

Islamic Finance *news*

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MALAYSIA

RHB Islamic international unit?

RHB Islamic Bank is considering setting up an international Islamic banking unit to tap the potential for Middle Eastern investors in search of quality assets. Chief executive officer Khalid Bhaimia said: "We are looking into it. Maybe early next year," he commented, on when the bank might submit an application to Bank Negara Malaysia.

Khalid was talking at RHB Islamic's signing ceremony with Sarawak Enterprise Corporation (SECB) for a RM1.17 billion (US\$318.5 million) Sukuk deal to finance the construction of Sarawak's largest coal-fired power plant.

SECB's subsidiaries Sarawak Power Gen-

eration (SPG) and Mukah Power Generation (MPG) sealed this deal with RHB Islamic to issue the first Sukuk program to be used in a project financing transaction.

RHB Islamic is the lead arranger, facility agent and primary subscriber of the issues. Khalid revealed that the bank had attracted pre-signing interest indicating a possible five times oversubscription for the project.

Under the principles of Mudharabah and Musharakah, MPG and SPG will raise RM950 million (US\$257.3 million) and RM215 million (US\$58.23 million) respectively via the proposed Sukuk program (see Ratings news, page 9).

JAPAN/MALAYSIA

Mega-bank to launch Islamically

Bank of Tokyo Mitsubishi UFJ and Malaysia's CIMB Group will work together to launch Islamic financing operations and provide investment banking services for Japanese companies operating in Malaysia.

The joint venture will enable Bank of Tokyo Mitsubishi UFJ to oversee the issuance of both Islamic and conventional bonds by Japanese firms operating in Malaysia, as well as initial public offerings.

The Japanese bank expects to see an increased use of Islamic financial services by local Japanese businesses. This alliance will provide Bank of Tokyo-Mitsubishi UFJ access to CIMB's 380 commercial banking outlets.

The Bank of Tokyo-Mitsubishi UFJ is the commercial banking arm of Mitsubishi UFJ Financial Group Inc, the world's largest banking group, with total assets of US\$1.68 trillion, and shareholders' equity of US\$30.1 billion.

GENERAL

Investment push into Asia

Investors from the Middle East are investing in Asian property and private equity funds, indicating the start of an investment drive into Asia, Citigroup believes.

"The Asian theme is a very strong theme for our Middle East clients," Samir Raslan, head of South-East Asia for Citigroup Private Bank, stated: "The investments we have seen are

mostly through funds."

Raslan expected the flow of Middle Eastern wealth would become greater for Singapore if more Arab visitors went to the city state, and banks started hiring bankers dedicated to the Middle East market. "We see that beginning to happen," Raslan said. "How fast it will grow, we just have to see."

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Note from the Editor

Infrastructure refers to roads, bridges, railways and other forms of transportation and communication, as well as utility supplies like water, electricity and telephone. It also includes financial institutions and public services such as health and education. More generally it includes all institutional prerequisites for the efficient operation of competitive markets and expansion in production.

The building up of infrastructure requires huge amounts of capital. The benefits of these huge investments are great, but many of them are indirect and all of them accrue gradually over a long period of time. In developing countries, especially, the private sector either lacks the means to undertake these projects or it is unable to find the returns and time period involved suitable.

So how are these projects financed? The state is called upon to undertake these projects in order to create an environment suitable for growth and development. More often than not, financing has to be made essentially from the revenues of the government by raising taxes and expanding it wisely. However, government revenue from all sources, including politically sustainable levels of taxation, falls short of the amounts needed for financing infrastructure. So the issue before us is how to mobilize the public's savings for this purpose. In an interest-free Islamic economy, the question is: how can the Islamic financial institutions help in this regard?

Islamic financial institutions are distinguished by their keeping away from lending or borrowing on interest. An Islamic bank accepts investment deposits on a profit sharing basis. It supplies some of these funds to businessmen on a profit sharing basis. But currently other modes of finance permitted by Shariah are in greater use, so that these banks can earn profits for their shareholders and depositors. Islamic investment companies operate like mutual funds. They invest clients' monies in common stock or use them to earn profits through Islamic modes of finance, as Islamic banks are doing.

Realizing the need to increase the Malaysian state of Sarawak's power supply to meet rising demand as the economy grows, while awaiting the completion of the Bakun hydro-electric project, RHB Islamic Bank has developed, within nine months of meetings and discussions, a first-of-a-kind of Sukuk, structured along the Shariah principles of Mudharabah and Musharakah, for the Sarawak Enterprise Corporation (SECB).

One of the key elements of this unique financing structure is that it leverages on SECB's member company Sarawak Power Generation (SPG)'s existing cash-generating capacity. The Sukuk programs, which provided almost 100% financing to the Mukah power project, with a paid-up capital of RM2 million (US\$542,000), are fully acceptable to the West Asian market, representing a major step for Malaysia towards convergence with the West Asian Shariah standards in Islamic financing.

Similarly, banking and financial institutions in Pakistan, in playing their roles in fund mobilization, have evolved a new corporate security to replace interest-based debentures, which are named "Participation Term Certificates," or PTCs. PTCs are transferable corporate instruments based on the principles of profit and loss sharing, and are intended to replace debentures for medium and long-term local currency loans for industrial and other financing. Instead of receiving interest, as in the case of debentures, PTC shareholders share the profit or loss of the companies involved. In Iran, participation bonds have been launched for the same purpose. Tehran Municipality has issued a bond named "Participatory Bonds," which are in accordance with Islamic principles, for financing the reconstruction of the Navab Highway.

Thus, given its role in the intermediation process and payments system, the Islamic banking system will continue to be at the core of the Islamic financial system, and a well functioning and efficient banking system is vital for achieving robust economic performance.



Zakariya Othman, Editor

Islamic Finance news

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NEWS BRIEFS

UAE (Dubai)

MFC advises Anzon

Dubai Islamic Bank's investment banking subsidiary, Millennium Finance Corporate (MFC) has advised the Australian oil and gas exploration and production company Anzon Energy regarding the issue of US\$75 million worth of shares, bonds, and convertible bonds to Ras Al Khaimah Petroleum (RAK Petroleum).

The proceeds from the issue will be used by Anzon to further development and fund its plans in the Middle East, the main focus being on the UAE.

MFC has also advised on the signing of a Memorandum of Understanding (MoU) between Anzon and RAK Petroleum to form a joint venture at a later stage. The joint venture will explore interests outside the Middle East with the objectives of building a major influential oil and gas exploration & production group.

The agreement reads: 3.8 million shares at a price of US\$2.25 per share will be issued by Anzon to RAK Petroleum to raise a total of US\$8.55 million. Anzon Investments, a wholly owned subsidiary of Anzon Energy, has also issued to RAK Petroleum unsecured and un-subordinated bonds for US\$37.5 million, while Anzon Investments has issued to RAK Petroleum unsecured and un-subordinated convertible bonds for US\$ 37.5 million.

Laurent Lavigne du Cadet, head of oil and gas at MFC, said: "Anzon Energy and RAK Petroleum will create a joint venture with a view to explore and develop assets located in the Middle East, where RAK Petroleum and Anzon Energy would act as co-operators and apply the same technology expertise that has made the success of the BMG field development in Australia."

YEMEN

SabaFon signs Murabahah agreement

SabaFon Telecommunications, one of Yemen's many fast-growing mobile telecoms companies, has signed an Islamic Murabahah financing agreement for US\$50 million with HSBC Bank.

The Islamic financing would be used to expand the services of the telecoms company. SabaFon hoped it would increase its current infrastructure by serving an additional 600,000 subscribers.

MALAYSIA

RHB Unit Trust bond funds

RHB Unit Trust Management has declared income distributions of RM0.15 (US\$0.041) per unit for the RHB Islamic Bond Fund, and RM0.35 (US\$0.095) per unit for the RHB Bond Fund.

The RHB Islamic Bond Fund has declared an income distribution of RM0.15 (US\$0.041) per unit for the six months ending on the 31st March. RHB Bond fund investors will receive RM0.35 (US\$0.095) for every unit they own for the financial year ending 30th September 2006. This brings the income distribution declared for the company's financial year ended on the 30th September 2006 to a total of RM0.03 (US\$0.081).

This converts to a dividend yield of 3.45% for the RHB Bond Fund and 2.81% for RHB Islamic Bond Fund.

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NEWS BRIEFS

INDIA

India bags Saudi deal

Indian IT company Infosys has won what it hopes is its first contract of many from a Saudi bank for its Islamic banking solution.

Merwin Fernandes, vice-president and business head for the IT solution – called Finacle – said Infosys is in talks with three Gulf banks for its core banking solutions. “Saudi Arabia’s Arab National Bank is our first customer for the Islamic banking solution that is currently under development. We are seeing a favorable response from several banks in the Gulf and Middle East and expect more customers.”

The fully fledged Islamic banking solution – part of the core Finacle solution – is expected to be ready early in 2008.

Fernandes continued: “The potential is huge in the Middle East as well as in southeast Asia. Banks in the Gulf are going in for major technological revamps, particularly in Saudi Arabia and this is going to happen from now until 2010.”

Infosys has won contracts from five Saudi banks and three in the UAE for its core Finacle solution. The company offers solutions through the State Bank of India to customers in Bahrain and Oman. Infosys is currently looking to venture into new markets such as Latin America, Russia, Australia and the USA.

SAUDI ARABIA

2nd Islamic Industry, Commerce Chamber meet

The second session of the board of directors of the economic arm of the Organization of the Islamic Conference (OIC) – the Islamic Industry and Commerce Chamber – was held in Jeddah, Saudi Arabia on the 1st–2nd October.

Guests at the meeting included an Iranian delegation including the head of Iran’s Chamber of Commerce, Industries and Mines – Ali-Naqi Khamoushi – amongst other distinguished guests.

The key objective of the session was to implement the OIC 10-year Action Plan in the commercial and industrial sector.

Also on the agenda were: the establishment of an investment company to attract idle capital in member states; the establishment of a fund for needy and poor states with an investment of US\$1 billion dollars by Saudi Arabia; the creation of an organization or union aimed at the exchange of technological knowledge and manpower among OIC member countries; the establishment of a bank to promote trade and commerce among Islamic states; the establishment of a commerce and trade company to boost potential in commercial relations between Islamic countries.

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MALAYSIA

TM benefits from converted bonds

Khazanah Nasional successfully concluded its landmark issuance of US\$750 million in convertible Islamic bonds, seeing an oversubscription of six times the initial size (of US\$500 million). (See story in last week’s issue: Vol. 3, issue 34, page 1.)

The certificates are exchangeable for Telekom Malaysia (TM) shares and carry a yield to maturity of 5.07% and an annual periodic payment of 1.25%. They will be listed on the Labuan International Financial Exchange.

