor Islamic Bank. Dubai Bank has been under scrutiny for a while.

"There have been questions raised about the sustainability and continuity of their operations for a while. The bank has some serious liabilities outstanding and those need to be addressed," CAPM Investment's Yasin said.

Fitch downgraded it in March, citing its weakened financial flexibility and exposure to Dubai entities that are being restructured. The ratings agency declined comment on Monday.

Dubai Bank has exposure to a syndicated \$2.25 billion Islamic tranche to Investment Corporation of Dubai which lenders agreed to refinance just two weeks ago.

At the end of 2009, Dubai Bank had total assets of AED17.4 billion (\$4.74 billion) against total liabilities of 15.7 billion dirham's. It made a loss of AED290.6 million.

It has not yet reported its 2010 results. Customer's deposits stood at AED14.9 billion at the end of 2009.

By contrast, Emirates NBD — formed by a 2007 merger of two local banks ordered by Dubai's ruler — had total assets of AED300.3 billion versus total liabilities of AED266.3 billion as of March 31, according to Reuters data.

Dubai has been restructuring state-linked firms to deal with a debt pile estimated at \$115 billion built up during a boom that put the emirate on the map for extravagant construction projects such as an indoor ski slope in the desert.

The extent of its problems became clear when flagship conglomerate Dubai World asked for a standstill on \$26 billion of debt in 2009. It eventually reached a restructuring deal with creditors late last year.

Neighboring Abu Dhabi has been central in keeping Dubai afloat. The UAE central bank and Abu Dhabi extended Dubai a \$20 billion lifeline in 2009. Dubai said the central bank and UAE finance ministry support the takeover.

Dubai Bank is wholly-owned by Dubai Banking Group which itself is 70 percent-owned by Dubai Holding. The remaining 30 percent is owned by developer Emaar Properties.

"It's positive because it reduces any uncertainty around the future commitments that Emaar or Dubai Holding would have to make to Dubai Bank," said Abdul Kadir Hussain, Chief Executive of Mashreq Capital.

"But the total economics are unclear. We don't know the size of the injection or how it will be financed."

Shares of Emaar, whose stake is worth 172.4 million dirhams, fell 2.2 percent. Dubai's index shed 1.5 percent at 0918 GMT. Emaar said it was "awaiting further directives and details from the Dubai Government in respect of the takeover."

The government said the bank's current management team will not be affected by the takeover. Dubai Bank reorganized its operations last year, positioning itself as a retail bank for premium customers with merchant banking on the corporate side.

There was speculation last year that Emirates Islamic Bank, an affiliate of Emirates NBD, was in talks to buy it.

And last month, Noor Islamic Bank's chief executive said it had no plans to merge with any other financial institution for the time being.

<http://arabnews.com/economy/article407700.ece>

Islamic Finance Set To Help the Middle East Economy

Monday, May 16, 2011

Islamic Finance is set to help aid the Middle East economy as already commodities such as Sukuk and Takaful are providing various profits for the oil rich nation.

The Islamic instruments in Abu Dhabi should be invested towards the development of an entrepreneurial middle class so that long-term economic progress and job creation can be guaranteed, Dr Volker Nienhaus, economic adviser and former president of the University

of Marburg, said at 19th International Conference on Investment Rules and their Impact on Economic Development.

The conference, which runs in the capital till tomorrow, yesterday saw

Government representatives, academicians and university students from across the Mena discuss the present global investment climate, the suitability of government rules and regulations for attracting foreign direct investment, and opportunities for economic growth.

Shaikh Nahyan Bin Mub-arak Al Nahyan, Minister of Higher Education and Scientific Research, who inaugurated the event, said the provision for an appropriate investment climate was a “fundamental requirement for instilling confidence in an economy and establishing it as a vital part of the global economy”.

On the sidelines of the conference, Dr Nienhaus told Gulf News that the promotion of enterprise among the middle class was the key to ensuring regional stability.

“Middle-income entrepreneurs usually run family businesses which do not sell speculative share on a stock exchange, and they are also less indebted. So if these entrepreneurs receive finance backed by real goods, as investments coming from Islamic instruments ideally should be, there is a real chance for long-term job creation. In addition, a middle class is integral to the creation of a sustainable knowledge economy,” he explained.

“In countries like Algeria and Morocco for instance, the colonialist system of capitalism still remains so that the elite are responsible for most of the enterprise and investment. In Egypt, private monopolies controlled by the wealthy replaced the public monopolies of yore. However, this elite segment is prone to shocks and volatility, which also hampers the job market greatly,” Dr Nienhaus said.

A strong middle class that can provide a large proportion of the economy’s total number of jobs, as is the case in the EU and the US therefore protects against job market volatility and subsequent civil unrest.

“For Egypt to create an entrepreneurial middle class might take decades, and this is where countries like the UAE, which has an abundance of liquid capital, has an opportunity to both step in as well as benefit from the returns of the investment,” he added. He also advised the use of Sharia-compliant finance to develop Mena region economies.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1622

Banks want to manage Islamic banking loans till maturity

Tuesday, May 17, 2011

DOHA: Asked to close down their Islamic banking arms by 2011-end, conventional banks want to continue to manage the loan portfolios of the concerned units until their maturity.

These portfolios are proposed to be managed independently of the bank’s mainstream conventional operations, as a special case.

Conventional banks are, though, willing to convert their Islamic banking branches into commercial ones after the closure deadline of December 31, as directed by the Qatar Central Bank (QCB).

Concerned banks are gearing up to soon make a joint plea with the above proposals to the banking regulator, the QCB.

Individual banks are busy making extensive reports of their Islamic banking activities.

The banks want the QCB to rid them of their liabilities by the closure deadline of December 31 but at the same time want to keep managing their assets (loans) until their maturity ends.

The banks want the customers of their Islamic units to be given the choice to either transfer their accounts to Islamic banks after the closure of the Islamic arms or shift them to the conventional operations of the same bank.

<http://www.thepeninsulaqatar.com/business-news/152497-banks-want-to-manage-islamic-banking-loans-till-maturity.html>

IFSB Top Priority Islamic Finance

Wednesday, May 18, 2011

The Islamic Financial Services board has given top priority for the Islamic finance industry and is due to work on the development of facilitating a wider audience and customer base for Islamic financing worldwide.

At its 8th Annual Summit in Luxembourg last week and held for the first time in Europe, new Secretary-General Jaseem Ahmed; summit host, Yves Mersch, Gov. Banque centrale du Luxembourg; and Faris Sharaf, the chairman of the IFSB governing council and governor of the Central Bank of Jordan were indeed upbeat about the remarkable performance of the global Islamic financial services industry amidst the more challenging environment presented by the recent international financial crisis.

This is reflected in the phenomenal growth of assets, albeit from a small base initially, reaching about fifteen percent per annum during the last decade and currently estimates at \$1.2 trillion with the potential to grow to \$4 trillion over the next few years. The growth, according to Ahmed, has been across all asset classes, including banking, Takaful, asset management and Sukuk; and across new geographical areas. The strengthening of Islamic finance in the Middle East, its gathering momentum in emerging economies, and its emergence in Europe are all part of this transformation.

Gov. Mersch stressed that Islamic finance stands for an ethical attitude and a viable and profitable proposition. "We in Luxembourg share this view. Luxembourg stands as an interface between Islamic finance and global finance," he added.

He warned that the world can do without the devastating global financial crisis it has witnessed over the last two years. Islamic finance developed to some extent as a result of this global development. "We will not be able to prevent the next crisis. But what we can do is to dampen the negative effects of the next crisis," he added.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1627

Abu Dhabi National Islamic Finance supports ADCC initiative with key sponsorship

Thursday, May 19, 2011

The Abu Dhabi National Islamic Finance (ADNIF), the Islamic finance and banking arm of NBAD, announced its sponsorship of 2011 ADNIF Grand Prix Blitz Chess Tournament, organized by Abu Dhabi Chess and Culture Club (ADCC).

2011 Abu Dhabi National Islamic Finance Grand Prix Blitz Chess Tournament begins on 29 May.

The sponsorship reflects ADNIF commitment to serving and building Abu Dhabi and the UAE by supporting milestones events and financing projects in different economic sectors to achieve Abu Dhabi Vision 2030.

It also confirms ADNIF's understanding and appreciation of roles played by arts, sports and recreational activities to encourage and facilitate sustainable development and welfare.

"This sponsorship reflects our strong relationship with Abu Dhabi Chess and Culture Club. ADNIF aims to provide Shari'a-compliant banking solutions and products to meet the ever expanding demands of our customers" said Aref Al Khouri, the General Manager of Abu Dhabi National Islamic Finance (ADNIF). "ADNIF looks-forward to support projects and activities that benefit all segments of the society".

The 2011 ADNIF Grand Prix Blitz Chess Tournament will commence on May 29th, 2011 and the finals will be held on December 5th, 2011 as part of the 40th National Day celebrations.

617 chess male and female players participated in last year's tournament; 234 of the participants were international rating players; 71 international title players; 25 grand masters; 18 international master; and 23 FIDE masters.

The 2011 ADNIF Grand Prix Blitz Chess Tournament will be held monthly in 2011 and the finals will be held as part of the 40th National Day celebrations. Best ten players in the tournament will participate in the finals along two significant players who will be announced later by the organizing committee.

ADNIF offers investment pools, asset management services, in addition to Murabaha, Mudaraba, and Istisna-based financing. It also offers Shari'a-compliant consumer finance facilities, trade finance, Wakala deposits, Reverse Murabaha, Investment deposits, current and savings accounts with ATM cards. ADNIF plans to expand its Shari'a-compliant services and products soon.

"We are delighted that Abu Dhabi National Islamic Finance (ADNIF) will sponsor Grand Prix Blitz Chess Tournament for the second consecutive year, and look forward to a mutually beneficial collaboration. This partnership is another example of the commitment by key organisations in Abu Dhabi to support major initiatives," said Hussain Abdulla Khouri, Deputy Chairman of Abu Dhabi Chess and Culture Club (ADCC).

