

Islamic Finance news

A REDmoney Product

Vol. 4, Issue 49 7th December 2007

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AUSTRALIA

MCCA to lose key players?

Industry sources informed Islamic Finance news that Muslim Community Co-operative (Australia) Ltd, the country's first and leading provider of Islamic financial services, is likely to lose general manager Dr Abdul Rahim Ghouse, who is a key figure in the cooperatives financial success.

It is believed that he and another senior official in MCCA will be joining Kuwait Finance

House (KFH) Malaysia, which is keen to set up an office Down Under.

MCCA public relations manager Nayl Aykan said, however, he could not confirm if Abdul Rahim has tendered his resignation, stating that he "had no information of such development". Attempts to contact Abdul Rahim, who is on holiday in Malaysia for two weeks, were unsuccessful. ☺

INDONESIA/MALAYSIA

AFB soon in Jakarta

Asian Finance Bank (AFB) has been granted a license by Bank Indonesia to open its representative office in the republic's capital of Jakarta.

The Malaysian-based bank is the first to be given such a license and aims to be the prime Islamic financing link between the Gulf states and Indonesia. ☺

BAHRAIN

New US\$1 billion bank

The Islamic Chamber of Industry and Commerce is to establish the Al Emaar Bank in Bahrain with a capital of US\$1 billion, reported the *Bahrain Tribune*.

Scheduled to begin operating in the first half

next year, the kingdom was chosen as the base for the new lender due to its position as a hub for Islamic banking. It is hoped that the bank will encourage greater capital flow between members of the Organization of the Islamic Conference. ☺

UK

Islamic mortgages not so hot after all

The British market for Shariah compliant mortgages has failed to grow as fast as expected as many Muslims remain unaware or dubious of compliance and financial viability, according to the Financial Services Authority (FSA).

FSA said in a new report on Islamic finance that the mortgage market had grown to only £500 million (US\$1.03 billion) and was still dwarfed

by the £1.1 trillion (US\$2.26 trillion) value of mainstream mortgages.

"The Muslim community is still unfamiliar with the product. There is only a small number of banks offering these mortgages and the types of products are limited," said Michael Ainley, head of wholesale banks and investment firms at FSA. ☺

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UAE

Islamic trade regulation next year

The International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IDB) group, will officially launch operations on the 10th January 2008. This was concluded after the ITFC board meeting in Dubai earlier this week.

The meeting discussed operational set-up and working plans of the corporation to meet its launch date. IDB has been undertaking trade finance business activities since 1977 under the Import Trade Financing Operations Program (ITFO), established to finance the import financing needs of member countries.

Total trade finance approvals recorded since the inception of IDB are in excess of US\$25 billion and have grown at a consistent US\$2 billion a year since 2003. ☺

US

University Bancorp overcomes loss

University Bancorp (UNIB) reported an unaudited net income of US\$1.01 million, compared to a loss of US\$347,237 for the same period of the 30th September. Year-to-date key metrics of the bank have shown positive trends, especially in loans and financing at 15.5%, Islamic profit-sharing deposits also grew to 81.4%. UNIB's Islamic financing grew by 33.2%, at an average of 44.2% a year, while net interest and financing income reached 34.1% growth.

UNIB recently opened offices in Northern Virginia and New Jersey, and recently saw a record week for applications for residential financings of US\$3.7 million in one week. The bank attributes this to its heavy investments in 2006 and 2007 into development of multi-state residential financing documents. ☺

UAE

NBAD to double assets

The National Bank of Abu Dhabi (NBAD) expects to double the value of the assets it manages to more than US\$3 billion through 2009 as Middle East markets grow, and as it extends coverage to Europe and Asia.

"The markets in the MENA (Middle East and North Africa) region, including the GCC, are expanding rapidly and this, coupled with our knowledge of the region, makes us bullish," said Nazem Al Kudsi, chief investment officer for asset management at NBAD.

NBAD is currently the biggest asset manager in the UAE, valued at US\$1.6 billion. ☺

BAHRAIN/UAE

Investate ties up with UAE's Omniyat

Investate Bahrain has tied up with Omniyat Properties. Under the agreement, the two companies will jointly develop a strategic project on Dubai's high-profile Madinat Al Arab on the Dubai Waterfront.

The Dubai Waterfront is one of the world's largest waterfront developments, located on the last remaining coastline in Dubai. Dubai Waterfront is bigger in size than both Manhattan and Beirut, and offers over 250 master planned communities. ☺

UAE/US

Citi's largest shareholder revealed

Citigroup has announced that it is selling a US\$7.5 billion stake to the investment arm of the Abu Dhabi government in a bid to access capital following the subprime mortgage crisis and the recent resignation of its CEO.

The purchase of up to 4.9% will make the Abu Dhabi Investment Authority the world's largest sovereign wealth fund and Citi's largest shareholder. ☺

INDIA/MALAYSIA

Indian firms keen to diversify funding

Indian corporations have shown great interest to raise funds in Malaysia as the country has vast experience in the market, with control of a significant share in the global Sukuk market. Bank Negara Malaysia assistant governor Muhammad Ibrahim said the country, which currently accounted for 60% to 70% of the global Sukuk market, was well known not only in the Islamic bond market but also in the Islamic banking and financial system.