If the bondholders exchange their bonds, Khazanah’s shareholding in TM is expected to decline to 28% upon completion of the exercise in five years or less. A bank-backed research house commented: “We believe that Khazanah is looking to cash out on about 7% of its shares in TM sooner rather than later, given the 19% premium exchangeable price compared with our fair value of RM11.70 (US\$3.17).”

TM, in which Khazanah holds the majority shareholding of 35%, is expected to benefit in terms of share liquidity. TM shares finished unchanged at RM9.15 (US\$2.48) this week, with close to three million shares traded. Although Khazanah’s landmark issue would not enhance TM’s earnings, it would help improve its share liquidity by 7%.

MALAYSIA

KFHM launches new product

Bank Negara Malaysia has recently granted approval to Kuwait Finance House (Malaysia) (KFHM) for a financial management product – KFH Ijarah Rental Swap-I – a risk management tool suitable for customers with Ijarah financing arrangements that are either subject to fluctuations of the reference rates such as cost of funds, or fixed over the Ijarah or lease facility period.

Customers could be a payer or a receiver of lease rental payments to exchange the series of payments or receipts from floating to fixed rental amounts, or vice versa over a stated lease period. The tenures of the product could vary according to customer requirements, up to 10 years’ duration or more, thus enabling Ijarah customers to effectively hedge their longer tenure risk.

SAUDI ARABIA

ICD and SDF sign agreement

Islamic Development Bank (IDB) affiliate, the Islamic Corporation for the Development of the Private Sector (ICD) has signed an agreement with the Saudi Fund for Development (SDF) to enable the SDF to provide a line of financing for ICD projects.

SDF, as part of its Saudi Export Program, agreed to provide US\$25 million to finance the import of ICD projects into IDB member countries from Saudi Arabia.

The agreement is expected to improve trade and investment among IDB and ICD member countries, through provision of finance to projects that require imported equipment and capital goods from the Kingdom.

Yousef Ibrahim Al-Bassam, vice-chairman and managing director of SDF, stressed the importance of co-operation between SDF and ICD. “Our export program has proved to be a success, and we hope to continue our success with IDB and its affiliates,” he added.

NEWS BRIEFS

SWITZERLAND

First Islamic private bank

Faisal Private Bank (Switzerland) has been awarded a full banking license by the Swiss Federal Banking Commission, making it the first Islamic private bank in Switzerland.

Bahrain-based Ithmaar Bank, the principal shareholder of Faisal Private Bank Switzerland, has a total issued and fully paid-up capital of US\$360 million, and launched its IPO on the Bahrain Stock Exchange in February.

Commenting on the launch of Faisal Private Bank (Switzerland), Marco Rochat, chief executive officer of the new bank, said: "Faisal Private Bank Switzerland is the synthesis of over 15 years of experience in the Swiss private banking arena with a distinctive ethical heritage. This will enable us to continue delivering an innovative platform for an international clientele which trusts our private bankers because they are also accountable for their values."

The bank's chairman Khalid Abdulla Janahi added: "Faisal Private Bank Switzerland also illustrates the appeal and competitiveness of a global business model guided by the ethics of the Shariah. My colleagues on the board of directors join me in expressing confidence in the success of our Swiss bank."

UAE (Dubai)

Emaar raise US\$1b via debt issue

Emaar properties will raise US\$1 billion through a five-year Musharakah Islamic syndication. The proceeds from this facility will principally go to finance Emaar's international and domestic projects.

Emaar stated: "The syndicated Musharakah facility is the first debt issue for Emaar in terms of size and scope, and will be instrumental in meeting the company's growth needs in the near future. The pioneering transaction is crucial in reinforcing Emaar's ties with global financial powerhouses that will participate in the syndication."

Chairman of Emaar Properties, Mohammad Ali Al Abbar, said: "The Musharakah Islamic syndication reiterates Emaar's Vision 2010 of becoming one of the world's most valuable companies through international expansion and diversification. Working with key global Islamic finance institutions further enhances our position in the capital markets."

Emaar, which is listed on the Dubai Financial Market and is part of the Dow Jones Arabia Titans Index, has projects in Saudi Arabia, Egypt, Morocco, Syria, Tunisia, Turkey, Pakistan and India.

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MALAYSIA

RM1 billion issuance for BIMB

BIMB Holdings is likely to raise more than RM1.01 billion (US\$273.7 million) from a proposed restricted share issue, to recapitalize subsidiary Bank Islam Malaysia. The shares will be issued at a price of RM1.20 (US\$0.32 each) and the issuance is expected to be completed by the end of 2006.

BIMB will also look at listing Bank Islam on Bursa Malaysia or other stock exchanges outside Malaysia.

The proposed issuance will result in Dubai Financial and Lembaga Tabung Haji becoming shareholders of Bank Islam with stakes of 40% and 9% respectively. BIMB will still hold 51% of Bank Islam.

The Bank Islam board would have 10 members, including three nominees each from BIMB and Dubai Financial, one from Tabung Haji, and three independent directors. (See story in the last issue of *Islamic Finance news*, Vol. 3, issue 34, page 4.)

USA

Calyx Financial Shariah board

Calyx Financial has formed a Shariah supervisory board for its Calyx Islamic Strategist program.

Sheikh Yusuf Talal Delorenzo, who was the primary Shariah advisor for the development of the fund-of-funds, has been joined on the board by eminent scholars Dr Mohd Daud Bakar and Sheikh Nizam M. S. Yaquby.

The Calyx Islamic Strategist program will be launched in the fourth quarter of 2006 as the first globally sourced, multi-asset class fund of Shariah compliant funds. The objective of the program is to achieve absolute risk-adjusted returns through strategic and tactical asset allocation, using a portfolio of 20 Shariah compliant underlying funds.

MALAYSIA

New heights for Islamic banking

Malaysia's Islamic banking industry is ever-increasing, with fresh capital inflow of between RM3 billion (US\$813.8 million) and RM4 billion (US\$1.1 billion) into the country, says RHB Islamic Bank chief executive officer Khalid Bahaimia.

The next two years will show Islamic banking as real competition in terms of product offerings and the physical presence of more banks, the CEO believes, citing as an example a West Asian institution that has been permitted by Bank Negara Malaysia to buy a property development on a wholesale basis and sell it on a retail basis. This has never been allowed before, as development and banking have always been viewed as two different entities.

Khalid believed the Islamic banking sector in Malaysia was becoming more congested and would remain so until consolidation took place.

RHB Islamic was working on products that could be marketed internationally, Khalid revealed: "Everybody [in Malaysia] knows project financing products based on Bai Bithaman Ajil. But we don't do that as it is not applicable or recognized by investors from West Asia because it is just a simple debt instrument," he said.

RHB Islamic was prioritizing research and development in order to customize its products to suit customer needs, he said.

NEWS BRIEFS

SYRIA/QATAR

SIIB share placement

The Syrian International Islamic Bank (SIIB) will place up to 51% of its capital shares for underwriting by Syrian citizens.

Qatar International Islamic Bank (QIIB)'s manager Abdullbasset Al-Sheebi stated that SIIB was established together with Qatari investors. Qatar thus holds 49% of the bank's capital, amounting to S£5 billion (US\$96.31 million), leaving 51% of the shares for underwriting. QIIB has no strategic partner in Syria, instead it wants to deal directly with the public through the underwriting of shares.

The Syrian government licensed its first two Islamic banks recently – Al-Sham Bank, which grouped a number of Kuwaiti finance institutions – and SIIB, to which QIIB contributed US\$100 million in capital.

Syrian Finance Minister Dr Mohammed Al Hussain said: "The new bank will occupy an important place in the Syrian banking sector, mainly because the Syrian market is in need of Islamic banking products."

USA/QATAR

QIIB ventures into USA

Qatar International Islamic Bank (QIIB) has been approached by the US Federal Reserve to operate in the USA, and is currently investigating the possibilities.

CEO of QIIB Abdul Basit Al Shebeib said that the American banking regulatory authorities want to see Islamic banking operations in the country, despite the events of 9/11.

"At the beginning, Islamic banks faced many challenges, but with development of instruments and their capabilities, major financial institutions have started to look at Islamic financial institutions positively. They were keen to enter Islamic markets as competitors by opening Islamic branches and launching Islamic products", he stated.

Al Shebeib said that QIIB's transactions share of the Qatari market is 8%, amounting to QR7 billion (US\$2 billion). The bank also holds a unique position in the UK market, where it holds 50% of the British Islamic Bank's £50 million (US\$94.25 million) capital.

INDONESIA

Qatar and Indonesia sign MoU

A memorandum of understanding (MoU) has been signed by Indonesia and Qatar on the establishment of the Qatar Trust Fund, which hopes to collect up to US\$1 billion in funds.

The money raised from the Qatar Trust Fund will finance infrastructure projects in Indonesia, with the government hosting an international infrastructure forum to seek investments in various projects from Middle Eastern investors in early November.

In addition, Qatar Islamic Bank is currently considering spending up to US\$100 million to buy an Indonesian bank.

Assets held by Islamic banks in Indonesia are predicted to expand at least 50% in 2006. Indonesia has three Islamic banks: the largest Bank Syariah Mandiri, Bank Muamalat Indonesia and Bank Syariah Mega Indonesia. Conventional lenders such as Bank Negara Indonesia and Bank Niaga also have Islamic banking units.

GCC

New Islamic index launched

Global Investment House has launched a new GCC Islamic Index, as part of a series of indices.

Global's executive vice-president Omar M. El-Quqa said: "We take pride in introducing the first dedicated Islamic index for the GCC region. Global GCC Islamic Index establishes itself as the benchmark for Shariah compliant investment in GCC countries, introducing the immense Shariah compliant investment opportunities available in our regional market. This new index leverages the need for tracking the performance of Shariah compliant stocks in line with the great interest the investors are showing in this market."

The Global GCC Islamic Index comprises of all Shariah compliant stocks listed on all GCC bourses – currently 66 companies. Financial reports of all the companies listed have been screened for Shariah compliance.

Global maintains that this index will help to enhance the market, working to develop more interest among foreign and local investors that are targeting Islamic compliant companies and directing them towards those stocks.

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NEWS BRIEFS

QATAR

Al Rayan Bank opens Al Sadd office

Al Rayan Bank has opened its office in the Al Sadd area of Doha. The chairman of the board of directors, Dr Hussain Al Abdullah, said the bank hopes to set up branches across the region soon.

In saying that plans to set up an investment bank via the Qatar Financial Center (QFC) were in place, the chairman said the proposed bank, to be 100% owned by Al Rayan, would serve as a link between the GCC and the rest of Asia.

"There are a few or, perhaps, no Islamic investment banks in the world, so the launch of this bank would be of immense significance," said Al Abdullah.

The investment bank will invest in real estate, establish new companies and acquire small firms in order to restructure them and resell them for profit-making.