Hussain Khouri expressed thanks and gratitude to Abu Dhabi Sports Council for its role in encouraging chess games and players. "Abu Dhabi has become an important sports centre and ADCC contributed positively in this by organising international events like the 18th Abu Dhabi

International Chess Festival in 2009, which was selected among most important sports activities that cemented Abu Dhabi's status. The Festival also attracted some of the best chess players in the world and encourages the development of chess locally," he said.

<http://www.ameinfo.com/265652.html>

2. ISLAMIC BANKING & INSTITUTIONS

Al Baraka's Q1 net rises 152%

Monday, May 16, 2011

Al Baraka Islamic Bank, a subsidiary of Bahrain-based Al Baraka Banking Group, has said its net income for the first quarter of the year, after setting aside provisions and tax charge, reached \$1.81m, compared with a loss of \$0.602m in the same quarter a year earlier, Gulf Daily News has reported. The increase in net profit reflects the improved quality

Of the income-generating assets as represented by a decline in the amount of non-performing assets, as well as a higher income from foreign trade finance and the arrangement of new financing deals, the lender said.

<http://www.ameinfo.com/265131.html>

Kuwait Finance House: Full-fledged range of banking products and offers to KFH clients during summer

Monday, May 16, 2011

Kuwait Finance House "KFH" provides a comprehensive and integrated range of services, products, and offers to its customers that coincide with summer vacation. Holiday times mark the increase in demand for several services that meet the needs of travelers or holiday goers during this important time of the year.

KFH's response is based on the corporate strategy aimed at quickly responding to customer needs.

Mr. Salem Abdul Wahab Al-Duwaisan, Deputy Director of Banking Cards Department, said that KFH offers its customers a variety of travel insurance programs to choose from.

The programs have been selected to suite their aspirations and needs throughout the year, especially during travel and vacations. He pointed out that these programs are in compliance with the provisions of Islamic Shari'a and provide many unique service features at best competitive discounted prices. The programs provide insurance protection coverage against all the traveler's needs starting from arrival at the airport and during the period of travel, including medical care, protection against accidents, and personal responsibility up to USD one million.

Al-Duwaisan explained: Takaful insurance programs for travel purposes provided by KFH are featured for quick and easy issuance from all its branches. The process takes few minutes and come with easy claim filing process in case of accidents.

These programs provide free immediate assistance service during travel through customer services when contacted from anywhere around the world. Al-Duwaisan pointed out that the travel insurance programs meet all KFH clients' needs, whether for individual or family insurance, regardless of the number of family members.

To add, these programs are flexible, covering all periods starting from as low as 7 days. The programs also cover requests for extended protection for multiple trips for a year which is acceptable at all foreign embassies and conforms to the requirements of "Schengen" visa.

Al-Duwaisan pointed out that customers can take advantage of a variety of credit cards offered by KFH known for the highest levels of security and confidentiality as well as flexibility and acceptance at various points of sale around the world. At the same time, KFH will continue throughout summer months to launch distinguished marketing campaigns for holders of all KFH credit cards types. These campaigns will offer KFH clients many exclusive benefits and privileges.

<http://www.ameinfo.com/265166.html>

Tamweel to Resume Trade on Dubai Financial Market

Monday, May 16, 2011

It has been reported that Tamweel the UAE's biggest Islamic mortgage lenders are due to resume trading on the Dubai Financial Market which expected to begin mid May 2011.

The decision came after Tamweel made more money during the first three months of this year than in the whole of last year. Net profit at the Islamic lender increased 430 per cent in the first quarter to Dh27.2 million (US\$7.4m) compared with the same period last year, the company said in a statement, announcing shares would resume trading in May 2011.

Shares in Tamweel were suspended in November 2008 when a liquidity crunch at the onset of the financial crisis forced it to cease trading. Amlak, its closest competitor, also had its shares suspended at the same time amid speculation the pair would be later merged. Amlak has not yet resumed trading.

Abdulla Ali al Hamli, the chairman of Tamweel, thanked shareholders for their patience during the two-and-a-half year period when their investment in the company was effectively frozen.

"Tamweel is well positioned to capitalize on improved economic conditions and will continue to serve the needs of the UAE home finance market," he said.

The lender's operating income decreased by 15.9 per cent to Dh151m in the first quarter over the same period last year, but net profit was boosted by a 68.4 per cent drop in provisions to Dh16m.

The resumption of trading in Tamweel shares follows an increase in the stake held by Dubai Islamic Bank to 58.25 per cent, which the company said would provide "significant liquidity and support".

The stock could be pulled in opposite directions upon the resumption of trading according to Jaap Meijer, a financial analyst at Alembic HC Securities. "On the one hand

you might see some selling pressure since it was suspended since 2008. On the other hand, the last traded price [99 fils] was about 45 per cent of book value."

Most other UAE lenders trade at about twice that, he said. The results showed some remaining pressure on margins, which was likely to have been as a result of more banks entering the home lending market and the "resumption of a normal mortgage market" following the boom and bust seen in 2007 and beyond, Mr. Meijer said.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1621

Barwa Bank to Expand Customer Base

Tuesday, May 17, 2011

Barwa Bank will be able to consolidate its position on the strong foundation built and the strong leap it made in 2010, chairman Sheikh Mohamed bin Hamad bin Jassim al-Thani has said. He was addressing the bank's general assembly meeting in Doha.

Sheikh Mohamed said Barwa Bank's strategy envisaged growing its customer base and becoming a leading Shariah-compliant financial group in the world. In line with this, the bank acquired First Finance and First Leasing companies following its 2009 acquisition of The First Investor Company. These will all be consolidated under the Barwa Bank Group, he said.

Barwa Bank started its operations during the difficult period that followed the global economic crisis, which caused major banks and financial institutions around the world to collapse. But by God's grace, Barwa Bank managed to avoid the consequences of the crisis. The bank entered a highly competitive financial market in Qatar and managed in a short time to establish itself among the major institutions, thanks to its clear strategic vision and the commitment of the executive management to the values of innovation and quality in execution," Sheikh Mohamed said.

Barwa Bank said it already started procedures to list on the Qatar Exchange, which are expected to be completed this year. Last year, the bank launched a set of new Shariah-compliant products and services and expanded the existing offerings. E-banking services were further developed through SMS and Internet banking, call centre and ATM network.

The bank also launched some key retail and corporate finance products. Among these were the home finance, car finance and personal finance offers. Barwa Bank established a 'business banking unit' last year to cater to the SME sector through a comprehensive range of Shariah-compliant products and services, which are aimed at supporting SMEs in line with the Qatar National Vision 2030.

With an authorized capital of QR2.5bn, Barwa Bank provides a full range of Shariah-compliant banking services including retail, corporate and commercial banking, and business banking private banking, real estate finance, structured finance, investments and asset management.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1625

Capital Management House Pays First Dividends to GCC

Tuesday, May 17, 2011

Capital Management House the Bahrain based investment bank, had announced that it has made the first distribution of dividends to investors of its aircraft leasing investment fund, which was established in partnership with Novus Aviation and Muzun Partner Ltd.

Early investors in the fund have received the first payment calculated at 10 percent per annum for the period ending 31 March 2011. Subsequent distributions will be made on a quarterly basis. Investors in the fund include a number of high-net worth individuals, family offices and institutions from across the GCC region.

The fund has been structured around a transaction with Emirates Airlines, one of the world's leading airlines, consisting of the acquisition of a Boeing 777-200ER aircraft from the airline and an agreement whereby it will be leased back to Emirates for a six-year period.

The fund is now being offered to additional investors across the region, providing them with a unique opportunity to benefit from positive trends in the global aviation industry, which has shown consistent long-term growth despite the various challenges in the financial markets, and in particular the opportunities in the Middle East region, which represents one of the fastest growing travel hubs in the world today.

Commenting on the announcement, Mr. Khalid M. Najibi, Managing Director of CMHCMH, said: "We are delighted to announce the payment of dividends, both underscoring the opportunities that exist in the aviation sector and leasing sub-segment as well as the ability of and our partners to effectively manage and leverage our investments.

The fund and our existing investment in the Boeing 777-200ER airliner acquired and leased back to Emirates has affirmed our strategy that acquiring income yielding assets not only provides the Bank and our investors with strong potential for capital appreciation over time but, importantly, ensures a recurring and sustained stream of income and the ability for us to deliver to our investors strong returns right from the outset. In today's climate investors are seeking income-yielding products with limited downside risk. Our aviation fund delivers this.

"Working with our partner Novus Aviation, a market leader in the aviation leasing industry, we are confident that we will continue to identify and execute additional opportunities that will similarly help to generate strong and steady cash flows as well as significant longer-term upside potential."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1624

Al Bakara Islamic Bank Receives Net Profits

Tuesday, May 17, 2011

Al Baraka Islamic Bank, a subsidiary banking unit of Al Baraka Banking Group, had announced excellent results for the first quarter of this year despite the recent unrest in the kingdom. These results highlight the strong financial position of the bank as well as the sound economic standing of Bahrain which remains business friendly.

The bank said that its 'operating income had increased by 67.3 per cent and net operating income by a staggering 151.75pc in the first quarter of this year compared with the first quarter of 2010. The bank's finance and investment portfolio had also increased by 6.1pc at the end of first quarter compared with the end of last year.'

The bank held its 28th ordinary annual general meeting (AGM), which discussed the directors' report covering the bank's activities during the last financial year.

The bank's Sharia Supervisory Board report for the last financial year and the auditor's report were also presented, following which the final accounts of the bank for the financial year were approved as well as the bank's plan for the implementation of the corporate governance for banks in accordance with the instructions of the Central Bank of Bahrain. Thereafter, a new board of directors was elected for the coming three years.

The new board of directors of the bank then held its first meeting, where it re-elected Khalid Rashid Al Zayani as chairman and Adnan Ahmed Yousif as vice-chairman. The financial accounts of the bank for the first quarter of 2011 show that the total income of the bank amounted to \$12.11m, compared with \$7.24m in the first quarter of 2010, reflecting an increase of 67.3pc.

After deducting all operating expenses, the net operating income amounted to \$2.24m, an impressive increase of 151.75pc compared with the first quarter of 2010.

After setting aside provisions and tax charge, net income amounted to \$1.81m for the first quarter of this year compared with a loss of \$0.602m in the first quarter of 2010.