"A few corporations have expressed interest to raise Sukuk in Malaysia. They want to diversify their sources of funding and want to diversify investor base for their funds and to be based in Kuala Lumpur," he told reporters on the sidelines of a seminar in India last week.

On concerns that London was fast becoming another Islamic financial hub and for Sukuk issuance, Ibrahim said: "It is an emerging sector. It is like banking finance... still developing, so there're a lot of areas for participation." ☺

Islamic Finance careers

Leading GCC Islamic Bank requires In-House Lawyers

A number of excellent opportunities to join one of the world's leading and most innovative Islamic banks, to be based in the UAE. The role will involve advising on legal and Shariah issues for syndicated transactions and Sukuk issues.

The successful candidate will be a law and/or Shariah graduate with 1 to 5 years experience of drafting financial transaction documents either in a bank or a law firm. Must be fluent in written and spoken English. Experience of Islamic financial transactions and working knowledge of Arabic will be an advantage.

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Please send applications with full resumes in strictest confidence to: application@islamicfinancecareers.com with the subject heading of IFC1001. Only short listed applicants will be contacted for interview.



UAE

Abu Dhabi office is White & Case's 36th

White & Case has opened an office in Abu Dhabi and expanded its Riyadh office, raising the number of its lawyers in the Middle East to more than 60.

Six lawyers are relocating to Abu Dhabi, the capital of the United Arab Emirates. Partner Villiers Terblanche has relocated from New York to head the new office. It will focus on energy, infrastructure, project, asset and Islamic finance, mergers and acquisitions, private equity and investment funds.

The firm has also strengthened its office in Riyadh, the capital of Saudi Arabia, where it has an association with The Law Office of Mohammed Al-Sheikh. Four lawyers are being added to that office and the total number of attorneys is expected to reach eight by the end of the year.

The Abu Dhabi office is the 36th for White & Case, which has more than 2,300 lawyers in 24 countries. The firm first established a presence in the Middle East more than 50 years ago. ☺

KUWAIT

Kamco fund registers strong interest

Strong investor interest has been raised in the recently launched Al Jazi Money Market Fund offered by Kipco Asset Management Company (Kamco). A specialized Shariah compliant mutual fund style investment solution, it combines financial flexibility with attractive rates of return for local and regional investors.

The subscription closing date is the 11th December; however, strong demand from investors still completing their due diligence is leading Kamco to reconsider the date. Assistant general manager for investment advisory and research, Ziad Al-Qaissi, concluded that as a result, Kamco may consider extending the subscription period by another month.

The Al Jazi Money Market Fund offers a highly flexible investment solution with weekly liquidity options with an initial lock-up period of three months. It was structured according to local and regional client demand. ☺

GCC

Conventional bonds reach US\$11 billion

Conventional bond issuance in the Gulf has more than doubled in the last year to US\$11.1 billion, compared to just US\$5.1 billion in the previous year, reveals research by Trowers & Hamlin, the international law firm. The issuance of conventional bonds in the Gulf has increased more than tenfold in the last three years, from just US\$964 million in 2003/04.

The phenomenal growth in the use of conventional bonds in the Gulf has largely been overshadowed by the rise of Islamic bonds, which have nearly trebled in the same period (to year-end 30th June 2007) to reach US\$14.5 billion up from US\$5.1 billion in the previous year.

Sukuk issuance was 57% of all corporate bond issuance in the Gulf over the last year, although that is below the 80/20 share that it was running at in the summer of 2006. ☺

DUBAI/MALAYSIA

KFH Research team victorious

Kuwait Finance House (KFH) Global Research won the prestigious "Best Research in Islamic Finance" category in the Master of Islamic Finance Funds Award for 2007.

Baljeet Kaur Grewal, chief economist and head of KFH Global Research, accepted the award at the 5th annual Islamic Funds World Conference. The award acknowledges high-quality and in-depth research.

K Salman Younis, managing director of Kuwait Finance House (Malaysia), said the company would endeavor to promote Islamic finance not only in the Middle East but also globally. ☺