YEMEN

TIIB 90% profit rise

The first half of 2006 was a fruitful one for Tadhamon International Islamic Bank (TIIB), showing a 90% year-on-year increase in net profits to YR7.2 billion (US\$36.7 million).

Customer deposits grew by 30% to YR133 billion (US\$679 million) at the end of June 2006. Net profit amounted to YR4.4 billion (US\$22.47 million) in the first quarter of 2006, compared to YR1.2 billion (US\$6.13 million) in the same period in 2005. At the end of March 2006, customer deposits rose from YR96.5 billion (US\$492.98 million) to YR121 billion (US\$618.14 million).

The bank's general shareholders' meeting approved a capital hike to YR10 billion (US\$51.09 million) in March 2006, which made TIIB the first bank in the country to meet the requirements of the Central Bank of Yemen, which state that all banks must have a minimum paid-up capital of YR6 billion (US\$30.64 million) by 2009.

UAE (Dubai)

DIB donation to Al Zakat

Dh3 million (US\$816,782) has been donated to the Al Zakat Fund by Dubai Islamic Bank (DIB). The fund collects zakat from the UAE community and then disperses the donations throughout the country according to Shariah principles.

Mohammed Saeed Al Shari, executive vice-president of finance at DIB, said: "This initiative signals DIB's commitment to charitable works and reflects our belief in supporting the Takaful concept in the UAE. DIB has always been at the forefront of supporting social causes locally and regionally."

SAUDI ARABIA

IDB finances project and trade operations

The board of executive directors of the Islamic Development Bank (IDB) has approved US\$705.9 million in project financing and trade operations.

In addition, the board reviewed issues such as a status report on the implementation of the establishment of an IDB poverty alleviation fund, which may be named a Waqf fund, with a capital of US\$10 billion.

The board also discussed the Joint Program for Lebanon Construction, which has a target capital of US\$1 billion. Other topics considered were the establishment of the International Organization for Zakat and the steps and objectives necessary for establishing Imaar International Bank (IIB).

A sum of US\$347,000 was approved for the share of IDB in the increase of the capital of the International Islamic Rating Agency (IIRA) in Bahrain.

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NEWS BRIEFS

RETAIL NEWS

UAE (Abu Dhabi)

Tamweel's first branch in Abu Dhabi

Tamweel has opened its first branch in Abu Dhabi, which will offer Tamweel's entire range of Shariah compliant home finance products and services through professionally trained mortgage advisors.

Sheikh Khaled Bin Sakr Bin Zayed Al Nahyan – chairman of Tamweel – said: "We are excited to have a fully fledged Tamweel branch in Abu Dhabi and we expect it to play a pivotal role to prospective home buyers in the capital and Eastern Region. With the property and real estate sector going through an unprecedented boom, we are confident that Tamweel will provide an impetus to the real estate sector in the Emirate."

The group, which is the only home finance company in the UAE that has been Islamic from inception, now has branches in three Emirates.

UAE (Sharjah)

SIB launches auto scheme

Sharjah Islamic Bank (SIB) has launched a new car finance scheme with a 3.9% reduced rate for new cars during Ramadan. Ending on the 31st October, the offer is open to both salaried and self-employed individuals.

An offer is also available on Hyundai car purchases – for every Hyundai car deal financed with SIB, customers will receive a Dh1,500 (US\$408.44) purchase voucher. The first instalment is payable after 120 days and no down-payment is required. The financing period is up to five years, with no salary transfer required. There is an option for Islamic insurance financing, and also a free credit card.

MALAYSIA

Maybank Islamic branch in Johor

Maybank has launched its first fully fledged Islamic banking branch in Johor, in the south of the country.

This, Maybank's 11th banking branch, offers a full range of Islamic banking products including savings and investment accounts, house financing, Takaful products and remittance. The newly opened branch adds to Maybank's network of over 400 branches across Malaysia, offering conventional and Islamic banking services.

QATAR

QIIB launches new financing scheme

A new financing scheme has been launched by Qatar International Islamic Bank (QIIB) that provides for 20–30 times the monthly salary of beneficiaries.

QIIB assistant general manager of personal banking, Jamal Abdullah Al Jamal, said the scheme would operate until the 28th December, with both Qataris and expatriates eligible for the scheme.

Applicants do not need to transfer their salary in order to benefit from a loan equal to 30 times the salary for Qataris and 20 times for expatriates. The repayment period is 60 months, provided the applicant's salary is not less than QR10,000 (US\$2,746).

Al Jamal said the new scheme, which will be available at all QIIB branches to non-customers of QIIB as well as customers. There will also be a monthly draw for a car for all current or new customers who have received financing of over QR50,000 (US\$13,733).

THIS TIME LAST YEAR

National Commercial Bank launched the Al Ahli GCC Trading Equity Fund, an open-ended Saudi riyal-denominated fund with a minimum subscription of US\$1,332; UAE commercial mortgage lender **RAKBank** applied for a license to set up an Islamic finance company; **Alliance Unit Trust Management** launched its first Shariah compliant money market fund – the Alliance Islamic Money Market Fund; It was revealed that **Bank Islam Malaysia** would report a US\$133 million loss, the first time it had gone into the red in its 22-year history. The bank was expected to announce losses at the bank level of US\$133 million and make a provision of US\$199.46 million for bad debts; **Shamil Bank** of Bahrain mandated **BNP Paribas**, **Boubyan Bank** and **Gulf International Bank** to lead arrange a US\$100 million five-year amortizing Murabahah syndicated facility; **Pearl Real Estate Development Company** entered into an agreement with **Shamil Bank** to provide Islamic home financing to buyers in

the US\$252.55 million **Abraj Al Lulu development**; Kuwait-based Islamic investment firm **The Investment Dar Company** announced plans to acquire a 30% stake in **Bahrain Islamic Bank** for US\$84.12 million; **Bahrain Islamic Bank** appointed Faisal Alshwaikh as Director of Corporate & Institutional Banking; **Solidarity** launched its single contribution plan, SolidBond, to offer national, expatriate and international investors a focused investment vehicle; The world's largest Takaful and re-Takaful provider, **Islamic Arab Insurance Company**, re-branded its business as **Salama Islamic Arab Insurance Company** and also announced it would be issuing life and medical insurance before the first quarter of 2006; **Qatar Islamic Insurance Company** restructured its investment portfolio and offloaded a portion of shares to finance expansion overseas. The company stated its expectation of seeing a 440% rise in profits as a result.

NEWS BRIEFS

RATINGS NEWS

SAUDI ARABIA

Fitch rates SABIC

Fitch Ratings has affirmed Saudi Basic Industries Corporation (SABIC)'s issuer default rating at A with a stable outlook and a short-term rating at F1.

These ratings are a result of SABIC's strong position as one of the world's largest petrochemicals companies, benefiting from competitively priced feedstock in Saudi Arabia. In 2005 the group achieved sales of SR78 billion (US\$20.8 billion), thus improving its already exceptionally high profitability.

Although SABIC is a holding company that engages in no production itself, Fitch regards the group as an economic unit due to the high degree of integration and SABIC's effective control of its subsidiaries.

MALAYSIA

MARCWatch maintained

Malaysian Rating Corporation (MARC) has maintained the ratings of Peremba Jaya Holdings' RM200 million (US\$54.16 million) Murabahah underwritten notes issuance facility/Murabahah medium-term notes on MARCWatch with a negative outlook.

This is a result of Peremba Jaya's weak financials as at July 2006 and the ongoing uncertainty surrounding the finalization of a contract with Putrajaya Holdings (PJH) – one of the sources of repayment of the facility. Peremba Jaya has not yet signed a share sales agreement with PJH, under which it would become a wholly owned subsidiary of PJH.

The facility's long-term rating was downgraded to A-ID in February and the short-term rating affirmed at MARC-2ID and placed on MARCWatch with a negative outlook. The MARCWatch was further extended in May 2006.

MALAYSIA

Tracoma on rating watch

Tracoma Holdings's RM100 million (US\$27.12 million) Bai Bithaman Ajil Islamic Debt Securities (BaIDS) have been placed on MARCWatch with a negative outlook by Malaysian Rating Corporation (MARC).

These ratings are based on Tracoma's delay in depositing monthly profit payments towards the payments due in January 2007. As at September 2006 there was a shortfall of RM1.4 million (US\$379,478), as against the minimum balance requirement of RM1.8 million (US\$487,914).

The company's tight financial position is expected to be temporary and is attributable to high development costs for new car models, which Tracoma had incurred in advance, and the delay in implementing upward price revisions for parts supplied to major customers. The shortfall should be rectified when these situations have been amended.

MARC will continue to monitor the developments at Tracoma and publish any rating implications as necessary.

MALAYSIA

MARC affirms ratings of IJMP

Malaysian Rating Corporation (MARC) has affirmed IJM Plantations (IJMP)'s RM150 million (US\$40.62 million) Bai Bithaman Ajil Islamic Debt Securities rating at A+ID with stable outlook.

This affirmation is premised on IJMP's steady operating performance and strong financial profile, although it is moderated by IJMP's exposure to the cyclical developments affecting the palm oil industry. IJMP is principally involved in the cultivation and management of palm oil estates.

MALAYSIA

MPG Sukuk rated AA3 by RAM

Mukah Power Generation (MPG)'s Senior Sukuk Mudharabah Program of up to RM665 million (US\$180.24 million) has been given a preliminary rating of AA3 with a stable outlook by Rating Agency Malaysia (RAM).

MPG is an independent power producer incorporated to design, construct, own, operate and maintain a coal-fired power plant in Sarawak.

The preliminary rating is supported by the project's satisfactory counterparties, the Sukuk's robust cashflow protection measures, and the project's strategic importance to the state of Sarawak. These strengths are moderated by the construction risks, given the project's greenfield status; MPG's exposure to single-counterparty risk; and the possibility of force majeure events. (See page 1 for News Brief.)

MALAYSIA

Ratings of Bayu Padu affirmed

Bayu Padu's RM500 million (US\$135.41 million) Istinah Serial Bonds and RM100 million (US\$27.1 million) Murabahah commercial papers/medium-term notes facilities have had their ratings of A+ID and MARC-1ID/A+ID affirmed by Malaysian Rating Corporation (MARC).

Bayu Padu is a wholly-owned subsidiary of SapuraCrest Petroleum, incorporated as a special purpose vehicle (SPV) to facilitate the Islamic financing transactions involving the issuance of these facilities.

The ratings mirror the positive outlook of the oil and gas industry; expected improvements in financial performance as a result of substantial contracts in hand and contracts bid; and further forays by SapuraCrest into international expansion and investments.

Moderating the ratings are the increasing debt leverage of SapuraCrest group; increasing receivables; the high volatility and tight margins of the group's pipeline installation activities; and SapuraCrest's profitability being dependant on its ability to maintain sizeable contracts in hand.