The improvement in profit reflects the improved quality of the income-generating assets as represented by a decline in the amount of non-performing assets as well as a higher income from foreign trade finance and the arrangement of new financing deals.

The financial accounts of the bank for the first quarter of 2011 also show a slight decrease of 1.74pc in the total assets of the bank to reach \$1.32bn at the end of first quarter.

This was because of a 2.54pc decline in customer deposits and unrestricted investment accounts to reach \$1.08bn, while the financing and investments portfolio had increased by 6.1pc to amount to \$1.11bn as at the end of March 2011. Total equity amounted to \$162.76m at the end of first quarter, 2011, reflecting an increase of 0.66pc.

"We are proud to see a quick return by the bank to achieving good results, considering that the first quarter of this year has witnessed some unfavorable developments in the kingdom," Al Baraka Islamic Bank chairman Mr Al Zayani.

"Because of the strong economic and financial fundamentals of the kingdom, we were able to continue with our outstanding performance relying on the business strategy that we had launched last year.

"This was because our business strategy included many initiatives in the area of product diversification, expanding the branch network, enhancing our foreign trade finance operations and other initiatives that have had good impact on the bank's results in the first quarter of 2011."

Mr. Yousif, who is also the president and chief executive of Al Baraka Banking Group, said "the early preparation measures that had been taken by Al Baraka Islamic Bank had clear

positive effects on the bank's performance during the first quarter of 2011, as we were able to return to profitability while at the same time we continued to build up provisions to guard any possible adverse developments in the future.

"Our good performance was the result of the concerted efforts to diversify our sources of income, strengthen the capital resources and continue build and develop the human and technical resources of the bank.

"The most significant development for the bank was the conversion of the bank's branches in Pakistan to an independent Islamic commercial bank following the merger with Emirates Global Islamic Bank in Pakistan, which resulted in the emergence of Al Baraka Bank Pakistan as the second largest Islamic bank in Pakistan.

"We also should not forget here to emphasize the fact that being part of a large and leading group such as Al Baraka Banking Group has given Al Baraka Islamic Bank added confidence and strength that - given the substantial resources available to the Group including a wide network of banking units and branches and strong financial, marketing and technical capabilities - opens to us wide doors for growth and expansion and we intend to fully exploit these opportunities".

Al Baraka Islamic Bank chief executive officer Mohammed Isa Al Mutaweh said "during the first quarter of 2011, we have continued our efforts especially in the area of expanding our relations with major industrial and commercial companies in Bahrain with a view to providing them with products and services that meet their banking and finance needs, as well as enhancing our relations with government and semi-government institutions and with banks and financial institutions.

"At the same time, we expanded our branch and ATM networks."We also focused on improving the work environment, enhancing and developing our relations with customers and launching many financing and savings products.

"We turned much of our attention to the development of the bank's human resources and the hiring of skilled recruits to help the bank in the implementation of its new business strategies.

"Furthermore, we introduced new IT systems to enable the bank provide the most advanced banking services to its customers and increase its operational efficiency. Based on all these steps, we embarked upon a number of major initiatives in the areas of finance and investment.

"We also sought to diversify our investment and savings products in Bahrain in concurrence with expanding our branch and ATM networks.

"We also expanded our correspondent banking network and achieved good progress in playing a key role in attracting local and Gulf investments which we have directed towards various development and infrastructure projects.

"As for our network of local branches, we now have five branches operating in the kingdom and we are currently working on the opening shortly of a sixth branch.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1623

Azerbaijani bank plans to present new Islamic banking structure

Wednesday, May 18, 2011

Seven companies gained access to a tender to create specialized structure in the International Bank of Azerbaijan (IBA) to render services within Islamic banking.

"Document receipts to participate in the tender were completed on May 12. We received eight packages of documents, however, only seven companies reached the final phase," head of working group on introducing the Islamic banking in the IBA Bahram Gurbanzade said.

Tender bids will be opened at the IBA headquarters on June 6. The commission will start assessing proposals.

Within five days after publishing the tender results, the bank will sign an agreement with a consultant to render services.

<http://en.trend.az/capital/business/1877899.html>

KFH Receives ‘Best Islamic Real Estate Finance Provider’ Award

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The awards are granted based on an assessment conducted by experts from around the world who participated and studied the role of “KFH” in real estate activities since its inception, as well as its various contributions to the field of finance and real estate development.

Despite the economic dimension involved, these efforts stem from a social perspective and setoff values focusing specifically on the importance of residential units in the life of a typical Kuwaiti family. It also touches upon the stability of the society in general and the achievement of Islamic banks part in the reconstruction of earth, serving the development efforts and progress of civilization.

Commenting on the prize, Mohammed Suleiman Al-Omar, KFH CEO, said that it confirms the historic role KFH has played in the field of finance and real estate development for 33 years as KFH provided real estate funding of more than a billion dinar.

More than 30 thousand Kuwaiti families benefited from these funds. In addition, KFH contributed in the establishment of five real estate companies specializing in construction, real estate development, real estate maintenance and management, and construction projects both inside and outside Kuwait. Al-Omar added that KFH provides an excellent range of real estate services, which brought about a shift since its launch in the market. These services provide the Islamic compliant option which suits KFH customers in meeting their real estate needs such as Murabaha, Ijara, and Istisna and other financing structures.

Moreover, KFH provides other support services, most notably the real estate evaluation accredited by official and regulatory bodies and agencies, in addition to the extensive expertise which provide consulting services on market movements and various legal and regulatory developments for KFH clients seeking to purchase real estate properties.

Al-Omar observed KFH role in supporting the government efforts in providing residential care to citizens. This role continued since the inception of KFH stemming from basic conviction that providing housing appropriate for citizens and families is an essential factor for societal stability.

It supports families to achieve a feeling of belonging to homeland and capacitating individuals towards giving and devotion. As such, KFH assumes responsibility for long term credit risks, and offers stable rates over contractual periods. This comes with many advantages aimed at mitigating burdens associated with the process of purchasing a real estate property on citizens.

KFH allows a grace period of two months for repayment with insurance of indebtedness and follow up administrative and legal procedures on behalf of the client to save time and effort and implement the expertise that may not be available to many individuals.

He added that KFH branches currently receive hundreds of clients seeking financing for residential property following a decision by the Court of Cassation allowing KFH and Islamic banks to conduct basic real estate mortgage services to complete purchases and sale of real estate in accordance with the applicable Murabaha system.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1632

Oman Approves New Bank to Provide Islamic Services

Thursday, May 19, 2011

Oman's central bank granted approval to set up a new bank providing Islamic services as the sultanate opens its doors to the fast-growing industry, the central bank said in a statement to the state-owned news agency.

Oman is a fast developing Islamic financial centre for Shariah compliant products and investments. The country has much scope to further develop in becoming an Arab hub for Islamic finance.

The central bank said it has given approval to establish Bank Nizwa to provide Islamic banking services inside Oman, adding that "it will consider any application to open windows for the Islamic banking by any bank operating in the sultanate wishing to provide such services."

Oman is the only Gulf Arab state which until now has not set up a bank specifically offering products and services complying with Islamic law. Its central bank head said in 2007 that Oman believed that "banks should be universal".

But the central bank reversed its stance earlier in May saying it would allow for a wholly-Islamic financial institution, as well as Islamic branches of conventional banks.

Existing banks in the Gulf state, however, will not be allowed to switch to become Islamic banks, a central bank official told Reuters.

Oman, a non-OPEC oil exporter with dwindling oil reserves, has been hit by nearly two months of demonstrations inspired by a wave of protests that has spread across the Arab world. Islamic finance is estimated to be a nearly \$1 trillion industry worldwide.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1633

KFH Wins World Best Islamic Real Estate Provider

Friday, May 20, 2011

It has been reported that Kuwait Finance House KFH has won the World's best Islamic Real Estate Provider by the Global Finance Magazine.

Commenting on the prize, Mohammed Suleiman Al-Omar, KFH Kuwait Finance House CEO, said that it confirms the historic role Kuwait Finance House provided real estate funding of more than a billion dinar. More than 30 thousand Kuwaiti families benefited from these funds. In addition, Kuwait Finance House contributed in the establishment of five real estate companies specializing in construction, real estate development, real estate maintenance and management, and construction projects both inside and outside Kuwait.

Provides other support services, most notably the real estate evaluation accredited by official and regulatory bodies and agencies, in addition to the extensive expertise which provide consulting services on market movements and various legal and regulatory developments for clients seeking to purchase real estate properties.

Al-Omar observed KFH Kuwait Finance House role in supporting the government efforts in providing residential care to citizens. This role continued since the inception of KFH Kuwait Finance House stemming from basic conviction that providing housing appropriate for citizens and families is an essential factor for societal stability. It supports families to achieve a feeling of belonging to homeland and capacitating individuals towards giving and devotion. As such, KFH assumes responsibility for long term credit risks, and offers stable rates over contractual periods. This comes with many advantages aimed at mitigating burdens associated with the process of purchasing a real estate property on citizens.

KFH Finance House allows a grace period of two months for repayment with insurance of indebtedness and follow up administrative and legal procedures on behalf of the client to save time and effort and implement the expertise that may not be available to many individuals. He added that KFH Kuwait Finance House branches currently receive hundreds of clients seeking financing for residential property following a decision by the Court of Cassation and Islamic banks to conduct basic real estate mortgage services to complete purchases and sale of real estate in accordance with the applicable Murabaha system.

The real estate portfolio recently established by Kuwait Investment Authority for a capital of will initially manage partly KD 250 million, Al-Omar said that the Authority's decision reflects the confidence and prestige.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1635

Sudan's Bank of Khartoum Looks to Kenya

Friday, May 20, 2011

Sudan Islamic Bank of Khartoum has its eyes set on moving to Kenya for a very first cross the border expansion of Islamic Finance in the East African continent which is set to spur the industry forward.

As reported in the Islamic Globe, Kenya is in the process of changing its finance laws to allow Islamic finance. With two Shari'ah compliant banks in operation, a Takaful company and an array of Shari'ah compliant banking products in conventional banks Kenya leads the way in terms of regional Islamic finance. Kenya has also reformed its capital markets laws to allow the issuance of Sukuk.

"Our expansion into Kenya is being planned for the medium term," Fadi Salim al-Faqih, GM of BOKBOK told The Islamic Globe.