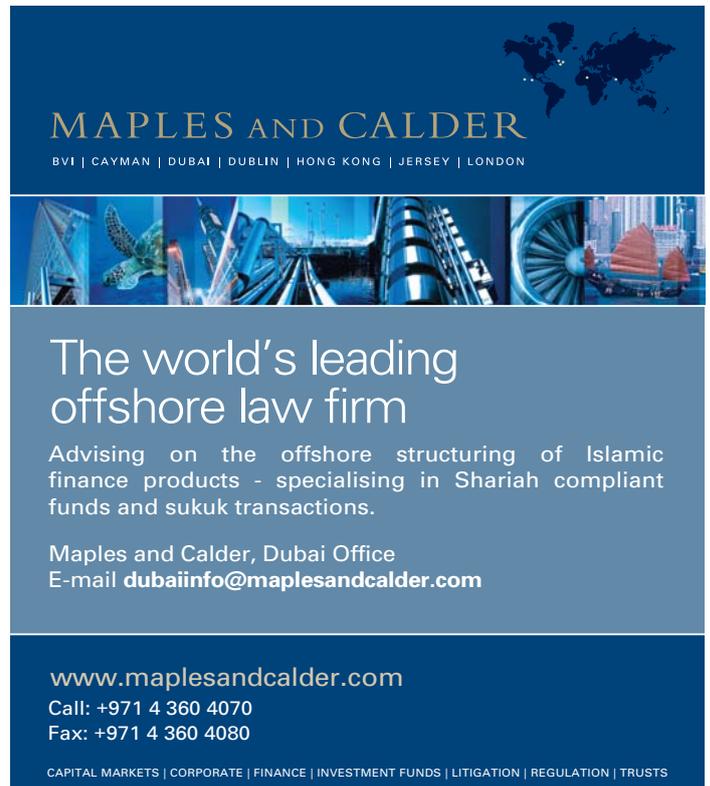
SAUDI ARABIA

Shariah compliant homes from NCB Cap

NCB Capital, the investment and asset management arm of the National Commercial Bank, has introduced the world's first Shariah compliant real estate fund. Dubbed the AlAhli Global Real Estate Fund (GREF), it will invest in companies dealing with real estate development globally.

The fund aims to trade in stocks of prominent publicly listed Shariah compliant companies which are related to real estate, including rental, maintenance, management and development of offices, hospitals, malls, stores, restaurants and hotels.

The launch of GREF follows that of the NCB Capital BRIC Secured Fund, which was launched a week earlier. The fund's minimum subscription stood at US\$2,000. ☺



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JAPAN

Shariah equity index debuts on Tokyo bourse

Last Monday, the Tokyo Stock Exchange launched a new Shariah index of shares in companies that comply with Islamic law to meet growing demand from investors, particularly in the oil-rich Middle East.

The index of 79 stocks traded in Japan, jointly developed by the TSE and the US rating agency Standard & Poor's, fell 0.39 points, or 0.04%, to 1,006.51 on its first day, outperforming the benchmark Nikkei-225, which lost 0.33%. The index excludes businesses that offer products and services considered unacceptable under Islamic law including alcohol, financial services, gambling, pork, pornography and tobacco.

With demand for Shariah compliant financial products growing, the index "will further enhance the cross-border flow of capital between Japan and many other countries throughout the globe", said TSE senior executive Tomoyoshi Uranishi. ☺

UK

A damper on British ambition

Lack of scholars is hindering British efforts to become a hub for the booming Islamic finance industry, UK's top financial watchdog says. The global Islamic finance industry could be worth as much as US\$800 billion and is growing at about 15% per year, financial analysts have estimated.

The UK Financial Services Authority (FSA) said there was a shortage of scholars who could determine whether financial products and practices comply with Islamic law – known as Shariah – and the shortage posed a serious challenge to the growth of Islamic finance in Britain.

"The shortage of appropriately qualified scholars... means it is common for individual scholars to hold positions on the Shariah supervisory boards of a number of Islamic firms," the FSA said in a report on the industry in the UK last Wednesday. "This raises concerns over the ability of Shariah supervisory boards to provide enough rigorous challenge and oversight."

Other hurdles to the industry's growth include a lack of Shariah compliant risk-management tools and little performance history in times of market downturn. About 3% of Britain's population of 60.6 million are Muslim, but take-up of Islamic financial products – offered by about 10 institutions – has been slow, the FSA said. ☺

EAST ASIA/KUWAIT

Investment Dar eyes Asian opportunities

Investment Dar, the Kuwait-based Islamic investment company, is targeting investment opportunities in Asia, with the launch of a proposed US\$300 million syndicated Murabahah facility. Deputy CEO Amr Abu Al-Saud explained that the marketing of the Murabahah comes as the company seeks to accelerate its global strategy of regional and international expansion. "Having firmly established ourselves in Europe, we are targeting East Asia, to become a multi-sector global investment group," he said.

Investment Dar chairman and managing director Adnan Al-Musallam said: "As a company that intends to lead the world of Islamic finance through continual innovation to meet our customers' needs, we expect markets such as Singapore and Kuala Lumpur to play an important role in the future growth of Islamic finance."

"As part of our ongoing strategy, Investment Dar is seeking to not only diversify its global investor profile but to also target investment opportunities in regions such as Asia. With its fast-growing economies and high Islamic population, we believe the region offers significant potential for investment into areas such as financial services assets."

More recently, Investment Dar announced results for the third quarter, which saw net profits for the period increasing by over 65.7% to KD122.1 million (US\$436.7 million) against US\$263.6 million during the previous corresponding period. ☺

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PAKISTAN

Meezan Bank targets 100-branch network

Meezan Bank, the country's first scheduled Islamic commercial bank, has unveiled plans to expand its branch network up to 100 by the start of 2008. The bank currently has 80 branches in 22 cities across Pakistan and plans to increase the number to 200 in 50 cities by the end of 2009.

Meezan aims to open 100 branches by January 2008 as the State Bank of Pakistan had allowed it to establish only 95 branches by this month.

Meezan's corporate and business development general manager Najmul Hassan said the bank had the largest variety of Shariah compliant products and services under one roof. He said the bank has also begun working on microfinance. ☺

INDIA

AIC farm scheme wins support

Agriculture Insurance Company (AIC), the country's only standalone agriculture insurance company, has received reinsurance support from global reinsurers for its weather-based crop insurance scheme.