MALAYSIA

MMV's ratings affirmed

The MARC-2ID rating of MM Vitaoils (MMV)'s RM70 million (US\$18.95 million) Murabahah Commercial Papers (MCP) Program has been affirmed by Malaysian Rating Corporation (MARC), with a developing outlook.

This anticipates MMV's improving financials, arising from a more focused business strategy, supported by the Malaysian Palm Oil Board's expertise in downstream palm oil research and development activities. Moderating factors to the rating include the company's limited track record and lack of financial flexibility, which may inhibit the company's expansion plan.

MMV manufactures edible palm oil products such as liquid cooking oil, margarine, shortening and vegetable ghee. Over 95% of MMV's products are exported, and its products are targeted at the recession resilient food industry.

Financing Public Sector Needs

By Professor Dr Sayyid Tahir

Public sector financing needs are distinct from those of the private sector in two respects, namely the funding requirements may be sizeable, and the maturity period of financing may be longer. Thus, there is a need to work with divisible and tradable financial instruments.

To the extent that a similar situation may arise in addressing the needs of the private sector, the following instruments may also be adapted for those cases.

Murabahah with divisible and tradable securities

In this case, the payment obligations of the client can be represented by securities in the following way. Each security will have a fixed denomination that represents the payment to be made in lieu of an installment, or a part thereof, by the client to the financier. There also ought to be a right of recourse for a holder of a security against his immediate seller. Once the collection rights are transferred by a security-holder to another party through the sale of the security, the former should not directly or indirectly reacquire the collection rights.

Project financing through Ijarah

1. Sukuk can be developed against a BOT (Build Operate Transfer) arrangement between the issuer of the Sukuk and the financiers, with Islamic banks playing the role of lead managers.
2. There may be a body to represent the Sukuk-holders (a legal person or a special purpose vehicle (SPV)), subject to the condition that this body is independent of the issuer of the Sukuk, both in letter and in spirit. This may be ensured through the terms and conditions of the SPV. For example, if it is pre-specified that the SPV will sell the Sukuk at a pre-determined price, that would mean a corroborative relationship between the SPV and the party seeking financing through this channel.

Istisnah cum Murabahah financing

There may be an Istisnah arrangement between the financier(s) and contractor(s) for building, say, a bridge. The same may be sold to the government on a Murabahah basis. The instrument can be designed around a staggered financing and sale arrangement.

Redeemable Musharakah

A selected Musharakah arrangement can be developed along the lines of diminishing Musharakah for financing public sector projects that also yield income flows.

Resource mobilization through selective Musharakah

Rather than privatizing public sector enterprises, the government can enter into a Musharakah arrangement with private parties, who might play a role in the management side.

Special issues in foreign trade financing

Banks primarily intermediate in the transfer of ownership of merchandise from exporters to importers, and payment from importers to exporting parties. Thus they play an economic role. The same can continue, with Islamic banks seeking compensation for their role.

The issue of riba arises when the banks also have to commit their own funds to help an importer or an exporter. Furthermore, the treatment of the fund committed by importers to their Letter of Credit might need care.

1. The funds tied to Letter of Credit requirements may be treated as loans to the bank, pending the full completion of the transaction.
2. Banks may enter the financing commitments by coming into the picture either as "traders" (providing Murabahah financing to importers or Salam financing to exporters), or "partners" (providing either Mudarabah or Musharakah financing to their clients). Some fresh considerations in the performance of Letter of Credit functions might arise in these instances.

Regulation and control of Islamic banks

There is a need for an inter-bank Islamic money market, with divisible and tradable financial instruments. The Central Bank can play a traditional control and regulatory role, but with some amendments. For example:

1. Central Bank may prescribe prudential regulations for good governance by Islamic banks within, of course, the limits allowed by the Shariah.
2. Central Bank may prescribe liquidity and other reserve requirements for deposits that are generated by way of loans, or those that offer flexible withdrawal facilities. However, the same purpose might be served through limiting the capacity of the banks to deposit mobilization through Musharakah, rather than Mudarabah.
3. Central Bank might provide liquidity to Islamic banks through discounting their Islamic commercial paper. Provision of liquidity on a short-term Mudarabah basis is conceivable, but subject to the condition that the neutrality of the Central Bank is not compromised.
4. Control/regulation might be needed in order to ensure that the role of Islamic banks does not exceed that of filling the financial gaps in the transactions taking place in the economy.
5. There will a need to weed out misuse of Islamic banking.
6. Central Bank might carry out Shariah audit over and above the internal audits by the Islamic banks.

Monetary policy

Due to the integration of real and financial sectors in an Islamic financial set-up, both the need and the scope of monetary policy will change.

continued...

Financing Public Sector Needs (*continued...*)

Transformations in the legal domain

The legal set-up would need a thorough review. For example, creditors might need to be given the first claim on all the assets of the debtors (beyond some objectively defined minimum), irrespective of whether there is collateral or no collateral. In addition, the existing distinction between “legal” liability and “personal” liability might need reviewing, along with changes in bankruptcy laws.

All laws affecting Islamic banks’ role as economic agents – traders, lessors and partners – need to be reviewed. For example, taxation rules standing in the way of Murabahah, transfer levies in leasing matters, etc. would need to be rationalized so that the Islamic banks’ role as financial institutions is strengthened.

Islamic banks versus conventional banks

The Shariah essentially is a way of doing things. This ought to be reflected in the workings of Islamic banks at all levels: from carrying out transactions to record-keeping and the skill profile of the workforce. Conventional banks may not move onto the turf of Islamic banks if there are fundamental differences between the requirements of interest-based banking and Islamic banking. Otherwise, chances are that interest-based banks may give Islamic banks a run for their money through “Islamic windows.”

“The Shariah essentially is a way of doing things. This ought to be reflected in the workings of Islamic banks at all levels”

Conclusion

There is a need to reflect on the following Ayat, and construct/reconstruct the Islamic banking paradigm, rather than “Islamizing banking.”

“We have put forth for men, in this Quran every kind of Parable, in order that they may receive admonition.” (Az-Zumur 39:27; emphasis added)

“We have explained in detail in this Quran, for the benefit of mankind, every kind of similitude: but man is, in most things, contentious.” (Al-Kahf 18:54; emphasis added)

Of course, our belief in the Tawhid and the internal consistency in the Quran and in the Sunnah can also be our guide.

The author is the Professor of Economics at the International Institute of Islamic Economics, International Islamic University Islamabad.

This article is an excerpt from a paper written for the Distance Learning Program in Islamic Finance, sponsored by the Islamic Research and Training Institute of the Islamic Development Bank, Jeddah.

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Indexation – An Islamic Evaluation

By Dr S. M. Hasanuz Zaman

This is the second section of a two-part article regarding the indexation of purchasing power from a Shariah perspective. This feature commenced in last week's issue of Islamic Finance news.

Rational arguments versus the spirit of the Shariah

While the principle of linking loans and debts to purchasing power cannot be justified on textual grounds, as discussed in last week's issue, there may yet be some arguments to adduce for indexation on a rational and logical plane. We may examine these arguments along the following lines:

(1) Ijtihad

Some may argue that the phenomenon of worldwide inflation, causing hazards in the economic life of man, has never been experienced before. The degree of fall in the purchasing power of money, mainly during the seventies and afterwards, has brought about unmanageable distortions and has deprived money of many of its characteristic functions. It is therefore imperative to do ijtihad, and not stick to opinions formulated at a time when the situation prevailing in the later part of the twentieth century could not have been conceived of.

The answer to this argument is that ijtihad is done only where nass (i.e. textual law) does not exist. And because this problem is guided by nass, ijtihad is out of question.

(2) Damage

The Prophet has said that no damage should be done nor should any be borne: *la darar wa la dirar*. On this basis the jurists have observed that a damage should be redressed: *al-darar yuzal* (Ibn Nujaym, p. 58). Inflation is a damage to the purchasing power of money and causes suffering to the creditor and the saver. Indexation is a redress against this damage.

In order to answer this question, we have to examine the applicability of the Islamic law of indemnity in the context of indexation. The law provides that a person responsible for inflicting a damage should indemnify the sufferer. We have already observed that inflation, which so is often the source of this damage, is caused either by the government, by society itself, by consumers, by natural constraints, by trade unions or traders, or by international factors. In a large number of cases all of these factors taken together are responsible for inflation. The question thus arises as to which of these factors will be made to indemnify the sufferer? If trade unions are responsible for a cost-push inflation, how can a bank be justified in making the entrepreneur indemnify the fall in value of its loan money? Is this not a double punishment to the entrepreneur, through paying higher wages to the workforce and a higher cost of loan to the bank? Similarly, why should a borrower be made to pay for a fall in the value of money that occurs due to demand-pull inflation?

In some countries indexation is limited to government bonds, thus meaning that the government indemnifies only the bondholder. The question then is: is it fair to indemnify only those who can spare their savings for long periods and leave the other inflation-stricken classes to cope alone? Another question would arise regarding at whose

expense bondholders are being indemnified? Public treasury is mostly financed by public taxes. In other words society is suffering. All these facts lead to the conclusion that indexation is not a just technique for punishing the main culprit and redressing injustice.

(3) Government reimbursement

It can be advocated that the government should index all its taxes and in return all its payments, at least to the extent that it is responsible for causing inflation through deficit financing and indirect taxes. It is not possible to determine precisely the extent of responsibility for inflation in the case of non-government bodies. Even otherwise, the government, by virtue of being the guardian of the interests of the people (*wali al'am*), may indemnify the people of their loss in the purchasing power of money, as whether or not it is responsible, there is "*al-darar yuzal*" (a damage is to be redressed). It is therefore the duty of the government to relieve the people of their financial hardship through indexing its bonds and securities.

The principle of *al-darar yuzal* is applicable with some conditions, for example the rule is applied only when one is sure that a damage will not be replaced by a bigger damage or similar damage (*al-darar la yuzal bimithlih*). Another condition is that minor damage will be endured to get rid of a serious damage (*al-darar al-ashadd yuzal bi'l-darar al-akhaff*). The third condition is that a particular damage may be tolerated to redress a general damage (*Yutahmmal al-darar al-khass li daf' al-darar al'am*).

Before applying these rules of law to indexation, the reader is advised to revisit the discussion on the pros and cons of indexation above. It has been pointed out that according to observers, "indexing is a mechanism which is very complicated to devise and operate." The question will arise whether we would choose to resort to a more complicated mechanism in place of a simple routine without any check on inflation. This would mean that we are replacing an easier procedure by a more difficult one. This would be a violation of the first condition of the rule mentioned above.

There is no doubt that an Islamic state is supposed to redress the hardships of the people. This is particularly necessary where the policy of the state itself is one of the main causes of the hardship. Monetary expansion brought about by rising public expenditure through deficit financing is a policy that often causes inflation, even where no other factors responsible for this situation are present.