"We will be looking at offering trade finance and investment banking services. We are an Islamic bank and all our products are Shari'ah compliant," he said, adding that further expansion to other East African countries is planned.

BOKBOK was privatized in 2002 and is now majority -owned by the UAE's Dubai Islamic Bank which has held 60% of its shares since 2005. The move into Kenya is seen in the light of plans by DIB to tap into emerging opportunities in Islamic finance across a number of sub-Saharan Africa countries.

East Africa is set to be a global Islamic finance hotspot, with Kenya, Uganda, Sudan, Tanzania and Somalia all redoubling their efforts to attract the Muslim dollar.

"Muslim customers in Africa have shown a strong preference for the Islamic 'brand', even paying a premium for the products offered by Islamic banks. The regional industry has shown double digit growth rates although from a relatively low absolute base," said Khalid Holladay, head of Islamic Financial Institutions at Moody's.

He said this growth offers a new challenge to the respective central banks to ensure they are well prepared to regulate Islamic financial institutions if new to the country.

Al-Faqih said the delisting will have a positive impact on the business of the bank. "It will make our correspondent relationships even stronger and enable the bank to engage in various types of transaction with license from OFAC."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1636

Tamweel Gains Popularity in UAE

Friday, May 20, 2011

Tamweel has started gaining an increased popularity on trading in Dubai as markets lack direction as news was light on the ground; brokers have reported to have said.

Spectacular fall from grace for Dominique Strauss-Kahn Dominique Strauss-Kahn, the IMF leader, should have been attending a meeting of finance ministers in Brussels this week. Instead, he languishes in New York's notorious Rikers Island prison accused of attempting to rape a hotel chambermaid. Read article

Etisalat must take extra care on how it rings the changes Focus: Etisalat is at a crossroads after the failure of the Zain takeover and concrete steps should be taken to set the company on a prosperous course. Read article

How hotels cope when heat is on Tourists tend to turn their sights elsewhere during the sweltering summer months in the UAE, so hoteliers must be creative if they are to convince holidaymakers to visit. Read article

Eurovision provides continental insight into economic power shift Focus: Big international affairs such as Eurovision, or the World Cup, or a meeting of the IMF, will always have unanticipated results, as Dominique Strauss Khan can confirm. Read article

"Speculators have been focusing on this stock of late," said Ameer Kanaan, the general manager at Al Jazira Financial Services in Dubai.

Shares of the Islamic mortgage finance company rose 2.5 per cent to 89 fils a share. Dubai's benchmark, the Dubai Financial Market General Index was up 0.2 per cent to 1581.94 points.

On the Nasdaq Dubai, DP World was up 0.1 per cent to 68 cents a share."There is light domestic news overall for the UAE, the focus is on externalities, predominantly international and commodity news," said Anastasios Dalgiannakis, a trader at Mubasher Financial Services in Dubai.

Oil for June delivery gained 1 per cent to \$97.86 a barrel in New York, halting a two day, 2.7 per cent slump, after an industry funded report showed gasoline stockpiles dropped.

Copper for three-month delivery gained as much as 1.7 per cent to \$8,950 a metric ton on the London Metal Exchange and traded at \$8,940.

In the capital, Ras al Khaimah Cement was up 5 per cent to Dh1.04 a share. Dana Gas, the UAE explorer and producer, was up 66 fils a share. The Abu Dhabi Securities Exchange General Index was up 0.2 per cent to 2658.44.

Elsewhere in the region, Kuwait's index was down 0.1 per cent to 6503.60. Bahrain's measure was unchanged at 1377.51. Oman's index lost 0.7 per cent to 6074.80. Qatar's benchmark lost 0.1 per cent to 8616.39. The Saudi Tadawul All-Share Index added 0.2 per cent to 6651.37.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1637

3. SUKUK (ISLAMIC BONDS)

Sudan has high hopes for Sukuk sale

Sunday, May 15, 2011

Sudan is hoping to sell Sukuk worth S£765m (\$286.5m), after the last issue did not go well. The government is aiming to issue S£3.6bn (\$1.3bn) in 2011, but faces uncertainty stemming from the country splitting in two as the primarily Christian and Animist black south gains independence from the Muslim Arab north.

The south voted in January for independence and will split off in July, which is creating problems for the north, given that the majority of the country's oil output comes from the south and makes up 90% of the country's exports.

As a result of the northern government losing control of the commodity, there is a lot of market uncertainty about how it will repay its Sukuk. Most of Sudan's capital market is domestic, as the US imposed economic sanctions on Sudan after it placed the country on its State Sponsors of Terrorism List (SSTL). However, economic sanctions have been eased over the last few months.

"Sudan started on Sunday with its sale of a \$286m Sukuk and 47% of it is now covered," said Azhari Eltayeb Elfaki, general manager of the state-owned Sudan Financial Services Company, which was appointed lead manager for the Sukuk issue on behalf of the government. He also added that demand is better than was expected after weak demand for the issue in February.

Elfaki said he expected a profit rate of 15% for the Sukuk, which is well above Gulf sovereign or corporate Sukuk profit rates, which typically yield less than 10%. Sudan government Sukuk have a maturity of at least one year depending on the structuring.

Sudan is targeting Middle East investors: "We hope we can fully sell the issue this time as we already have demand from firms and banks," said Elfaki.

In the last issue, in February, Sudan sold only about S£600m (\$225m) of an offer of S£863m (\$323m). The poor uptake was blamed on the southern Sudan independence vote.

<http://www.zawya.com/story.cfm/sidZAWYA20110515060728>

Indonesia postpones Sukuk

Sunday, May 15, 2011

Indonesia's finance ministry has postponed the planned May 10 sovereign Sukuk issue, as it awaits parliamentary authorization for it to utilize a set of state-controlled underlying assets to guarantee the issue.

The Ministry has not revealed the size of the offering, but it said that if parliamentary approval is not forthcoming for permission on the ability to use IR30tr (\$3.5bn) worth of state-owned land and office buildings as collateral for the Sukuk, it will use road, rail and other infrastructure projects to back the issue, that has now been pushed to May 31.

This is the second week of the Job Swap and I am finally getting the hang of the Call Centre job. The trick is to make sure that you do not become too involved with customers' problems, otherwise you end up feeling guilty about the way they are be treated and try to help them out and, as Chairman wisely said, 'That Way Madness Lies'.

I was thrilled when Chairman reappeared in the Call Centre after almost a week's absence, even if it was only to pick up his jacket. It made me feel special. If I had known he was going to be there I would have treated myself to the Real Silky tie from Carrefour that I have had my eye on.

I had been boasting to everyone about my recent appearance in the Turkish press until this week when I was well and truly trumped by the other Marketing Manager who managed to get his whole face in the newspaper. Since he is doing the Job Swap as the CEO he got to do the Annual Results Announcement and so he was seen in all the local newspapers! They even called him 'Acting CEO' and I am sure his mother would have been proud of that.

Our profit was not good, however, since it was down 473% on last year, but he did not seem to mind as he preened for the cameras. Almost as if he did not understand what he was saying he made the profit announcement with a smile and he thought he was so clever.

That made me cross and jealous but not quite so cross as when I saw that Raju, the Office Boy who was doing my job in the Job Swap, had sent out a press release that said that Acting CEO had 'leased with all the key stakeholders'! The second 'l' in liaise had been missed! What would happen if my mother saw that? She would think it was my fault and I would have to hang my head in shame.

I was so preoccupied with this that I almost missed the next announcement which was in the local newspaper today that said that Acting CEO had been fired because of the poor profit performance of the bank and for 'overreaching himself in areas that did not concern him' and that, with immediate effect he was to be replaced by the CEO.

After that I saw Chairman and CEO sharing a well deserved chuckle as they got into their private lift. They were probably delighted to get rid of someone from the bank who could not spell liaise correctly! The good news is that I get to take over the other Marketing Manager's duties in addition to my own - just as soon as I can get out of the Call Centre.

http://www.zawya.com/story.cfm/sidZAWYA20110515060117/Indonesia_postpones_Sukuk

Sharjah Islamic Bank Sukuk issuance receives huge response

Wednesday, May 18, 2011

The road shows launched last week by Sharjah Islamic Bank (SIB) to mark the Bank's Sukuk issuance have been a resounding success, according to Bank CEO HE Mohammed Abdullah. The issuance of the US dollar-denominated Sukuk (Islamic bonds) is expected to close today (Wednesday 18 May 2011), and be listed on the London Stock Exchange.

The CEO's remarks followed meetings between SIB management and investors, including investment portfolios, finance companies and banks in the Middle East, Asia and Europe, where the Sukuk issuance received a great response.

The value of the Sukuk will be announced right after subscription closes on Wednesday.

Ahmed Saad, SIB Deputy CEO and head of the Sukuk campaign, said, "The road shows launched by SIB to promote the Sukuk issuance have garnered a lot of attention, and there has been huge demand from all segments of investors in the countries in which the road shows took place - a fact that we take as a positive sign for the success of the bond issue."

Saad explained that the road shows - which have been undertaken by the Bank's team, including Saeed Al Amiri, Head of Investment Group, and Anver Jalaldeen, Head of Capital Investment, as well as representatives from joint lead managers HSBC and Standard Chartered - were launched in Abu Dhabi and Dubai, from where they travelled to Asia, including Singapore, Kuala Lumpur, and Hong Kong during the first week of the promotion, moving on to the final leg of the tour in Europe this week and holding several meetings in London.

"Investors have expressed their confidence in the rewarding investment potential of this Sukuk, and SIB's financial position as well as its ability to seize promising opportunities in the

market and achieve future growth," Saad continued, adding that this clearly demonstrates SIB's strong financial position, as well as the influential economic position of the UAE and the great support given to the financial and banking sector in the country.

Saad also stated that the volume and value of the Sukuk issuance will be determined by SIB's joint lead managers after the completion of the road shows and the closing of the subscription today (Wednesday).

"The positive response to the road shows has exceeded our expectations, but at the same time it is normal and well-matched to the financial strength of the bank, which was one of the first banks to have its rating raised by Standard & Poor's Ratings Services during the global financial crisis. This positive response reflects SIB's strong performance and our ability to generate profits, based on a combination of our solid financial position in the market, adequate capital, and good financing and liquidity standards, in addition to our conservative policy, which is guaranteed to safeguard the rights of our shareholders and clients," the Deputy CEO added.