Munich Re, Swiss Re, Paris Re and Lloyd's are among the reinsurers. This is the first time that farm insurance in the country is obtaining international reinsurance support.

The weather insurance scheme would provide risk cover against shortfall or excess rainfall to farmers. This cover would be available to all farmers across all categories of produce.

AIC was established jointly by the national reinsurer, General Insurance Corporation of India, National Bank for Agriculture and Rural Development and the four public sector general insurance companies. ☺

QATAR

Al Jazeera Islamic gets the nod

The Qatar Central Bank (QCB), the country's banking and financial services regulatory authority, has given Al Jazeera Islamic Company initial approval to take the necessary steps to become an Islamic finance entity.

Al Jazeera Islamic Company is 80 per cent owned by the Qatar Islamic Bank (QIB) with the rest held by the Ministry of Awqaf and Islamic Affairs.

The company has begun the preliminary transformation process to comply with QCB guidelines. It is required to have at least 10 shareholders and QIB is ready to offer 62.5% of its stake to eight eligible and interested investors.

This is being done to facilitate the transformation since in the new entity, no shareholder can own more than 30% equity in the company. Al Jazeera Islamic Company's capital is QAR120 million (US\$33 million).

The company has a long-term ambitious growth plan and QIB is in talks with potential investors who have expressed interest in buying equity in the company. ☺

GCC

'Gate Sukuk offering lucrative'

Irrespective of current speculations on the status of GCC currencies vis-à-vis the dollar and in view of the strong response, Salam Bounian Development Company believes that The Gate Sukuk offering is "lucrative and attractive" to investors.

Salam states the collateral being the mortgage on the land where The Gate is being developed favors the issuer. The land is valued at US\$194 million during construction work and on completion, the value will increase to US\$404.5 billion.

Three of the country's leading banks in Qatar, namely Qatar Islamic Bank (QIB), Qatar National Bank (QNB) and Commercialbank (CBQ), are joint lead managers of the Sukuk.

The Sukuk issue amount is US\$150 million with a maturity period of 10 years and callable after five years. The proposed structure is based on a Musharakah arrangement, under which the Musharakah will utilize contributions from the issuer and Salam Bounian is to finance the construction costs for The Gate. The issuer will be established as a special purpose company to issue the Sukuk and act as investor partner in the Musharakah. ☺

BAHRAIN/UAE

CIMA launches global IFQ

The first global Islamic finance qualification (IFQ) to be offered by a professional accountancy body was launched last Wednesday by the Chartered Institute of Management Accountants (CIMA) to help meet growing demand for Islamic financial professionals in international financial centers.

Robert Jelly, director of education at CIMA, said: "CIMA has identified that there is considerable demand from the global business community to develop the knowledge and skills required to service this increasingly important market."

The CIMA Certificate in Islamic Finance is a distance learning course with four modules, comprising Islamic commercial law; Islamic banking and Takaful; Islamic capital markets and instruments; and accounting and analysis of Islamic financial institutions.

It should appeal to people in middle management who require a more detailed knowledge of Islamic finance.

In the Middle East, CIMA will focus initially on the UAE and Bahrain. ☺

HONG KONG/MALAYSIA

Malaysia ahead of the curve

Malaysia views interest in Islamic banking in China, Japan and Malaysia itself positively because of the country's competitive edge in this area, Second Finance Minister Nor Mohamed Yakcop said.

He said Malaysia had a good Islamic bond market and representatives from these countries could come to Malaysia to issue such bonds.

"We can coordinate and help them with this, given our experience in this area," Nor Mohamed said.

Nor Mohamed was in Hong Kong with deputy prime minister Najib Tun Razak on a roadshow to promote Malaysia to fund managers. ☺

UK

Institutions grapple for training

The Chartered Institute of Management Accountants (CIMA) will become the first accountancy body in the UK to train its members in Shariah law.

Its president Gordon Grant, 44, says financial companies are scouting for training to help them deliver Islamic financial services. "Employers are telling us that this is one of the areas that nobody covers at this point in time," Grant explained. Grant is the youngest president of CIMA in over five decades.

A Shariah panel headed by Dr Mohd Daud Bakar, known for his work with the Shariah Advisory Council of the Central Bank of Malaysia and HSBC Amanah, has developed a syllabus that covers a range of Islamic interpretations, which is not country-specific.

"We have tried to be as broad as possible and capture all interpretations," said Ray Perry, director of brand for CIMA. "We are aware that Malaysia's interpretation is different from some other states' versions of Shariah."

The CIMA Certificate in Islamic Finance is a distance learning course with four modules, comprising Islamic commercial law; Islamic banking and Takaful; Islamic capital markets and instruments; and accounting and analysis of Islamic financial institutions. ⁽³⁾

UAE

ADCB sells US\$546 million in bonds

Abu Dhabi Commercial Bank (ADCB) sold two billion dirham (US\$546.3 million) worth of two-year bonds as part of a borrowing program, arranger Standard Chartered said on the 29th November. Middle East investors bought 60% of the bonds, Stanchart said.