However, the question will arise as to why the government has resorted to monetary expansion. The answer is that the government does so for the overall development of the community and the whole country. Inflationary policies create infrastructure for overall growth and employment opportunities. Rejection of this policy would mean rejection of the creation of infrastructure and employment opportunities. It is not logical to accept the one and reject the other. Nor does it seem practicable to restrict the effects of the policy only to plus points.

continued...

Indexation – An Islamic Evaluation (continued...)

Confining government expenditure to the regular budget and neglecting major developmental programs involving huge expenditure can, for a period, save people from the hardships of inflation.

But at what cost? In the present day, the world is at the cost of economic and political survival. This will mean protection from a minor damage at the cost of a serious damage to the community. This would violate another condition of the principle which says that a serious damage will be redressed by a minor damage.

Development programs and defense preparations could be withdrawn in favor of the purchasing power of the present generation, but this may be done only at the expense of freedom and the economic prosperity of the future. Thus a particular damage, *al-darar al khass*, will be avoided by exposing the country to a general damage: *darar'am*. This will be the violation of the third condition of the principle of *al-darar yuzal*, which says that a particular damage will be endured to redress a general damage. Thus the application of indexation cannot be justified on this basis.

(4) Price increases

Another argument that may be adduced in support of indexation is that during inflation, trade unions succeed in increasing their wages and contractors often add an escalation clause, providing for an increase in the amount of their quotation in case prices of their supplies rise in the market. If such increases are permissible in the Shariah on the ground of an increase in prices, how can indexation, which is a more sophisticated device of adjustment, be treated to be unjustifiable?

This is a fallacious analogy, because in the Shariah remuneration for a service as per the price of goods is governed by a different rule than the repayment of a loan, as noted above.

It will be found from the above lines that indexation fails to enjoy the sanction of the basic rules and spirit of the Shariah. There are two alternatives before a saver: the saving may be invested or lent out. In the former case, the saver will have to undergo the entire drill that investment in trade, industry, agriculture or transport goes through. In none of these investments is the profit or the purchasing power of the capital ensured.

If these savings are lent out, the lender would expect a reward in the hereafter, in the light of the Prophet's saying that all loans are sadaqa. He should also incline to do what the Quran lays down:

"If the debtor is in straitened circumstance then [let there be] postponement to [the time of] ease; and that ye remit the debt as 'sadaqa' would be better for you if ye did not know (2:280)."

The savings with the borrower would then be treated as if they were still with the owner. Staying with the owner does not guarantee the future purchasing power of the saving. This is as logical as it is to return a loan of 1,000 kilograms of sugar in its value over a period. No other standard of repayment is as equitable and as undefective than this.

of deferred payment, what will happen in a protracted deflationary situation? Applied during high rates of deflation, or during a recession, indexation will result in a rising trend in the purchasing power of money, with ruinous psychological results. Not many weeks will be required before the whole monetary system collapses and a potentially chaotic situation in international trade and payments results.

Inflation is admittedly an evil, but rather than trying to cure it through a dubious device, every effort should be made to fight it by means recognized by the Shariah. The experiences of Chile may be noted in this connection. Chile was able to control inflation through drastic reductions in public expenditure and adjustments in the exchange rate of the currency, leading to increased imports forcing down prices at home.



The author is an Islamic Development Bank laureate and the former chief of the Islamic economics division at the State Bank of Pakistan.

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Conclusion

The entire discussion on indexation seems to assume a permanent inflationary situation, but wisdom demands a consideration of the reverse situation as well. If indexation is accepted as a fair mode

Islamic Finance forum

It has been suggested that the Shariah advisory process could be better understood and managed by market participants. Is this the case, and if so what needs to be done?



Institutions providing Shariah compliant finance could provide much more detail in their publicity material on the procedures involved in issuing fatwa. Their annual reports could also provide more details on the work of their Shariah boards during the previous year, including information on frequency and length of meetings and the kinds of issues considered. Shariah scholars themselves could in addition write more about their work in newspapers and other media.

All of this would help to inform the market of what Shariah compliance involves, increase client confidence, and indeed help the spread of Islamic finance. Many do not appreciate what the work of Shariah board members actually involves, how the scholars legitimize new financial products and monitor the use of existing products. There is also little awareness of how the scholars have to be able to read, understand and if necessary challenge the draft contracts produced by major law firms for Islamic financial products. How the work of the Shariah boards relates to that of bank officials and their legal advisors needs to be made more explicit. All this will enhance the reputation of the Islamic finance industry.

PROFESSOR RODNEY WILSON: *Director of Postgraduate Studies, Durham University*



I sincerely think that most market participants spend more time educating themselves about how to manage their traditional lawyers than they do to prepare themselves for the Shariah process. Yet it is a legally binding, Shariah compliant relationship that they seek; so both elements should have at least equal priority. If legal, but not compliant, no deal!

ABDULKADER THOMAS: *President & CEO, SHAPE Financial Corp.*

Shariah boards are made up of people who are very familiar with the religious requirements, but who have very little understanding of the intricate financial transactions that bankers are familiar with. Today, Islamic banks rely on the reputations of members of their Shariah boards to market their products as Shariah compliant. But with some board members commanding annual salaries of as much as US\$80,000, critics question the role of money in their decision-making processes.

Although scholars that serve on Shariah boards are considered as competent individuals who issue sincere fatwas, the problem with the boards occurs on a much more fundamental level. The problem is that Shariah boards are chosen and paid by the bank, and the bank is not going to choose a scholar who is going to say its products are haram. This makes them indifferent from the market participants, in terms of decision independence.

In most cases, market players have to justify the development of certain products with detailed research and precedents (if any exist), in order to obtain endorsement from the Shariah board. In fact, the major portion of the whole Shariah advisory process is done by the market participants and endorsement is often only a formality. As such, the Shariah advisory process could be better managed by market players, with the support of the Shariah scholars.

ABU DZIKRILHAKEEM AL-UTHMAN: *FAST Research and Training, Karachi, Pakistan*

The views expressed in Islamic finance forum are those of our panelists, and not necessarily those of Islamic Finance news.

Next Forum Question

Is there the need for a common Islamic currency and would it assist in the development of the global Islamic capital markets?

If you would like to air your views on the next Islamic Finance Forum Question, please email your response of between 50 and 300 words to Zakariya Othman, Islamic Finance news Editor, at: Zakariya.Othman@islamicfinancenews.com before Wednesday 18th October.

Meet the Head

Islamic Finance news talks to leading players in the industry



Name: John A. Sandwick
Position: Managing Director
Company: Encore Management S.A.
Based: Geneva, Switzerland
Age: 49
Nationality: American (becoming Swiss now!)

Could you provide a brief journey of how you arrived where you are today?

I moved to Abu Dhabi with my family in early 1975, the beginning of the first oil boom. Being a kid from California in those early days of the Arabian Peninsula's oil-driven growth was a real eye opener. I witnessed an ancient culture discovering the modern world overnight, and was proud of how the local people not only survived but adapted in a fashion that didn't erase some of their most important traditions. Later in my life I worked in the US Senate and then as a lobbyist in Washington, both of which taught me the importance of compromise and negotiation. Since I was a teen my passion has been banking. Now I can combine my strong interests in the Arabian region and wider Muslim world (with over 31 years' direct involvement) with Islamic banking and finance via a professional career as an Islamic asset manager.

What does your role involve?

I speak and write frequently for professional conferences and magazines about the critical role played by financial intermediaries in all economies, but most importantly in emerging markets. Asset managers channel money from savers to users of capital, playing an amazingly important role in economic growth. The more efficient we are, the more efficient is economic development. To perform this we must try to perfectly match a client's long-term savings needs with the abundant supply of investment products available in the world today. Unfortunately there are a lot of amateurs in this industry, and even more unfortunately many savers don't go to professionals for investment guidance. Only professional asset managers can do this job.

What is your greatest achievement to date?

I'd like to think my greatest achievements are still ahead of me. During my political years I met and worked with some amazing world leaders, men such as King Hussein, Yasser Arafat, and many talented diplomats from Saudi Arabia and the Gulf. But those are small achievements compared to my own company's upcoming Sukuk fund. This investment security will revolutionize how Arabs invest, pure and simple.

Which of your products/services deliver the best results?

There is nothing more important in our industry than being humble. You can't imagine how overly proud some wealth managers get when they land a few big accounts. They think their client's success is their own success. But success in our business is measured in net profits to customers over time, and all within the context of acceptable levels of risk. Being humble is key: one cannot pretend to know all things at all times, and the world of investment is so vast that there is no person on earth with sufficient knowledge to be everywhere, all the time. Plain, straightforward investing and holding good assets for a long time is the key to successfully giving clients what they want.

What are the strengths of your business?

Growing up in Northern California, I grew up understanding the concept of service. We all served hamburgers and washed dishes, regardless of our social or economic backgrounds. Banking around the world tends to be snobbish and remote. Bankers sometimes forget humility. They don't give service with a smile, tirelessly and without interruption. This is our company's greatest asset, I think. We are service oriented in every aspect.

What are the factors contributing to the success of your company?

Good question. When we created Encore there were already several hundred independent asset managers in Geneva, not to mention the asset management services at the big banks. How can anyone survive with that kind of competition? We did it by sticking to basics: humility, service and plain-old investing.

What are the obstacles faced in running your business today?

As Encore expands its Islamic wealth management business, we are witnessing a very heterogeneous market. Common standards don't exist. The Islamic banking asset suppliers – whether they are big international banks or regional Islamic investment companies – are putting out an amazing array of low-quality, high-fee investments. Because Muslims are hungry for Shariah compliant assets, they seemingly buy anything that becomes available, regardless of the appropriateness or quality of the investment for their own portfolios. This will be cured over time, but meanwhile we can expect some very big scandals surfacing in the Islamic banking space pretty soon.

Where do you see the Islamic finance industry, maybe in the next five years?

Commonality is key. Standardization is key. That is finally coming with the recent creation of Islamic ratings and accounting organizations. Vastly greater regulatory supervision is critical, as we are witnessing some very serious abuses of unwitting customers now. My pet complaint has been the woeful lack of Sukuk. It is shameful that both major global money center banks and Islamic banks outside of Malaysia have neglected this critical area of development because they make more money with gimmicks and "flavor of the month" products. Some time in the next five years there will be a substantial shake out, forcing everyone in the Islamic banking space to learn more humility, and causing them to deliver products that the market wants, not what the banks want to deliver.

Name one thing you would like to see change in the world of Islamic finance?

I want more standardization in all aspects of the industry. I'd like to see standardized Shariah guidelines used throughout the Muslim world, ending the oligopoly of a few Shariah scholars. I'd like to see standardized credit analysis, ending years of confusion on what constitutes good versus bad credits. I'd like to see standardized Sukuk issued across broad categories according to risk and reward, not a hodge-podge of opaque securities. I know that's more than one thing to change, but I think you get my message.