This is the second Sukuk issuance from Sharjah Islamic Bank, after its first successful issuance in 2006.

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 24 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 centers.

<http://www.ameinfo.com/265474.html>

Al Baraka eyes \$300 mln sukuk, further expansion

Wednesday, May 18, 2011

Sees \$300 mln sukuk by Sept, no plans for sukuk programmed; CEO says reviewing Oman Islamic banking prospects; Nomura Bank mandated as advisor for Islamic megabank

Bahrain's Al Baraka Bank expects to sell \$300 million worth of Islamic bonds by September as it looks to secure long-term financing to fund its expansion plans, its chief executive said on Wednesday.

Previous plans to issue Islamic bonds, or sukuk, were thwarted by the onset of the financial crisis and, more recently, the regional unrest, said Adnan Ahmed Yousif in an interview with Reuters.

The Islamic lender had previously announced plans for a \$500 million sukuk programmed but had shelved that, he said.

"It is good with capital and deposits to also have long-term financing that can be used for ongoing expansion and ongoing investments," he said.

Yousif said strength from its current investments and growth in its international operations would lift Al Baraka's profits in 2011.

Al Baraka posted first-quarter net profit of \$53.5 million, an 11 percent increase from the same period a year ago. Yousif expects similar growth in the second-quarter.

He added that the company plans to increase branches to 500 by 2015 from 400 and continues to look at new markets to enter.

EYEING OMAN

Yousif said Al Baraka was reviewing proposals to provide assistance in setting up the first standalone Islamic bank in Oman, Bank Nizwa, through providing Islamic products or information technology (IT) services but would not consider a minority stake in the bank.

"Omani law does not allow foreigners to own a majority stake which gives flexibility to control their activities," he said. "If a new law was created to allow for that, then Al Baraka would consider that seriously."

Oman decided earlier this month to permit Islamic banking. Oman was the only Gulf Arab state that until now had not set up a bank specifically offering products and services complying with Islamic law. Its central bank head said in 2007 that Oman believed that "banks should be universal".

Yousif said Oman's entry into Islamic finance was a positive development for the industry as was the creation of an Islamic megabank to serve as a lender of last resort for the market.

The lack of a lender of last resort is seen as one of the nearly \$1 trillion industry's greatest weaknesses, as few central banks issue liquidity instruments compliant with Islamic law, forcing Islamic banks to place their liquidity with large conventional banks.

Yousif said the creation of the megabank, seen as having an authorized capital of \$3 billion, was now in the hands of the Islamic Development Bank (IDB).

"IDB is going ahead with it and have awarded the mandate to Nomura Bank to serve as the financial advisor for this," he said, adding that the megabank had received written approval from Bahrain to start operations and verbal approval from Qatar.

He said that while Malaysia was in consideration, the megabank would not be set up in the Asian country.

MORE SUKUK TO COME

He said the company also expected to launch sukuk from its Turkish and Egyptian subsidiaries.

"The central bank of Egypt has already approved to issue a sukuk. Now it's just a matter of structuring it," he said. "It's a small amount of \$150 million. Before the end of the year we are going to go ahead in Egypt."

Albaraka Turk Participation Bank, the largest unit of Al Baraka and the first bank in Turkey to operate on Islamic principles, will also launch a \$250 million sukuk before the end of the summer, Yousif said.

<http://www.emirates247.com/business/economy-finance/al-baraka-eyes-300-mln-sukuk-further-expansion-2011-05-18-1.394411>

Bahrain sukuk yield at 3-month low as risk ebbs

Wednesday, May 18, 2011

A rally in Bahrain's Islamic bonds brought yields to the lowest level in three months after the government used martial law and force to end a popular uprising.

The rate on the 6.247% sukuk due June 2014 dropped 31 basis points, or 0.31 percentage points, this month to 3.34% yesterday, the least since demonstrations started February 14.

Average yields on Shariah-compliant debt from the Gulf Co-operation Council region fell 13 basis points in the period to 4.62% on Monday, the HSBC/Nasdaq Dubai GCC US Dollar Sukuk Index shows.

The island state's investment-grade ranking and decreased risk of further violent protests have lured investors, according to Union Investment Privatfonds in Frankfurt. King Hamad bin Isa al-Khalifa issued a royal decree on May 8 declaring an end to a state of emergency from June 1, while troops from other Gulf nations remain in the country to support the administration.

"A return to some normality in Bahrain in recent weeks has allowed bond yields and credit default swaps a chance to ease up," Akber Khan, a director at Al Rayan Investment in Doha, said in a telephone interview on Sunday.

Five-year credit-default swaps on Bahrain dropped 103 basis points to 256 yesterday, from a 21-month high of 359 on March 15, according to CMA prices in London.

Bahrain's government declared a three-month state of emergency on March 15 as troops from Saudi Arabia and other Gulf Arab states arrived to help quell rallies, sending the yield on the Islamic note to a 13-month high of 4.45% the same day. The nation has \$9.35bn of debt outstanding, including interest payments, according to data compiled by Bloomberg.

Sergey Dergachev, senior portfolio manager at Germany's Union Investment, said the rate on Bahrain's sukuk due 2014 may decline further by between 20 basis points and 35 basis points. In April, he added to his holdings of the securities.

The "already very cheap levels of Bahraini debt for its investment grade rating has led to more buying of sukuk," Dergachev, who helps manage the equivalent of \$9.6bn of emerging-market debt, said in an e-mailed response to questions on May 15. "With more presence of GCC troops and a clever carrot-and-stick approach by the Bahraini government toward opposition and protesters, the situation has calmed a little bit."

Bahrain will hold elections on September 24 to fill at least 18 vacant seats in parliament after Shia opposition members resigned to protest the government's crackdown on rallies. A second round of voting will take place on October 1, the official Bahrain News Agency reported last week, citing Justice Minister Sheikh Khalid bin Ali al-Khalifa.

"Clearly, fears have subsided to an extent but given current spreads and CDS levels the market is telling you things are not back to normal," Al Rayan's Khan said. "They remain elevated versus levels seen in early January as risks of further instability remain."

The nation, with a population of 1.2mn according to the CIA World Fact book, had its credit rating cut by Standard & Poor's to A- on February 21 and to BBB on March 18, the second-lowest investment grade. It is rated A3, the fourth-lowest investment grade, by Moody's Investors Service.

The cost of insuring liabilities from Bahrain's government increased 81 basis points from this year's low of 175 on Jan. 14, according to credit-default swaps data from CMA. The nation's Islamic bonds have lost 0.7% so far this year, while GCC sukuk returned 5.7%, according to the HSBC/Nasdaq Dubai GCC US Dollar Sukuk Index.

Fixed-income securities in developing nations returned 3.5% in 2011, according to JPMorgan Chase & Co's EMBI Global Diversified Index. The Bloomberg-AIBIM-Bursa Malaysia Sovereign Shariah Index, which tracks the most traded ringgit-denominated bonds, rose to 102.3720 on Monday. The gauge has climbed 1.3% this year.

The US Department of State, which lifted voluntary departure status for embassy personnel on Friday, said the "potential for spontaneous civil and political unrest continues" and "travel in and around Bahrain could become dangerous without advance warning," according to a statement on its website.

The UAE, which includes the emirates of Dubai and Abu Dhabi, and Qatar were spared the protests that have engulfed much of the Middle East and North Africa. The yield on Dubai's 6.396% sukuk due November 2014 dropped 17 basis points this month to 4.85% today, Bloomberg data shows. The rate fell to a record 4.76% on May 6.

The extra yield investors demand to hold Dubai's notes rather than Malaysia's widened three basis points since the end of April to 243, the data show. The spread investors demand to hold GCC Islamic bonds over the London interbank offered rate was little changed this month at 291 on May 16, according to the HSBC/Nasdaq Dubai GCC US Dollar Sukuk Index.

Debt restructurings in the UAE including state-owned Dubai World's accord in March with creditors to alter terms on about \$25bn of debt are boosting investor confidence. Dubai Bank, an Islamic lender owned by Dubai Holding and Emaar Properties, was rescued by the Dubai government after loan losses mounted.

Dubai's government will inject capital "to ensure that Dubai Bank's business continues uninterrupted," the emirate's media office said in an e-mailed statement on Monday. A scarcity of offerings from the six GCC countries, including the UAE and Saudi Arabia, has boosted demand for Bahrain's debt, according to Nick Stadtmiller, fixed-income analyst at Emirates NBD, the UAE's biggest bank by assets.

Sales from the Gulf dropped to \$964mn this year from \$2.3bn in the same period in 2010, according to data compiled by Bloomberg.

"Institutions with Islamic mandates are sitting on stockpiles of cash and chasing a limited supply of acceptable bonds," Stadtmiller said in an e-mailed response to questions on Monday.

http://www.gulf-times.com/site/topics/article.asp?cu_no=2&item_no=435249&version=1&template_id=48&parent_id=28

Indonesia Rating Bets Drive New Sukuk Demand

Thursday, May 19, 2011

Speculation Indonesia's credit rating will be raised to investment grade may drive demand for the government's second sale of global Islamic bonds.

“I’d be interested because there’s the possibility of an investment-grade rating,” Mohd Noor Hj A Rahman, chief executive officer at Kuala Lumpur-based OSK-UOB Islamic Fund Management Bhd., said in an interview May 12. “Indonesia is a big market with potential for economic growth.”

Standard and Poor’s signaled last month it may raise the sovereign debt rating to investment grade after changing the outlook on Indonesia’s debt to positive, citing strength in the economy, which the government expects to grow up to 6.5 percent in 2011, the fastest pace in seven years. An upgrade would open up a larger pool of investors for the securities, according to Union Investment Privatfonds in Frankfurt, OSK-UOB Islamic Fund Management and Al Baraka Banking Group BSC in Manama.

The nation may sell dollar sukuk early in the second half of the year, Jakarta-based Rahmat Waluyanto, director general at the Finance Ministry, said in an interview May 11. Investors say the bonds also may provide extra yield, with the five-year Shariah notes sold in April 2009 offering a premium of 39 basis points, or 0.39 percentage point, more than similar-maturity debt in Malaysia, prices from Royal Bank of Scotland Group show.