"It is encouraging to see that the trade was priced similar to that for a comparable-rated European bank for the same tenor," Eirvin Knox, CEO of ADCB, is quoted as saying. ⁽³⁾

EUROPE/MIDDLE EAST

Project finance in a fix

According to latest reports by Standard & Poor's (S&P), the recent credit crisis has affected pricing for project finance in Europe and the Middle East. However, as 95% of the projects have been rated investment grade, credit quality is still strong.

"The pipeline of projects in the region remained robust over the first three quarters of the year, but deeply speculative grade issuers have had a tough time selling debt, or have had to postpone financing plans," said S&P credit analyst Elif Acar.

Public-private partnerships, energy-related transactions in the Middle East, toll roads and renewable energy projects continue to drive activity in the sector, and there are indications that this activity will continue for the rest of the year.

Ratings are still steady, with 87% of rated issues on a stable outlook. In addition, despite a slightly more difficult market, new projects are still coming onstream, with four new projects and 21 new debt issues rated by S&P in the region since the beginning of July. ⁽³⁾

UAE

Mawarid Finance, ETA Star ink agreement

Mawarid Finance has signed a partnership agreement with ETA Star, a leading real estate developer in the UAE, to provide financing to purchasers of units in the Centrium project being developed by ETA at the International Media Production Zone.

Abid A Junaid, ETA Star's executive director, said: "We are delighted to sign this agreement with Mawarid Finance which since being launched has proved that it's capable of providing superior Islamic finance products and services that satisfy all consumers' needs. We are convinced that our partnership in the Centrium project will play a role in increasing the opportunities for clients wishing to buy special units through financing them with a well-trusted company that provides high-value services."

Potential buyers can benefit from 95% financing. They will start paying their installments after moving into their apartments. Mawarid also offers a package of value-added services by keeping the best interests of customers in mind. ⁽³⁾

BAHRAIN

Ithmaar sets course for major expansion

Ithmaar Bank looks set to pave the way for major expansion with the acquisition of a 100% holding in Shamil Bank. Chairman Khalid Abdulla-Janahi said the deal would give the organization more room to leverage and that as possibly the lowest borrowed bank in the region, it was in a position to borrow up to US\$4 billion for future expansion.

Ithmaar CEO Michael Lee said that the bank was a manufacturer of funds. "We want to put forward our own private equity funds and look at doing joint ventures," he said. "There is a lot of scope for capital market development for Islamic finance and Sukuk has so far only scratched the surface of its potential. There should be one major player moving this forward and we want to be the architect. The expansion potential is limitless."

Ithmaar shareholders also agreed to a motion to increase the bank's share capital from US\$500 million to US\$1 billion. ⁽³⁾

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UAE

RAKIA lists first Sukuk on DIFX

Ras Al Khaimah Investment Authority (RAKIA) listed a US\$325 million Sukuk (Islamic bond) on the Dubai International Financial Exchange (DIFX) yesterday (6th December), taking the exchange's total listed value of Sukuk to US\$14.11 billion – the largest value of any exchange in the world. RAKIA has raised the money for its Al Marjan artificial island tourism project being built in the Gulf off Ras Al Khaimah in northern UAE.

CEO of RAKIA, Dr Khater Massaad, said: "Investors have shown great interest in this first Sukuk to be issued by RAKIA, as we move forward with the Marjan development including upmarket hotels, villas, a marina and a theme park. As the region's international exchange with high regulatory standards, DIFX enhances our visibility to investors and underpins their confidence in our Sukuk." (👉)

BAHRAIN/GCC

Back off, Bahrain warns foreign banks

Bahrain has spoken out against foreign banks for unethically piling pressure on Gulf currency pegs, and will "take action" against those targeting its US dollar-pegged dinar, a magazine reported, citing the governor of the Central Bank of Bahrain.

Bahrain cut interest rates last week to dissuade bets on an appreciation of the dinar, which has been largely spared from growing pressure for a revaluation.

In an interview, Rasheed Al Maraj told the magazine, "There are foreign institutions packaging investment products based on currency revaluation while their analysts are propagating the revaluation story and spreading rumors. It is a clear conflict of interests and we look at this very suspiciously."

While the governor did not name banks, it is understood that Deutsche Bank, Standard Chartered, ING, Citigroup, Commerzbank and Merrill Lynch are among foreign banks that have stated in recent reports that one or more Gulf states may revalue their currencies or drop their pegs. (👉)

BAHRAIN

Sakana ends first year on upbeat note

Sakana Holistic Housing Solutions celebrated its first anniversary last week by reviewing a year packed with achievements and firsts. The boutique mortgage provider has achieved its goal to provide innovative holistic housing solutions that act as a catalyst for the prosperity of Bahrain's housing market.

Formed as the first joint venture between a conventional and Islamic bank – namely, BBK and Shamil Bank – in December 2006, Sakana's core business is offering mortgage financing solutions that cater to individuals for residential purpose. The pioneering mortgage provider has introduced a series of firsts, including the longest mortgage term at 30 years, financing for non-residents outside GCC, equity release and the highest mortgage at BH\$1.25 million (US\$3.33 million).