Encore is an independent Swiss asset management company, based in Geneva but with clients worldwide. Independent asset managers in Switzerland are there for important reasons: Quality, Cost & Performance.

To deliver these features, Encore has partnered with the biggest and best known Swiss banks to give private wealth management & investment services that no big bank could begin to provide for most private clients.



BAHRAIN

AIG launches AIG Takaful

Global insurer American International Group (AIG) has launched a regional company called AIG Takaful in Bahrain. The new Takaful company, which was licensed by the Central Bank of Bahrain in July, will provide a range of Takaful products, including accident and health, motor, personal contents, property and casualty.

Chairman of AIG Takaful Charles Bouloux commented: "The phenomenal growth of the Takaful market is something that AIG, as a market leader, recognizes. We want to support this growth and offer socially responsible insurance solutions to consumers in this region."

"AIG's management has a philosophy of acting responsibly and providing quality service to corporations and consumers," he continued. "We have a recognized ability to introduce innovative and culturally sensitive products focused on local market conditions, and we believe that this will enhance the overall development of the Takaful industry in this region."

UAE

Salama to allow foreign shareholdings

Foreigners are now allowed to own up to 25% of the Islamic Arab Insurance Company or Salama's shares. The company is the first insurer in the UAE to be given the green light by the government to admit foreign shareholders.

Salama, which posted a net profit of Dh101 million (US\$27.5 million) in the first half of the year, has operations in the Middle East, Asia, Africa and Europe.

SYRIA

New Islamic insurance firm

The newly launched Syrian International Islamic Bank, a joint venture between Qatar International Islamic Bank (QIIB) and other Qatari partners, has requested a license to set up an Islamic insurance company in Syria with a capital of S£850 million (US\$16.4 million).

Formal approval from the authorities is expected to be received for this venture soon. Qatari investors will hold a 49% stake in the new insurance firm, with QIIB holding a 15% stake.

BAHRAIN

Takaful International global expansion

Takaful International Company (TIC) has outlined its three-stage global expansion plans whereby under the first stage, the Bahrain-based Islamic insurer will set up Takaful companies in Kuwait and Saudi Arabia.

The proposed establishment in Kuwait with a capital of KD5 million (US\$17 million) has already obtained the approval from the local Kuwaiti authority, whereas the proposed Saudi Arabian subsidiary, with a capital of BD100 million (US\$265 million), has yet to obtain approval.

The second stage of the expansion plans is to move beyond the Gulf states to other Arab countries, TIC having received the nod to establish a subsidiary in Syria and expecting to do so in early 2007. In the final stage, the first Islamic insurer will expand internationally, beginning with Malaysia.

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Primary Concepts of Islamic Financial Planning

By L. Yulyadi Arnakim

Although Islamic financial planning was introduced to Malaysia almost two years ago by the pioneer Hijrah Strategic Advisory Group, some people are still confused about the concept. What is financial planning? Is there an Islamic financial planning? What is the difference between Islamic and conventional financial planning? Do we need the Islamic one? These questions disturb many people's minds.

Financial planning is an attempt to render a professional service to individuals, their families and their business; to provide impartial assistance in analyzing and organizing their financial affairs in order to achieve financial and lifestyle goals. It basically involves dealing with a person who engages in some form of personal budgeting in terms of wealth creation, wealth accumulation, wealth protection, and wealth distribution. The crux of a financial planning practice is the planning itself, then the implementation of the plan, and the monitoring of it.

Terms such as "wealth," and "lifestyle goal" that are used in the above definition are actually neutral and do not carry any value. These terms are known as the "generic concepts" of financial planning. Generic concepts are those in a discipline which identify the elements whose functioning and inter-relationships form its subject matter. The generic concepts are free of philosophical underpinnings.

These concepts cannot generate a world view, as they are generic and lack a philosophical basis that defines the nature of their role, and the nature of their inter-relationships in terms of the final outcome of their interaction. A world view, on the other hand, is arrived at by giving a philosophical orientation to generic concepts; when this happens generic concepts are transformed into "primary concepts." Primary concepts redefine the nature, inter-relationships and the role of generic concepts in the system; predicting a unique universal outcome based on the chosen philosophical foundation. For instance: wealth and lifestyle are some of the generic concepts in financial planning, but given the philosophical foundation of *laissez faire*, each of these concepts acquires a new meaning and identity; and their inter-relationships deliver the final outcome, which is different from that of dialectical materialism and Islam.

In the case of conventional finance, that is either based on *laissez faire* (capitalism), dialectical materialism or Islam, this is evident from figure 1.

Figure 1. Primary concepts of conventional and Islamic financial planning

	Capitalism	Islam	Socialism
Generic concepts	Primary concepts	Primary concepts	Primary concepts
Wealth / Resources	Scarcity of resources	Bounties of God and no scarcity	Scarcity of resources
Ownership	Individual freedom	A trust	The source of the exploitation of labor
Lifestyle goals	Personal satisfaction (needs and wants)	Falaah (prosperity)	Equal welfare among the proletariat

Therefore, primary concepts are actually generic concepts with philosophical themes. When these primary concepts are stratified, they help develop a particular world view.

Similarly, by using the philosophical foundation of Islam, the generic concepts of financial planning are also refined and are transformed

into the primary concepts that can be used to construct a world view of Islamic financial planning.

Thus value is added to conventional financial planning with a specific philosophical underpinning. Consequently, at the operational level, these concepts will be translated to the personal budget at every stage of creation, accumulation, protection and distribution of wealth.

Islam, on other hand, provides a world view that is harnessed to the private and public life of Muslims based on the revelation, Quran and sunnah. Thus Islamic financial planning has been in existence since the Prophet Muhammad was sent to this world to guide human beings. In Islam, man has been respected and considered as vicegerent on earth, as Allah says: "Behold, thy Lord said to the angels: 'I will create a vicegerent on earth'..." (Quran 2:30). As a vicegerent, man has been ordered to serve Allah as He says: "I have nonly created Jinns and men, that they may serve me" (Quran 51:56).

Every single deed of man in Islam is considered as worship and thus should reflect rendering service to Allah. For this purpose the Quran was revealed and the prophet was sent to be a model for ideal mankind, and to guide and educate men to live in this world according to the injunctions of Allah. Both the Quran and sunnah that constitute the Shariah become a significant parameter for the Islamic way of life. Thus, Islamic financial planning should comply with the Shariah. There is a need for all Muslims to understand their two basic roles and ensure that they carry out their roles well. As a servant of God, all the guidelines prescribed in the Quran and sunnah must be followed without exception. There is no option for an individual Muslim to choose to follow some guidance and not others.

In Islam, wealth is considered as a bounty of God and thus it is not scarce, for Allah says, "God is rich but you are poor" (Quran 47:38). What is actually scarce is the ability of mankind to utilize (explore) the bounties of God at any given point in time. On the other hand, God is rich, meaning that in actuality the bounties of God are limitless. As a result, being servants of God, Muslims should be professional in whatever they are in, so that they may stretch their hands out over the (whole) world and all that is in it, since God made them His representatives on earth. Being professional, Muslims should follow the guidelines and injunctions of God in their respective professions. Undoubtedly, whatever Muslims achieve in the creation and accumulation of wealth will not trigger any bad feelings, such as envy and jealousy, among them.

With regard to ownership, Islam considers it as a trust, and thus Muslims should keep in their minds that the trusts will be asked for. Muslims will be responsible for whatever they have done to the trust. Islam prescribes ways to carry out the trust. For example, how Muslims should spend their wealth in their lifestyle – in their clothing, dwelling, transportation, food, education and charity – and how Muslims should distribute their wealth after they pass away.

Finally, the life goal of Muslims is not only to satisfy temporary needs and wants, but also to gain *falaah*, or prosperity, that leads to a good life in this world and the hereafter. Islam prescribes this life as the place where Muslims prepare themselves for the next life and thus they should treat this life as a test and trial. As a result, Muslims should plan and achieve goodness in this world and the hereafter. Thus Islamic financial planning should be more comprehensive than conventional financial planning in the sense that it includes the creation, accumulation, protection, purification, and distribution of wealth based on the Shariah in order to obtain a good life in this world and the hereafter.

The author is an Islamic finance writer and this article is an excerpt from his book *Primary Concepts of Islamic Financial Planning*. For any further enquiries, please contact: questions@islamic-world.net.

MOVES

AL SALAM – Bahrain

Al Salam Bank has appointed Mohammad Paracha as Executive Vice-President – General Counsel.

Prior to joining Al Salam Bank, Mr Paracha was partner designate at Norton Rose, spending six years at the firm's London headquarters before moving to Bahrain in 2004 to head the regional Islamic finance team. Mr Paracha has an LLB Hons from Brunel University, UK and a Postgraduate Diploma in Law from the College of Law, UK.

Mr Paracha served as a member of the Bank of England Working Party on Islamic Finance, assisted in the formation of the Islamic Bank of Britain, and advised Lloyds TSB on the establishment of an Islamic banking window.

ENCORE MANAGEMENT – Switzerland

Encore Management SA has assigned Jawad Ali as legal counsel to the first GCC-orientated Islamic bond fund, Sanad Investment Co, to be managed by Encore Fund Management.

The Sanad Sukuk Fund will allow investors to purchase a portfolio of Sukuk for between US\$50,000 and US\$10 million. The Sanad Sukuk Fund will be launched before the end of the year, targeting both individual and institutional investors.

The introduction of the Sanad Sukuk Fund – targeted to reach at least US\$100 million in size – should increase secondary market trading substantially.

BAHRAIN ISLAMIC BANK – Bahrain

Bahrain Islamic Bank has appointed two new staff members: Ali Ahmed A. Karim, senior manager – Corporate and Institutional Banking; and Nawal Hashim Al Shieba, manager – Quality Assurance Retail Banking.

Mr Karim has 12 years' experience in the industry, having worked for financial institutions such as Ahli United Bank, Gulf International Bank and Bank Muscat International.

Mrs Nawal Hashim Al Shieba has an MBA in auditing from the Nice Wadia University in India and a degree in economic and business administration from Poona University, India. Mrs Nawal has 17 years of banking experience, most recently at Citibank as a manager.

MAYBAN FORTIS – Malaysia

Maybank's insurance arm Mayban Fortis Holdings has appointed Zainal Abidin Mohd Noor as CEO of Malaysia National Insurance (MNI).

Mr Zainal, with more than 20 years of experience in the industry, will be responsible for the overall management of MNI, in both the general and life insurance areas.

The company also appointed See Toong Chow as CEO of Mayban General Assurance. Mr See will oversee the management of the general insurance company.