Default Swaps

Indonesia, whose debt is rated one step below investment grade by SandP, sold \$2.5 billion of 10-year non-Islamic dollar debt on April 27, attracting bids for almost three times the amount on offer. The government expects to reach investment grade this year, Vice Finance Minister Anny Ratnawati told reporters on April 14.

The cost of protecting Indonesian government bonds from default for five years rose to a three-week high of 137 on May 17. Credit-default swaps on the debt climbed four basis points this month to 135 yesterday, according to data compiled by CMA, which is owned by CME Group Inc. and compiles prices quoted by dealers in the privately negotiated market.

SandP raised Indonesia’s credit rating to BB+ from BB on April 8. Moody’s Investors Service lifted its ranking to Ba1 on Jan. 17, citing the “economic resilience” and improving debt position. Fitch Ratings assessed the nation at BB+.

The government sold \$650 million of the five-year 8.8 percent Islamic bonds maturing in April 2014 at the last offering, receiving bids for \$4.7 billion. The debt was issued to yield 705 basis points more than U.S. Treasuries. The spread has since narrowed to 190 basis points, according to data compiled by Bloomberg.

Demand drove the rate on the notes down 19 basis points in 2011 to 2.94 percent, the lowest since Jan. 5.

Indonesia ‘Exposure’

The difference in yield between the Indonesian sukuk and Treasuries may shrink another 25 basis points to 30 basis points, according to Sergey Dergachev, who helps manage \$9.6 billion of emerging-market bonds as a senior portfolio manager at Union Investment. The yield on the note will “stay low” so long as there’s no “global crisis event,” he said.

“I would certainly look at a new dollar-sukuk issue,” said Dergachev in an interview on May 12. “Investment grade will most likely be granted from at least one agency in 2011. More

accounts that couldn't purchase Indonesian bonds due to rating constraints will now put in their money to get exposure to Indonesia's story."

Global sales of sukuk, which pay asset returns to comply with Islam's ban on interest, reached \$5.9 billion this year, from \$5.4 billion in the same period last year, according to data compiled by Bloomberg.

Accelerating Growth

Shariah-compliant bonds gained 4.8 percent this year, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Debt in developing markets rose 3.8 percent, JPMorgan Chase and Co.'s EMBI Global Diversified Index shows.

The difference between the average yield for sukuk and the London interbank offered rate narrowed eight basis points to 242 yesterday, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Average yields dropped three basis points to 4.06 percent.

Growth in Indonesia, Southeast Asia's biggest economy, may reach the upper end of the forecast range of 6 percent to 6.5 percent in 2011, Bank Indonesia said in a statement May 12. Gross domestic product increased 6.1 percent in 2010, the most in six years. Consumer prices climbed 6.16 percent in April from a year earlier, the least in six months, official data showed on May 2.

The government's April sale of 4.875 percent non-Shariah-compliant bonds due May 2021 attracted bids of \$6.9 billion. The debt was sold to yield 5.1 percent. The rate fell three basis points to 4.81 percent today, according to data compiled by Bloomberg.

'Attractive Yield'

Malaysia issued a dollar sukuk in May last year, its first global offering in eight years. The yield on the 3.928 percent note due in June 2015 raised one basis point to 2.46 percent today, RBS prices show. The difference in yields between Malaysia's sukuk and the Dubai Department of Finance's 6.396 percent note due in November 2014 shrank eight basis points to 231 yesterday, according to Bloomberg data.

The Bloomberg-AIBIM-Bursa Malaysia Sovereign Shariah Index, which tracks the most-traded ringgit-denominated government securities, was at 102.403 yesterday. The gauge has gained 1.3 percent this year.

Sales of local-currency sukuk reached 17.94 trillion rupiah (\$2.1 billion) this year, approaching the 27.76 trillion rupiah in 2010, according to combined data from the debt management office and the Capital Market and Financial Institution Supervisory.

Overseas investors raised holdings of Indonesia's rupiah debt by 15 percent to 225.4 trillion rupiah this year as inflation cooled, according to Finance Ministry data on May 18.

"Pricing for sukuk issued out of Indonesia will reflect a risk premium that results in an attractive yield for Gulf Cooperation Council investors," Malek Khodr Temsah, assistant vice president of treasury and investments at Manama-based Al Baraka Banking Group, said in an interview May 9.

<http://www.thejakartaglobe.com/business/indonesia-rating-bets-drive-new-sukuk-demand-islamic-finance/441843>

Sharjah Islamic Bank's Sukuk Trust Certificates Assigned 'BBB+' Preliminary Issue Rating

Friday, May 20, 2011

PARIS: Standard & Poor's Ratings Services said today that it has assigned a preliminary 'BBB+' issue rating on sukuk trust certificates to be issued on May 27, 2011, by SIB Sukuk Company II Ltd., a special purpose company (SPC) with Shariah Islamic Bank (SIB; BBB+/Stable/A-2) as the obligor and managing agent.

The 'BBB+' rating on the sukuk trust certificates is based on the 'BBB+' long-term counterparty credit rating on SIB. The rating on the five-year \$400 million trust certificates reflects the irrevocable undertaking to purchase the assets held by the issuer at the redemption date of the sukuk at a predefined price. This obligation of SIB pertaining to sukuk redemption will also rank pari passu with all other senior unsecured obligations of SIB. This is the key rating factor. In addition, in the event that the returns generated by the sukuk assets (and investments complementing the assets) are insufficient on any periodic distribution date to fund the periodic distribution amount due, the managing agent shall use any amounts standing to the credit of the reserve account and, if insufficient funds are available in the reserve account, the managing agent may make a Sharia-compliant liquidity facility available to SIB Sukuk Company II Ltd. (the trustee) in the amount of the shortfall.

We understand there is technically no legally-binding obligation for SIB to provide such liquidity for Sharia-compliant reasons. That said, we take comfort from the fact that SIB is irrevocably committed to buy the underlying assets at nominal price at redemption, and by the fact that not extending such a facility would trigger a default and have a dramatic impact on the bank's business.

The purpose of this sukuk is to allow SIB to raise funds in accordance with Sharia (Islamic principles), and use them for general funding purposes.

Under this transaction, the issuer will hold the property of the trust assets, in a trust capacity for the benefit of the certificate holders. The proceeds received from the issuance of the trust certificates will be invested in non-real-estate based ijara (lease financing) assets, for a period of time corresponding to the duration of the sukuk. This pool of assets may be complemented by the managing agent with other Sharia-compliant investments, although not exceeding 49% of the principal amount.

The yields generated by the pool of underlying assets will be collected by SIB as the managing agent of the assets, and will serve as the basis for the periodic distribution payments payable on the trust certificates.

On dissolution of the trust, which can take place at the maturity date of the sukuk or earlier because of dissolution events occurring, SIB will undertake irrevocably to purchase assets held by the issuer at the agreed exercise price, which will fund the dissolution distribution amount that is payable to the certificate holders, and which will be equal to the principal of the sukuk.

The ratings on SIB are supported by its very strong capitalization, adequate funding and liquidity, as well as the business and strong financial benefits from having the government of the

Emirate of Sharjah (not rated) as its largest shareholder. In our view, SIB's financial performance has shown sound resilience to the regional economic downturn so far, while improving its funding profile. We expect SIB to navigate out of the crisis with a relatively unscathed financial profile. Constraining rating factors include a still fragile economic environment and high single-name concentrations that notably leave the bank vulnerable to potential unexpected rises in credit risk cost.

This presale report is based on information as of May 6, 2011, and is posted in conjunction with the planned issuance of a sukuk (trust certificates) by SIB Sukuk Company II Ltd., a special purpose company (SPC) incorporated in the Cayman Islands, which will enter into a purchase agreement with SIB.

The rating assigned to the trust certificates is preliminary, and based on draft documentation.

Should final documentation differ substantially from the draft version, the rating on the sukuk trust certificates could be changed. This report does not constitute a recommendation to buy, hold, or sell the certificates.

<http://www.zawya.com/story.cfm/sidZAWYA20110521061054>

4. TAKAFUL (ISLAMIC INSURANCE)

Minister urges Sabah to take up Takaful

Sunday, May 15, 2011

The deputy chief minister of Malaysia's Sabah province has urged Sabahans to participate in the Takaful sector.

Yahya Hussin said: "Both [the conventional and the Takaful] sectors have much room and opportunities for participation," but at present Sabhans had not embraced either conventional insurance or Takaful very strongly, with only 42% of Sabhans having any insurance at all.

The figure was even lower for Takaful, with a participation rate of only 8%.

Hussin was speaking at the launch of E-Murni, which became the official family Takaful provider to the Armed Forces Cooperative. E-Murni is a subsidiary of Great Eastern Takaful.

http://www.zawya.com/story.cfm/sidZAWYA20110515061447/Minister_urges_Sabah_to_take_up_Takaful

Takaful Malaysia's tall order

Sunday, May 15, 2011

Takaful in Malaysia is becoming an increasingly crowded marketplace but Syarikat Takaful Malaysia believes it can continue to grow in its home market.

Group managing director, Mohamed Hassan Kamil indicated that the company will be recruiting more agents and will instigate both a retirement insurance scheme and an investment-linked product over the summer to stimulate further demand.

"We aim to double the number of agents to 2,000 and hope to see a 25% increase in our customer base of one million, by year-end," he said after the company's AGM in Kuala Lumpur.

He indicated that the company had no plans to increase the number of its branches but would instead leverage its relationship with its sister company, Bank Islam Malaysia, to widen its customer base. "We will also launch our portal, by the end of the year, which will allow customers to check payment information online," he added.

Takaful Malaysia's pre-tax profit to the year ended June 2009 was RM48.9m (\$16m), up from RM33.9m (\$11m) in 2008. However, operating revenue declined to RM1.049bn (\$350m) in 2009 from RM1.075bn (\$358m) in 2008.

<http://www.zawya.com/story.cfm/sidZAWYA20110515055601>

Methaq Takaful Insurance opens new branch in Al Ain, UAE

Tuesday, May 17, 2011

Methaq Takaful Insurance, a UAE based financial services firm, has opened a new branch in city of Al Ain, as part of expanding its branch network across the country and providing services to the customers in their locality.