"Our holistic approach, as well as simplicity and innovation in our mortgage solutions, have allowed Sakana to close its first year of operations on an extremely positive note, having helped more than 200 customers in financing their dream home," said chairman Jamal M Hijres. (👉)

PHILIPPINES

Takeover of Al Amanah nears completion

The Development Bank of the Philippines is due to complete the Bangko Sentral ng Pilipinas' (BSP) requirements for the takeover of Al Amanah Islamic Investment Bank. This follows the government's failure to privatize the bank earlier this year.

The plan has been approved, and is pending the submission of regulatory requirements. According to officials, DBP's takeover proposal is acceptable in principle to BSP. (👉)

INDIA

Finacle for Islamic banks

Infosys, the multinational IT services company headquartered in Bangalore, is marketing its universal online banking platform Finacle for Shariah compliant financial products and services in the Middle East and Europe.

"There will be a tremendous amount of action in Islamic banking in Europe and the Middle East for the next 1½ years," says Haragopal Mangipudi, vice-president and business head for Finacle at Infosys. He said the company will also make a foray into Islamic banking for its Finacle platform in Indonesia, Malaysia, Brunei, Singapore and the Philippines.

Haragopal and the Infosys team were in Dubai recently to meet prospective customers from the UAE who, like other major regional players, will make an important decision over the next three years on the transformation of their banking legacy systems. (👉)

US

More casualties at Bear Stearns

Bear Stearns have reported yet more jobs cuts as a result of the subprime crisis, with its Wall Street mortgage lending unit seeing 650 jobs depleted. This will bring the total number of job cuts at the securities firm to over 1,200 this year, double of what was forecast earlier this year.

The major brokers have cut up to 3,900 jobs since June. The crisis has also seen HSBC shut down its US MBS business and Citigroup undertaking a full force cost review after recording serious losses.

Goldman Sachs is the only brokerage firm not to have announced any job cuts this year. (👉)

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MALAYSIA

Focal Quality reaffirmed

RAM Ratings has reaffirmed the respective ratings of the RM190 million (US\$56.84 million) Sukuk Ijarah Islamic Debt Securities of Focal Quality. The reaffirmation is premised on the stable performance of the underlying properties, i.e. Ipoh Parade, Seremban Parade and Klang Parade as well as their adequate cash-generating abilities.

The ratings also address the timeliness of profit payments and the full redemption of the Sukuk Ijarah, on or before the respective legal maturity dates. (2)

QATAR

Stable outlook for CBQ

Fitch Ratings affirmed Qatar-based Commercial Bank of Qatar's (CBQ) ratings at Long-term Issuer Default (IDR) "A", short-term IDR "F1", Individual "C" and Support "1". The Support Rating Floor is affirmed at "A". The outlook for the long-term IDR is stable.

CBQ continues to perform extremely well under buoyant operating conditions in Qatar. Loan volumes have grown rapidly, leading to robust core income generation. Results were also boosted by strong contributions from Islamic banking and its associate, National Bank of Oman, underlying the success of CBQ's diversification and regional expansion strategy. CBQ's asset quality is sound, with its non-performing loan ratio at less than 1%. Fast loan growth, as seen in the last three years, could lead to future problem assets, although, at this stage, a material change from this position is unlikely.

Fitch notes some declines in market values on CBQ's investments due to lower stock market valuations and the global credit downturn. However, recent performance of Qatar equities and the relatively small size of the "at risk" part of the portfolio should mean that these exposures are manageable. Liquidity is ample, benefiting from a stable deposit base and large holdings in government bonds and other marketable securities.

A report will be available shortly on the agency's subscription website, www.fitchresearch.com under Financial Institutions/Banks/Full Rating Reports. (2)

MALAYSIA

RAM Ratings reaffirms Amat Suria MUNIF

RAM Ratings has reaffirmed the P2 rating of Amat Suria's RM40 million Murabahah Underwritten Notes Issuance Facility (MUNIF). Amat Suria was incorporated in January 2005 to facilitate the leveraged buyout (LBO) of MCB Industries (MCB) from its previous owner, Regal Horizon.

The rating is premised on Aman Suria's entrenched market position and integrated operations. Amat Suria holds sway over 85% of Malaysia's calcium-carbide market, with an annual production capacity of 43,200 metric tonnes. Almost 80% of receivables fall within its 60-day credit term, indicating a manageable receivables ageing profile. This is largely due to the good credit standing of and long-term relationships with its multinational customers.

The rating is moderated by cost challenges, weak capital structure and exposure to cyclical industries. The MUNIF, which had been used to partially fund the LBO, constituted most of Amat Suria's RM57.82 million debt load as at end-September 2007. This translated into a high gearing ratio of 4.81 times (end-December 2006: 4.97 times). (2)

BAHRAIN

Hannover ReTakaful gets 'A' from S&P

Standard & Poor's has assigned its "A" long-term counterparty credit and insurer financial strength ratings to Bahrain-based reinsurer Hannover ReTakaful. The outlook is stable. The ratings on Hannover ReTakaful reflect its strategic importance to its parent, Hannover Re group (AA-/Stable/-). The outlook reflecting expectations that the company will continue to be supported by Hannover Re group both implicitly and explicitly.