CIMB GROUP – MALAYSIA

Lim Tiang Siew has been appointed as chief financial officer by CIMB Group. Mr Lim, who is a member of the Malaysian Institute of Certified Public Accountants, was head of CIMB's corporate finance before this appointment.

Mr Lim has been with CIMB since 1991, and took up his new position on the 1st October 2006.

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The General Secretary of Wa'atassemo Foundation

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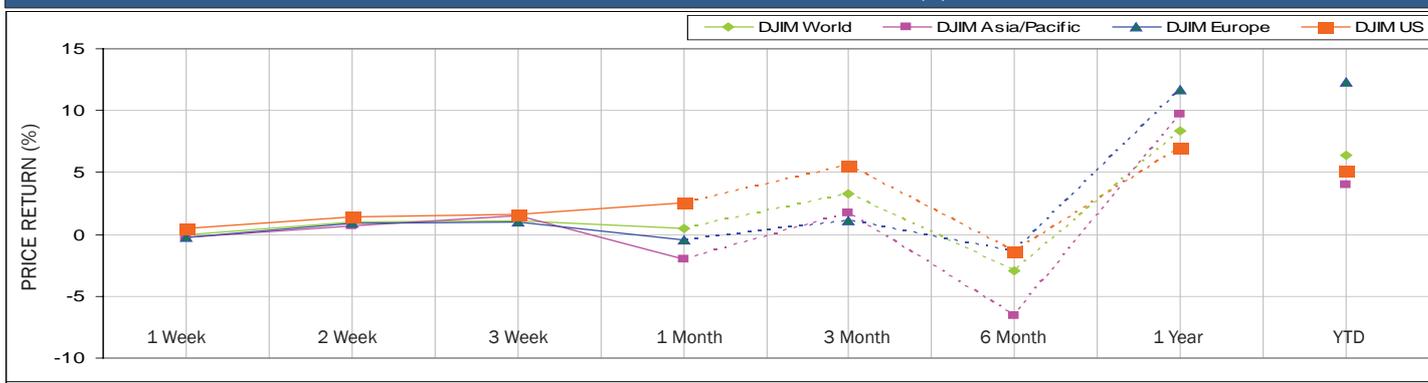
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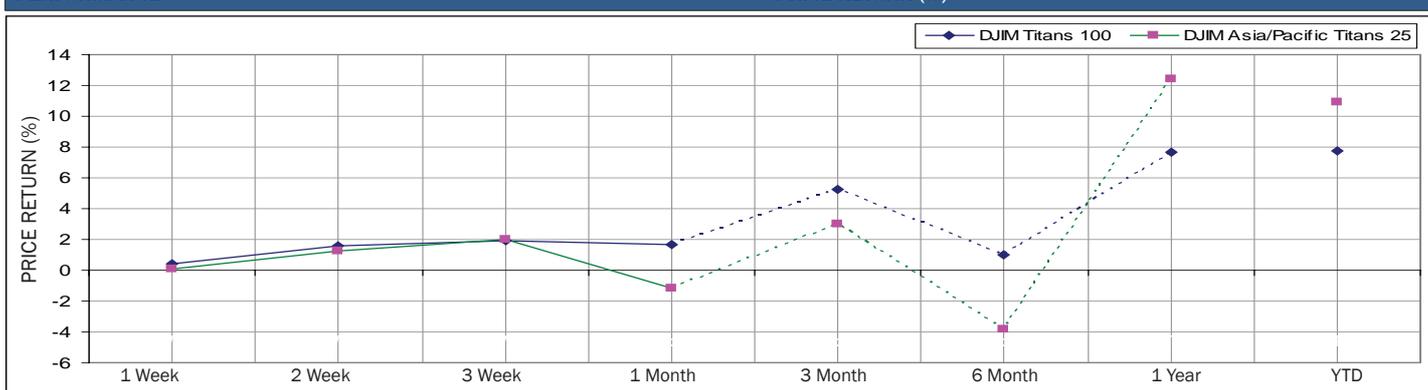
Data as of the 4th October, 2006

PERFORMANCE PRICE RETURN (%)



Index	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM World	-0.05	1.03	1.13	0.49	3.29	-2.93	8.37	6.41
DJIM Asia/Pacific	-0.3	0.65	1.56	-2.04	1.71	-6.55	9.7	4.04
DJIM Europe	-0.3	0.89	0.95	-0.48	1.09	-1.41	11.63	12.33
DJIM US	0.44	1.39	1.6	2.52	5.56	-1.4	7.06	5.11

PERFORMANCE PRICE RETURN (%)



Index	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM Titans 100	0.4	1.61	1.9	1.7	5.29	1.04	7.65	7.77
DJIM Asia/Pacific Titans 25	0.11	1.23	1.99	-1.19	3	-3.82	12.41	10.93

DESCRIPTIVE STATISTICS Market Capitalization (US\$ billions) Component Weight (%)

Index	Component number	Market Capitalization (US\$ billions)						Component Weight (%)	
		Full	Float adjusted	Mean	Median	Largest	Smallest	Largest	Smallest
DJIM World	2297	15390.69	13250.65	5.77	1.33	395.99	0.01	2.99	0
DJIM Asia/Pacific	907	2724.94	1997.99	2.2	0.53	93.29	0.01	4.67	0
DJIM Europe	328	3709.02	3001.29	9.15	2.34	212.06	0.09	7.07	0
DJIM US	742	7860.66	7487.67	10.09	2.54	395.99	0.14	5.29	0
DJIM Titans 100	100	7092.01	6492.79	64.93	46.47	395.99	9.15	6.1	0.14
DJIM Asia/Pacific Titans 25	25	792.94	558.63	22.35	16.5	58.45	9.15	10.46	1.64

Mean, median, largest, smallest and component weights are based on float adjusted market capitalization, not full market capitalization.

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Regional Director

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Tel: +852 2831 2580

RINGGIT ISLAMIC DEBT MARKET: FORTNIGHTLY SNAPSHOT

AS AT 4th October 2006

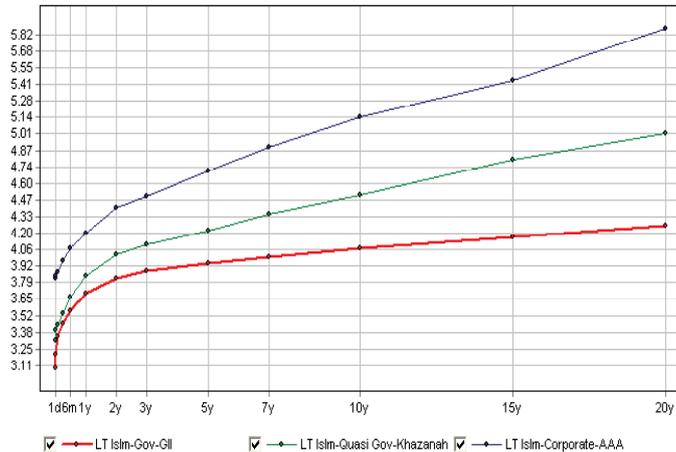
Key Benchmarks Trend (by volume)	Rating	This week close (RM)	27 September 06 (RM)	20 September 06 (RM)	13 September 06 (RM)
Private Debt Securities					
RANTAU IMTN 0% 14.08.2013 - MTN 2	AAA (RAM)	102.33	102.40	101.81	101.58
RANTAU IMTN 15.03.2011 - MTN 1	AAA (RAM)	100.17	99.96	99.96	99.84
PLUS PRIMARY BONDS SERIES 7 - 29.05.2009	AAA (RAM)	104.86	104.87	104.87	104.83
PLUS PRIMARY BONDS SERIES 9 - 31.05.2011	AAA (RAM)	109.79	109.39	109.56	109.41
PLUS 0.00000% 15.06.2018 - SERIES 3	AAA (RAM)	53.33	53.65	52.50	52.21
Government Investment Instruments					
GII 1/2004 0.00000% 15.06.2007	n/a	97.5	97.38	97.35	97.31
PROFIT-BASED GII 1/2006 14.04.2009	n/a	99.94	99.88	99.89	99.96
PROFIT-BASED GII 2/2006 14.07.2011	n/a	102.91	102.81	102.55	102.6
Quasi Government					
CAGABAIS 13/2006 0% 10.08.2009	AAA (RAM)	100.66	100.72	100.62	100.68
CAGABAIS 9/2006 0% 26.05.2008	AAA (RAM)	100.5	100.59	100.53	100.59

SPREAD VS GII (in b.p)

	TENURE					
	1Y	2Y	3Y	5Y	7Y	10Y
GII	3.7	3.82	3.89	3.95	4	4.07
Cagamas	0.19	0.25	0.26	0.32	0.4	0.53
Khazanah	0.14	0.2	0.21	0.27	0.35	0.44
AAA	0.5	0.58	0.61	0.75	0.9	1.08
AA1	0.53	0.61	0.64	0.88	1.18	1.51
A1	1.63	1.77	1.86	2.2	2.55	3.08

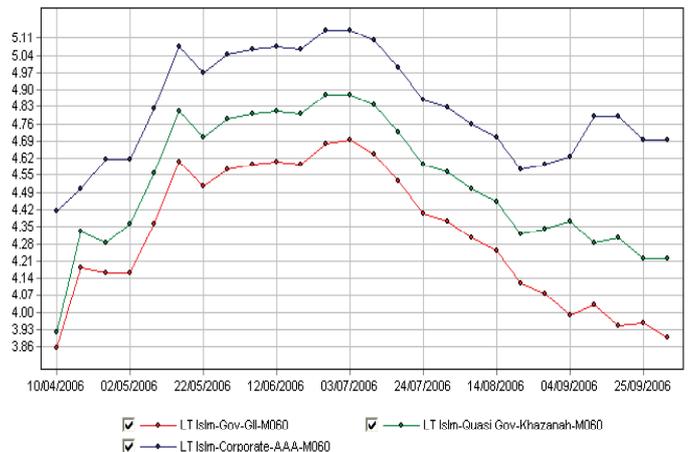
MYR ISLAMIC DEBT YIELD CURVES

YTM Curves



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5 YEAR YTM Historical Charts (weekly closing, over last 6 months)