With this new branch, the insurer has increased its branch network to four fully operating offices, with plans to open fifth branch soon at Jebel Ali, Dubai.

Methaq offers car insurance, marine cargo insurance, travel insurance, residence insurance, and the small- and medium-size enterprises (SME) package, along with other products and solutions.

The company has also launched, in cooperation with Al Yah Satellite Communications Company (YahSat), a new takaful insurance program for managing satellite risks.

<http://personallines.insurance-business-review.com/news/methaq-takaful-insurance-opens-new-branch-in-al-ain-uae-170511>

AMAN launches two new medical insurance products in partnership with ICICI Lombard

Wednesday, May 18, 2011

AMAN the Dubai insurance and Reinsurance Company contributed to the introduction of Islamic insurance in the United Arab Emirates (UAE). The company launched two new medical insurance products in partnership with ICICI Lombard General Insurance. The products were launched with the courtesy of India's biggest Broker J.B.Boda & Co. The alliance was agreed by the Hussein Al Meeza, CEO and Managing Director of AMAN and Hitesh Kotak, the Vice President of ICICI.

The two insurance products consist of Rishtey, which offers health insurance for families in India and Health on Return which applies to the Non-Resident Indians when visiting. The benefits of Rishtey include cover of pre-existing illnesses after four continuous renewals and cashless claims facilities located in thousands of network hospitals in India. Health on Return also offers a retirement health insurance policy for people deciding to permanently live in the country.

Hussein Al Meeza occupies several positions such as board member for the General Council for Islamic Banking and Financial Institutions. He comments on the success of the

products, he says "The NRI segment of the market is increasing in volume. At the same time there is a greater awareness of the benefits of health insurance and the importance of planning ahead. We foresee these products doing exceptionally well in regional markets."

The AMAN Company was founded by the Dubai Islamic bank and the investment office, the year of 2010 brought great successes which lead to the union of the companies.

He ends by saying "AMAN is consistently looking for ways to improve its presence across various sectors, and diversifying its product portfolio. We are constantly revamping our products and offerings to ensure we can predict and cater to customer needs. Our partnership with ICICI Lombard will help ensure that we continue to offer innovative products that benefit our clients."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1631

Aman wins World Finance award for the Best Takaful Provider 2011

Saturday, May 21, 2011

Dubai Islamic Insurance and Reinsurance Company (Aman) has been awarded the World Finance Award for the Best Takaful Provider in 2011. The award offers recognition of Aman's excellent performance, and its efforts to invigorate the Islamic finance and insurance globally.

"We are very proud to receive this award, given our constant efforts to offer excellence in service delivery. We have a number of programmers underway to ensure that we support the UAE's national vision, and the ambitions of the global Islamic insurance industry. We pride ourselves on our high levels of client servicing, and our Emiratisation and training policies," said Hussein Al Meeza, CEO and Managing Director of Aman.

Aman's recognition as leading Takaful Provider comes at a difficult time for the insurance industry globally, as well as for the more specialized Takaful sector. The floods in Jeddah earlier this year, damages caused by the political turmoil in several countries and the heavy losses caused by Earthquake in New Zealand and Japan, has led to massive payouts in the first quarter of 2011.

Reinsurers have been affected far more adversely than direct insurers. "The adverse impact on reinsurers will translate to an increase in rates and very stringent terms for coverage like earthquakes or political troubles leading to loss or damage to properties. As a result, it is anticipated that it's going to be a difficult year for the Takaful industry," explained Al Meeza.

Nevertheless, Aman continues to dominate the Takaful industry in the GCC region, and is planning to introduce more Shariah compliant products in the market, maintaining its role as the market leader in Banc assurance. The company has recently partnered with ICICI Lombard General Insurance of India, which is part of the Fairfax Group, to introduce two new Medical products in the market, and this is expected be followed by several new products in the near future. At the same time, Aman is consolidating its position, having generated an annual premium value of over 615 million (2010) in the short span of eight years.

"Despite a difficult start of 2011, Takaful and Islamic banking are now buzzwords in today's financial world and are globally recognized in the key financial centers of the world. Takaful products grew 27 percent year on year between 2004 and 2007, prior to the economic

slowdown. It is estimated that Islamic financial assets have exceeded the 1 trillion marks globally, with Insurance products playing a key role in this expansion," said Al Mesa.

"Aman remains cognizant of its leadership position, and is working to champion Islamic insurance or Takaful as a viable alternative to conventional products globally. We are constantly reevaluating our portfolio and introducing innovative solutions in association with our valued business partners," he concluded.

<http://www.zawya.com/story.cfm/sidZAWYA20110521064957>

Takaful as Syifa' to help with medical expenses

Saturday, May 21, 2011

The Takaful Brunei Keluarga Sdn Bhd (TBK) recently launched its one-month Takaful as Syifa' Promotion and Awareness Campaign.

It continues TBK's efforts to create public awareness, emphasizing on two important goals - promoting the benefits of Takaful and its Takaful as Syifa' Medical Plan.

Along with this campaign, TBK will also conduct several roadshows at various venues to promote its new products.

According to TBK's General Manager He Shahrildin Pehin Dato Hj Jaya: "Takaful as Syifa' is a medical Takaful coverage that provides financial assistance based on reimbursements of medical expenses in terms of treatment costs due to an illness or accident borne by the participant."

As 'Bringing Takaful and Financial Lifestyle Together' is TBK's mission statement, Hj Shahrildin added: "We will try to get the message across to the public that Takaful should be included and planned in your financial lifestyle to ensure your own personal or family members' finances are being taken care of in case of tragic events such as accidents or illness."

For further details, features and coverage plan, pick up the Takaful As Syifa' brochure displayed at TBK's head office in Kiulap as well as other counters at its nine branches nationwide, including in the Temburong District. Interested parties can also directly call 2231100 for more information on the Takaful as Syifa' Plan.

<http://www.brunei-online.com/weekend/news/may21h21.htm>

KFH: Specialized team at Call Center to respond to international calls during summer

Saturday, May 21, 2011

The Call Center Department Manager at Kuwait Finance House (KFH) Meshaal Al-Obaid announced that the center offers its clients several services during summer, in order to reinforce interaction with clients and to assist them at any time during the day. He added that international calls will be prioritized and will be transferred immediately without delay.

Moreover, he explained that a specialized team was formed to respond to international calls, where employees will assist clients anywhere to manage their accounts and ensure that KFH's various banking cards are working through the Call Center and online. He added that clients can add beneficiaries to money transactions and activate that service without resorting to

the Call Center; thus saving time and effort. He went on to say that since summer coincides with the deposit of the salaries, especially the salaries of the Ministries of Education and Awqaf, KFH Call Center employees will face a challenging situation, where many calls are received by KFH's clients in those ministries. However, the Call Center employees are determined to offer KFH clients fast and professional level of services, regardless of any other factors, in coordination with the Commercial Sector at KFH. Employees from the Commercial Center will be available at the Call Center to handle any issues in their field of work without any delay.

Furthermore, Al-Obaid stressed that KFH's Call Center, which is considered to be one of the best centers in the region, is keen to continue offering its regular services, such as selling banking cards, travelling insurance services, and other services. This comes as part of KFH's efforts to boost sales and increase profits, in addition to offering clients best services possible.

<http://www.zawya.com/story.cfm/sidZAWYA20110521062113>

5. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

Investors Turn Focus toward Malaysia, Indonesia in Search of Higher Yields

Tuesday, May 17, 2011

Investors in Malaysia and Indonesia say they favor sovereign sukuk over a planned dollar issue by the Islamic Development Bank after government securities returned almost twice as much as the multilateral lender's this year.

IDB's 1.775 percent Shariah-compliant debt due October 2015 gained 1.1 percent. Indonesia's 8.8 percent US currency sukuk maturing April 2014 returned 1.6 percent, while Malaysia's 3.928 percent June 2015 note climbed 3.1 percent, prices from Royal Bank of Scotland Group show.

The IDB bond's yield of 2.1 percent compares with 2.96 percent for Indonesia and 2.4 percent for Malaysia.

MNC Asset Management in Jakarta and Am Investment Management in Kuala Lumpur do not plan to bid at the IDB sale this month because sovereign debt offers less risk and higher yields. Rates on global sukuk are at a six-year low, prompting Sharjah Islamic Bank, Albaraka Banking Group and Qatar Islamic Bank to announce new sales, which climbed 20 percent this year.

"Since IDB is a very high-quality issuer, it will price at a pretty low yield," Zeid Ayer, a fund manager at CIMB-Principal Islamic Asset Management, said May 11. "Investors who need to reach for yield probably won't find this deal too attractive."

The IDB will sell as much as \$1 billion worth of sukuk this month, President Ahmad Mohamed Ali said on May 11. The lender, whose 56 member countries include Pakistan and Iran, is rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Sergey Dergachev, senior portfolio manager at Union Investment Privatfonds, said a yield of 2.5 percent to 2.6 percent on the IDB sukuk would be needed to attract him because of "uncertain market conditions."

“The IDB has a strong credit, and there is a scarcity of strong, corporate issues for sukuk,” said Dergachev, who helps manage the equivalent of \$9.6 billion of emerging-market debt.

“I expect that we will see more volatility in global markets ahead, including sovereign debt issues in Europe.”

Global sales of sukuk, which pay returns on assets to comply with Islam’s ban on interest, rose to \$5.6 billion this year from \$4.6 billion in the same period of 2010. Offerings from the Persian Gulf fell 58 percent to \$964 million.

Malaysia and Indonesia’s dollar-denominated Islamic bonds offer yields that Islamic Development Bank’s sukuk is unlikely to beat, according to MNC Asset Management and Am Investment Management.

Indonesia plans to issue its second Islamic US currency bond in the second half of this year, Rahmat Waluyanto, director general at the Finance Ministry, said on May 11.

The country is rated BB+ by S&P, one level below investment grade, while Malaysia, the world’s largest market for sukuk, is ranked A-, the fourth-lowest investment grade.

“I’d rather wait for the Indonesian sale,” Akbar Syarief, a fund manager at MNC Asset Management, said on May 11. “The IDB sale will definitely not be able to offer higher yields compared to Indonesia because of the higher rating.”