S&P credit analyst Jelena Bjelanovic said: "We expect Hannover ReTakaful's competitive strengths to translate to strong business growth. Its target of US\$100 million in gross premiums written by 2009 is viewed as achievable in light of the favorable market conditions and still-modest levels of competition." (2)

THIS TIME LAST YEAR

- The **Bahrain Institute of Banking and Finance** was appointed as the "executive manager" of the Waqf Fund board of trustees.
- **Emirates Bank International** revealed plans to open a representative office in Singapore in December making it the first UAE bank to establish a presence in the city state.
- **Tamweel** announced a US\$217.3 million profit for first nine months of 2006. Its Islamic financing and investing activities rose to US\$24.2 million during the nine months period, registering a 215% increase, as compared to the US\$7.6 million in 2005.
- **Khaleej Finance and Investment** launched Optimum, a US\$50 million Shariah compliant capital protected fund comprised of Dow Jones Islamic equity index, crude oil and copper.
- **Almari**, the largest Gulf Arab dairy firm, was contemplating an Islamic bond issue to help finance a SR4 billion (US\$1.06 billion) expansion, funding investments and the development of new products.
- **Aseambankers Malaysia** announced its plans to go international with its Islamic capital markets services with the Middle East, Indonesia and Europe all in sight.

Corporate Governance of Islamic Financial Institutions in Brunei Darussalam

By Dr Abul Hassan

The first Islamic bank in Brunei came into being with the inauguration of Tabung Amanah Islam Brunei (TAIB) in 1992. Since then, its Islamic financial services industry has moved to the “transformation and innovation” stage.

It is observed that different stages of evaluation further contribute toward the development of Islamic financial markets and innovative new products that are compliant with the principles and precepts of Shariah. To some extent, the structures of Islamic banks/financial institutions in Brunei are principally based on the model of the company structured. Therefore, they need to adopt and abide by the global corporate governance principles.

The driving force for corporate governance in Islamic banks is the concept of justice, moral obligation, accountability and equality. In this article, we will discuss the corporate governance aspects of Islamic financial institutions in Brunei. We will also consider the main elements of corporate governance principles in such institutions and the corporate governance system in the Islamic financial services industry.

Financial services at a glance

Brunei Darussalam’s small and wealthy economy is a mixture of foreign and domestic entrepreneurship, government regulation and welfare measures. A combination of internal and external shocks during 1997 and 1998 led to a contraction in the Brunei economy. Then, after nearly two years of economic stagnation occasioned by the Asian economic slowdown and low oil prices, Brunei’s economy picked up steadily.

Now, the sultanate has developed its oil and gas sector into a world-class industry. Crude oil and natural gas production account for nearly half of its GDP. According to an estimate by the International Monetary Fund, the GDP of Brunei grew by 3.7% in 2006 to US\$11.5 billion.

Substantial income from overseas investment supplements is derived from domestic production of mainly oil and oil-related products. The government of His Majesty Hassanal Bolkiah, Sultan and Yang Di-Pertuan of Brunei Darussalam, has taken the appropriate steps to diversify the service sectors of the economy. As at the second quarter of 2006, growth of the service sectors (including banking and insurance) stood at 9.4%. A quarter-on-quarter comparison shows that the service sectors had grown by 4.8 %.

Brunei Darussalam is an example where the functions of the banking system have been established within only a few years. Given the initial start-up conditions and some deficiencies in the overall economic-legal-institutional framework, Brunei can in many respects be regarded as a success story that deserves attention.

TAIB started out as a trust fund whose primary function was to provide facilities for Muslims to make the pilgrimage to Mecca. The government-owned entity operates much like a savings and loan institution. Its main objectives are to operate/promote Islamic financial services and

to raise the socio-economic standards of the population, with a focus on the underprivileged.

Two other Islamic banks — Islamic Bank Brunei (IBB) and Islamic Development Bank of Brunei (IDBB) — were subsequently established to provide Islamic banking facilities mainly in trade and commercial finance. The core clientele base of both IBB and IDBB comprises the affluent and middle-class segments of the population.

Since then, the banking-related financial services (including the insurance) sector’s share of Brunei’s GDP has averaged about 8% (with a major share going to Islamic banking including Islamic insurance). The Sultan of Brunei, who also holds the portfolio of minister of finance, has identified the need to develop an Islamic financial market.

In fact, there is sufficient scope to establish financial service businesses within the existing regulations, thanks to zero fiscal impositions, user-friendly laws and low cost of operation in Brunei. International banks such as HSBC, Citibank, Standard Chartered Bank, Maya Bank, RHB Bank and United Overseas Bank can be found there.

Islamic insurance or Takaful institutions like Insurans Islam TAIB (formerly Takaful TAIB) and Takaful BIBD (formerly TBPIBS) are doing well. Customers, policyholders and investors of IBB and IDBB enjoyed better services following the government’s in-principle approval of the merging of the two banks and their insurance arms on the 7th July 2005.

As the biggest financial institution in terms of combined assets and deposits, the IBB-IDBB entity (known as Bank Islam Brunei Darussalam, or BIBD) promises economies of scale that enable it to perform banking and insurance businesses both at home and abroad.