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ISLAMIC LEAGUE TABLES

TOP ISSUERS OF ISLAMIC DEBT							OCTOBER 2005 – OCTOBER 2006
Issuer or Group	Nationality	Instrument	Amt US\$m	Iss.	%	Manager	
1 PCFC Development	UAE	Convertible Sukuk	3,500	2	27.5	Barclays Capital, Dubai Islamic Bank	
2 Malaysia	Malaysia	Islamic Sukuk	1,771	2	13.9	Malaysian Government bond	
3 Cagamas	Malaysia	Bithaman Ajil Islamic Securities	1,003	14	7.9	Cagamas, AmMerchant, Aseambankers	
4 Rantau Abang Capital	Malaysia	Sukuk Musharakah MTN	999	2	7.8	CIMB, AmMerchant	
5 Rafflesia Capital	Malaysia	Periodic Payment Exchangeable Trust Certificates	750	1	5.9	CIMB Investment, HSBC Amanah, UBS	
6 Maybank	Malaysia	Bai Bithaman Ajil Subordinated Bonds	681	2	5.3	Aseambankers	
7 Aabar Sukuk	UAE	Exchangeable Sukuk Mudarabah	460	1	3.6	Deutsche	
8 Putrajaya Holdings	Malaysia	Murabahah MTN	456	9	3.6	Alliance, CIMB, RHB Sakura	
9 Segari Energy Ventures	Malaysia	Sukuk Ijarah	258	6	2.0	Aseambankers	
10 Senai Desaru Expressway – SDEB	Malaysia	Bai Bithaman Ajil Islamic Debt Facilities	249	26	2.0	Aseambankers	
11 Konsortium Lebuhraya Utara-Timur (KL)	Malaysia	Redeemable Secured Serial Sukuk Istisnah	207	9	1.6	CIMB	
12 Tabreed 06 Financing Corp	UAE	Sukuk Istisnah	200	1	1.6	CIMB, HSBC, Dresdner Kleinwort Wasserstein	
13 Sistem Penyuraian Trafik KL Barat	Malaysia	Bai Bithaman Ajil Notes Issuance Facility	136	5	1.1	United Overseas Bank (Malaysia)	
14 WAPDA First Sukuk Co	Pakistan	Sukuk Ijarah	134	1	1.0	Citibank NA (Pakistan), Jahangir Siddiqui & Co, MCB Bank	
15 Sime Darby	Malaysia	Murabahah MTN	133	1	1.0	CIMB	
16 Golden Crop Returns	Malaysia	Sukuk Ijarah	117	15	0.9	Affin	
17 Special Power Vehicle	Malaysia	Bai Inah Islamic MTN	110	10	0.9	AmMerchant, Bank Muamalat Malaysia, Malaysian International Merchant Bankers	
18 Bank Pembangunan Malaysia	Malaysia	Murabahah MTN	109	1	0.9	CIMB, HSBC	
19 BNM Sukuk	Malaysia	Sukuk Ijarah	107	1	0.8	Malaysian Government bond	
20 Jimah Energy Ventures	Malaysia	Istisnah Islamic MTN	100	10	0.8	RHB Sakura, Bank Muamalat Malaysia, Malaysian International Merchant Bankers, AmMerchant	
Total of issues used in the table			12,747	276	100.0		



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ISLAMIC LEAGUE TABLES



TOP ISSUERS OF ISLAMIC DEBT							YEAR-TO-DATE
Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager	
1 Malaysia	Malaysia	Islamic Sukuk	1,771	2	22.6	Malaysian Government bond	
2 Cagamas	Malaysia	Bithaman Ajil Islamic Securities	1,003	14	12.8	Cagamas, AmMerchant, Aseambankers	
3 Rantau Abang Capital	Malaysia	Sukuk Musharakah MTN	999	2	12.8	CIMB, AmMerchant	
4 Rafflesia Capital	Malaysia	Periodic Payment Exchangeable Trust	750	1	9.6	CIMB Investment, HSBC Amanah, UBS	
5 Aabar Sukuk	UAE	Exchangeable Sukuk Mudarabah	460	1	5.9	Deutsche Bank	
6 Putrajaya Holdings	Malaysia	Murabahah MTN	456	9	5.8	Alliance, CIMB, RHB Sakura	
7 Maybank	Malaysia	Bai Bithaman Ajil Subordinated Bonds	416	1	5.3	Aseambankers	
8 Segari Energy Ventures	Malaysia	Sukuk Ijarah	258	6	3.3	Aseambankers	
9 Tabreed O6 Financing Corp	UAE	Sukuk Istisnah	200	1	2.6	CIMB, HSBC, Dresdner Kleinwort Wasserstein	
10 WAPDA First Sukuk Co	Pakistan	Sukuk Ijarah	134	1	1.7	Citibank (Pakistan), Jahangir Siddiqui & Co, MCB Bank	
11 Special Power Vehicle	Malaysia	Bai Inah Islamic MTN	110	10	1.4	AmMerchant, Bank Muamalat Malaysia, Malaysian International	
12 Bank Pembangunan Malaysia	Malaysia	Murabahah MTN	109	1	1.4	CIMB, HSBC	
13 BNM Sukuk	Malaysia	Sukuk Ijarah	107	1	1.4	Malaysian Government bond	
14 Jimah Energy Ventures	Malaysia	Istisnah Islamic MTN	100	10	1.3	RHB Sakura, Malaysian International Merchant Bankers, Bank Muamalat	
15 Penang Bridge	Malaysia	Redeemable Secured Serial Sukuk Istisnah	96	6	1.2	CIMB	
16 Perwaja Steel	Malaysia	Murabahah MTN	84	7	1.1	Standard Chartered	
17 Dura Palms	Malaysia	Sukuk Ijarah	77	4	1.0	Avenue Securities	
18 Bank Muamalat Malaysia	Malaysia	Subordinated Bond	68	1	0.9	HSBC, Standard Chartered	
19 Bayu Padu	Malaysia	Istisnah Serial Bonds	66	8	0.8	United Overseas Bank (Malaysia)	
20 Viable Chip (M)	Malaysia	Bai Bithaman Ajil Islamic Debt Securities	54	4	0.7	AmMerchant	
Total of issues used in the table			7,822	181	100.0		

Islamic Finance news LEAGUE TABLE DATA – IS IT CORRECT???

If you feel that the information within the league tables is incorrect then please contact the following:



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ISLAMIC LEAGUE TABLES

ISLAMIC DEBT		OCTOBER 2005 - OCTOBER 2006		
Manager or Group	Amt US\$ m	Iss.	%	
1	Malaysian Government bond	1,878	3	14.7
2	Barclays Capital	1,750	2	13.7
3	Dubai Islamic Bank	1,750	2	13.7
4	CIMB	1,303	50	10.2
5	Aseambankers	1,239	49	9.7
6	AmMerchant	1,128	31	8.8
7	Cagamas	592	8	4.6
8	HSBC	524	10	4.1
9	Deutsche Bank	460	1	3.6
10	RHB	286	49	2.2
11	Standard Chartered	275	43	2.2
12	UBS	250	1	2.0
13	United Overseas	237	19	1.9
14	Alliance	170	14	1.3
15	Affin	152	28	1.2
16	Avenue Securities	129	7	1.0
17	Bank Muamalat Malaysia	82	22	0.6
18	MIDF-Sisma Securities	77	17	0.6
19	Dresdner Kleinwort	67	1	0.5
20	EON	62	20	0.5
Total of issues used in the table		12,747	276	100.0

ISLAMIC DEBT		YEAR-TO-DATE		
Manager or Group	Amt US\$ m	Iss.	%	
1	Malaysian Government bond	1,878	3	24.0
2	AmMerchant	1,117	30	14.3
3	CIMB	956	24	12.2
4	Aseambankers	839	21	10.7
5	Cagamas	592	8	7.6
6	Deutsche	460	1	5.9
7	HSBC	449	6	5.7
8	UBS	250	1	3.2
9	RHB	227	35	2.9
10	Alliance	170	14	2.2
11	Standard Chartered	150	17	1.9
12	United Overseas	90	13	1.1
13	MIDF-Sisma Securities	77	17	1.0
14	Avenue Securities	77	4	1.0
15	Bank Muamalat Malaysia	71	21	0.9
16	Dresdner Kleinwort	67	1	0.9
17	EON	62	20	0.8
18	Citigroup	45	1	0.6
19	Jahangir Siddiqui & Co	45	1	0.6
20	MCB	45	1	0.6
Total of issues used in the table		7,822	181	100.0

ISLAMIC DEBT BY COUNTRY		OCTOBER 2005 - OCTOBER 2006		
	Amt US\$ m	Iss.	%	
Malaysia	8,396	268	65.9	
UAE	4,160	4	32.6	
Pakistan	152	2	1.2	
Indonesia	21	1	0.2	
Saudi Arabia	18	1	0.1	
Total	12,747	276	100.0	

ISLAMIC DEBT BY COUNTRY		YEAR-TO-DATE		
	Amt US\$ m	Iss.	%	
Malaysia	6,971	175	89.1	
UAE	660	2	8.4	
Pakistan	152	2	1.9	
Indonesia	21	1	0.3	
Saudi Arabia	18	1	0.2	
Total	7,822	181	100.0	

ISLAMIC DEBT BY CURRENCY		OCTOBER 2005 - OCTOBER 2006		
	Amt US\$ m	Iss.	%	
Malaysian ringgit	7,646	267	60.0	
US dollar	4,928	6	38.7	
Pakistan rupee	152	2	1.2	
Indonesian rupiah	21	1	0.2	
Total	12,747	276	100.0	

ISLAMIC DEBT BY CURRENCY		YEAR-TO-DATE		
	Amt US\$ m	Iss.	%	
Malaysian ringgit	6,221	174	79.5	
US dollar	1,428	4	18.3	
Pakistan rupee	152	2	1.9	
Indonesian rupiah	21	1	0.3	
Total	7,822	181	100.0	

EVENTS DIARY

DATE	EVENT	VENUE	ORGANIZER
November			
4 th – 6 th	The Islamic Real Estate Finance IREF 2006	Jeddah	ICG
5 th – 6 th	The World Islamic Infrastructure Finance Conference	Doha	Mega Events
7 th – 8 th	Second Pakistan Islamic Banking & Money Market	Karachi	Islamic Capital Partners
12 th – 14 th	Structured Products World MENA	Dubai	Terrapinn
13 th – 14 th	4 th International Islamic Banking & Finance Conference 2006	Kuala Lumpur	Monash University (KL)
13 th – 16 th	The International Islamic Finance Forum Europe	Zurich	IIR Middle East
16 th	Islamic Banking Conference 9 th Euro Finance Week	Frankfurt	Maleki Group
19 th – 20 th	1 st International Conference - Banking & Finance	Libya	IBC Gulf Conferences
19 th – 21 st	Trade Finance Middle East	Dubai	Terrapinn
20 th – 21 st	Middle East Capital Markets	Dubai	MEED Conferences
22 nd – 23 rd	The 2 nd International Convention on Takaful & Re-Takaful	Kuala Lumpur	IBFIM
25 th – 29 th	Kuala Lumpur International Islamic Finance Expo	Kuala Lumpur	CERT
December			
7 th – 8 th	International Leadership Summit in Islamic Finance	Kuala Lumpur	IFSB
9 th – 11 th	The World Islamic Banking Conference & Exhibition	Manama	Mega Events
21 st	Roundtable Discussion on Debatable Shariah Risk Mitigation Techniques	Sudan	IFSB

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