Investors will also look for a yield premium from IDB on speculation the Federal Reserve will increase interest rates after leaving borrowing costs at between zero and 0.25 percent since 2008, Mohd Farid Kamarudin, executive director of sukuk and alternative investments at AmInvestment Management, said on May 11.

“If the yield on the IDB sukuk is around 2 percent, I can get better yields from Malaysia,” he said. “There’s the possibility of the Fed increasing rates.”

<http://www.thejakartaglobe.com/business/investors-turn-focus-toward-malaysia-indonesia-in-search-of-higher-yields/441517>

Islamic Finance and the GCC Aggressive Funds Sector

Wednesday, May 18, 2011

It has been reported by the Islamic Globe that the Aggressive Fund Sector is defined by IFIS as follows: 'Funds will invest more than 60% but less than 80% of total assets in equities, and the rest in cash and bonds/fixed income securities. This type of fund is classified as higher risk, but less so than equity funds.'

This fund seems to be a more popular asset class than conservatively-managed funds. There I obviously the attraction of larger gains than that available from conservative funds - but the flip side of high rewards is higher risk and the potential that things will go wrong and you could lose money.

In the case of the majority of these funds, the latter is truer than the former. For example if you had been investing in the \$68m Al Yusr Saudi Equity fund managed by Saudi Holland Capital in the five years leading up to December 31, 2010 you would have had a negative total return of -95.3%. In fact of the five funds that have a five year track record, only one of them, the

\$11.5m Al Shuja'a Sharia Compliant Portfolio, managed by Saudi Arabia's Riyadh CapitalRiyad Capital, offered positive returns. In this case 11.6%, less than the best performing fund over five years from the GCC Conservative Funds Sector, the \$18.9m Al Hadi Sharia Compliant Portfolio, also managed by Riyadh CapitalRiyad Capital.

South African fund manager Oasis has launched a new low risk fund called the Oasis Crescent Global Low Equity Balanced fund.

The fund is managed on a lifestyle matrix, where assets are gradually switched out of higher risk equities, to lower-risk Sukuk and eventually to cash as the investor nears retirement.

The new fund maximizes capital protection and protects an investor's 'pot' from the erosional-effect of inflation and is aimed at Takaful firms, governments and charities whose primary objective is capital protection.

Despite the fund investing in a low equity environment it will offer some capital growth. Oasis was unavailable for comment when The Islamic Globe contacted it, but Adam Ebrahim the firm's CEO and CIO said in a statement: "This marks a significant milestone in our objective to offer investors a global investment range that addresses their investment needs over all life stages."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1628

New Delhi Calls for Developing Alternative Investments for Islamic Finance

Thursday, May 19, 2011

“In order to create a comprehensive and robust financial system, Islamic financial institutions need to be innovative and focus on developing Venture Capital, (VC) private equity and alternative investments.

This will create an industry with a niche that is capable of competing with conventional banks, with the added value of shared wealth for the society,” said Mr. Khaled M. Al-Aboodi, CEO & General Manager of Islamic Corporation...0for the Development of the Private Sector (ICD), Jeddah.

Al-Aboodi was speaking as a guest speaker at the inaugural session of two-day International Conference on "Prospects for Islamic Venture Capital Funds in India" organized by the New Delhi based Institute of Objective Studies, (IOS).The International conference is the part of the Silver Jubilee celebrations of IOS.

Continuing Mr. Al-Aboodi said the beauty of Islamic Finance is that it is a constitutionally developing and evolving industry, with new and innovative financial instruments and hybrid products being developed to fit particular business models, industries and countries, creating an edge over conventional products. He said this is the best divine alternative economic system available before the world. In comparison to the interest-based conventional, banking institutions have become victims of bankruptcy and the world is in the grip of worst economic crisis, he pointed out.

Mr. K. Rahman Khan, Deputy Chairman, Rajya Sabha who chaired the inaugural session in his presidential speech, while emphasizing the advantages of Islamic banking, said that in

every economic transaction four things should be kept in mind viz. (I) justice, (ii) equilibrium, (iii) truth and (IV) fairness. Any transaction which complies with these four principles as enunciated by the Holy Qur'an will ensure well being, peace and harmony among the people which is the hallmark of a good society. The Holy Qur'an has stated that none should be exploited and Islamic banking takes care of this. However, the conventional banking system fails to grow and assist the poor, who are thus exploited at the cost of the rich people in society, he added.

While delivering the inaugural address Mr. D. R. Mehta, former Chairman, SEBI and Dy. Chairman, RBI, Jaipur, said that if India has to progress then Islamic Venture Capital Funds, (IVCFs), have to be launched in the country as Malaysia and other countries are successfully experimenting with it. In India the prospects for IVCFs are very bright and it should be developed for different sections of society, he added.

Dr. Mohammad Manzoor Alam, Chairman IOS, while speaking few words on the occasion said that responsibility and prudence, to be precise, are essential features of Islamic finance including Islamic Venture Capital. He said IVCF is an increasingly visible component of the capital fund scene globally. It has extraordinary potential to be of use in India's expanding economy over the years, he added.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1634

6. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

Kazan summit Partners with Tartar Inform

Monday, May 16, 2011

It has been reported that Islamic Business and Finance Development Foundation (IBFD Foundation) has announced that the "Tatar-Inform" news agency has confirmed its participation as an Internet media partner of the III International Islamic Business and Finance Summit.

Kazan summit traditionally gets positive feedback trading by international investors, leading executives of financial institutions, business community elite, Russian Federation legislative and executive authority's representatives, regional leaders, experts on Islamic economy and scientists. The main feature of the KAZANSUMMIT 2011 is the fact that some 100 international investors from the Middle East and South East Asia countries are expected to come specifically to look for new investment opportunities. This year, III International Islamic Business and Finance Summit will be held on June 20-21 in the capital of the Republic of Tatarstan, city of Kazan.

"Tatar-inform" Information Agency is the main and one of the most respected and highly professional sources of information covering political, socio-economic and cultural life of the Republic of Tatarstan, Russia.

"Tatar-Inform" IA is a leading news agency of the Republic of Tatarstan, With over 20 years experience in the media market it is considered to be the largest and highly respected media in the Volga region and Republic of Tatarstan. About 1 million of materials of the agency

are read every month. "Tatar-Inform" Information Agency provides unique information products reflecting the political, economic, social, cultural and sporting events in real time.

Being the first cited source among the media of the Volga region, "Tatar-Inform" ranks among the 15 most-cited news agency of the Russian Federation.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1620

General Assembly Meeting on Islamic Finance for Barwa

Wednesday, May 18, 2011

Barwa Bank held its annual general meeting (AGM) at which the financial results for 2010 were approved. The AGM was held on May 11 2011, where shareholders listened to the financial reports and approved the agenda of the meeting.

H.E. Sheikh Mohamad Bin Hamad Bin Jassim Al Thani, Chairman of Barwa Bank, gave a detailed report on the bank's activities and financial results approved by the board of directors, and highlighted the good results achieved by the bank in 2010.

Barwa Bank achieved a growth in net profit at 703% in 2010 scoring QR24.9m net profit compared to QR3.1m in 2009.

H.E. Sheikh Mohamad Bin Hamad Bin Jassim Al Thani, Chairman of Barwa Bank, commented on the performance of the bank, "Barwa Bank started its operations during the well known difficulties that followed the world crisis, which caused major banks and financial institutions around the world to collapse, yet with God's grace, Barwa Bank managed to avoid the consequences of the crisis. Barwa Bank entered a highly competitive financial market in Qatar and managed in a short time to establish itself among the major institutions, thanks to its clear strategic vision and the commitment of the executive management to the values of innovation and quality in execution."

"Consistent with t our strategy for Barwa Bank to grow its customer base and offering to become one of the pioneering Sharia'h compliant financial groups in the region and the world, the bank acquired First Finance and First Leasing companies, (following the 2009 acquisition of The First Investor Company), to be all consolidated under Barwa Bank Group, which helped support the financial position of the bank, increase assets and grow market share," continued Sheikh Mohamad.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1626

Pakistan Hosts World's Largest Conference on Islamic Microfinance

Wednesday, May 18, 2011

AlHuda Centre of Islamic Banking and Economics is going to be organizing world's largest Islamic Microfinance Conference for Poverty Alleviation.

AlHuda Centre of Islamic Banking & Economics (CIBE) and AKHUWAT are organizing International Conference on Islamic Microfinance on June 13, 2011 at Faisal Auditorium Islamabad wherein delegates from 12 countries will grace the occasion and 800 participants will attend this mega event. The aim of this conference is to choke out the plan of poverty alleviation on national and international scale to lessen poverty, social welfare and to

tackle other problems pertaining to it. Delegates from Malaysia, Yemen, Afghanistan, Indonesia, Mauritius and other countries are participating in this event who will shed light on various topics of islamic microfinance i.e. methodology of poverty reduction, Zakat, Shariah implications, Dard-e-Hasna, Waqf models, latest trends of islamic microfinance, technological application of poverty alleviation, usage of islamic microfinance in non Muslim societies and many other issues that will continue for three days.

It is noticeable that poverty has risen as one of the most crucial problems of the decade hitching fastest development of the countries on national and international level. It is the root cause of many social crimes like terrorism and social instability and pours are confronting problems as education, health, wages, food and social conflicts. Islam is the only religion that takes the responsibility of poverty alleviation as one of its main obligations. Zakat, Ushar, Waqaf, Fitrana, Qard-e-Hasna, Murabaha, Ijarah, Musharaka etc have the qualities to sustain society from the plague of poverty. This is the major reason of worldwide recognition of Islamic 2087531474 microfinance as a sustainable source of lessening poverty from the society. It is a pleasurable factor that more than 20 lakh beneficiaries are taking the edge of Islamic microfinance worldwide. A mutual note will be issued at the end of the conference that will be applied to separate Islamic microfinance all over the world.

AlHuda Centre of Islamic Banking and Economics is organization working on Research, Advisory, Training and Publication on Islamic Banking and finance.

<http://www.prlog.org/11497534-pakistan-hosts-worlds-largest-conference-on-islamic-microfinance.html>