Since early 2000, one of the key goals of the Brunei government has been to develop financial services, especially Islamic and commercial banking. With the enactment of legislation such as International Limited Partnerships Order 2000, International Banking Order 2000, Money Laundering Order 2000, Mutual Funds Order 2001, Securities Order 2001, International Insurance and Takaful Order 2002, Anti-Terrorism (Financial and Other Measures) Order 2002 and Banking Order 2006, progress on developing supervisory and prudential regulations has been commendable (BIFC 2006).

The purpose of enacting such legislation is to bring local laws in conformity with international obligations in order to implement transparent foreign investment policies and encourage investment in all sectors. The newly adopted legislation clearly mention the scope of foreign equity holdings and the sectors in which investment are encouraged, thereby providing wider scope for investment opportunities in Brunei Darussalam.

Main components

To the writer’s knowledge, some of the main components of the corporate governance framework of Islamic financial institutions should be based on the following elements:

continued...

Corporate Governance of Islamic Financial Institutions in Brunei Darussalam (continued...)

i. Reputational risk

The success of an Islamic bank will depend on its stakeholders' belief that the institution operates in compliance with Shariah principles. Therefore, reputation is one of the main factors that emphasize the importance of good governance to ensure that the trust of the stakeholders is not compromised and business grows according to their expectations. Reputational risk arises out of any uncertainty on Shariah compliance.

ii. Efficient Shariah advisory

A distinct feature of the Islamic financial system is the requirement to set up a Shariah advisory board. From the perspective of corporate governance, the establishment of such a board is important to instill public confidence in the purity of the operations of the Islamic financial institutions.

The board would serve as a check-and-balance system to ensure that the management and operations of the financial or banking institutions do not deviate from Shariah principles in the formulation of policies.

iii. Inspection

Since the Islamic banking system operates on the basis of Shariah principles, Shariah compliance inspection is necessary to ensure that specific terms of Islamic contracts as well as the rulings of Islamic scholars on transactions and accounts are maintained as per the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI, 2005).

iv. Supervision

In an Islamic bank/institution, the role of supervisor is critical in ensuring smooth functioning. A key element of the Islamic banking supervision is the existence of a mechanism that ensures the Islamic banking/financial system remains viable and able to develop without compromising the principles of Shariah.

v. Disclosure and transparency

Islamic financial institutions should maintain the highest international standards and practices for financial/non-financial reporting and disclosure. Furthermore, such institutions should be transparent in the adoption and application of Shariah rules.

Corporate governance

Brunei has succeeded in attracting the country's majority of depositors, investors. Managing the corporate governance of its Islamic banking and financial institutions is critical, given the surge in assets from about BN\$386 million (US\$266.2 million) in 1992 to about BN\$3,217 million (BN\$2.22 billion) by end-March 2005.

Growth in assets was well supported by a sharp increase in deposit base, which improved from BN\$1,315 million (US\$906.8 million) in 2000 to BN\$3,164 million (US\$2.18 billion) by end-March 2005 (IMF, 2005). The ministry of finance has established a dedicated Islamic banking department which works closely with the Brunei International Financial Center. The Islamic banking department provides valuable regulatory guidance on overall Shariah compliance and specific issues relating to Islamic banking.

Brunei Darussalam has adopted a Shariah compliant corporate governance mechanism for its Islamic financial industry, which ensures

deeper and extensive Shariah compliance supervision on an ongoing basis. The said mechanism consists of three basic elements.

First, at national level, the ministry of finance has constituted a national Shariah supervisory board. Second, it is compulsory to appoint Shariah advisers at each bank undertaking Islamic banking operations in Brunei Darussalam. Third, there must be a Shariah compliance inspection team under the joint control of the ministry of finance and the national Shariah supervisory board.

The criteria for Shariah advisory at the individual Islamic bank level and Shariah compliance inspection are determined jointly by the national Shariah supervisory board and the ministry of finance. In Brunei, Islamic financial institutions have appointed Shariah advisers at the institution level. The criteria for Shariah adviser are determined on the basis of the person's integrity, honesty and qualifications, both in terms of education and understanding of Shariah laws.

It is true that the Islamic financial market can function efficiently only if the highest standards of accounting, disclosure and transparency are observed. In respect of maintaining the highest standard of accounting, the ministry of finance in Brunei has adopted the policy to implement a proper accounting standard in its banking system. It is in the initial stages of rolling out Islamic accounting based on the criteria of AAOIFI standards.

The role of the national Shariah supervisory board in Shariah compliance supervision is an important element within the entire system. A unique feature of this supervisory board is the composition of its membership. The board consists of Islamic scholars, chartered accountants, lawyers and a high-ranking officer from the ministry of finance. It is responsible for ruling on any conflict arising out of the Shariah compliance inspection.

Brunei, whose Islamic banking sector is in the evolutionary stage, may have succeeded in attracting investors but much still needs to be done in respect of the application of international accounting standards.

On the other hand, Shariah advisory, Shariah compliance inspection and Shariah compliance supervision are important components of the Islamic financial system in Brunei Darussalam. Together, they form the comprehensive Shariah compliance corporate governance mechanism. Equally vital to the effort are high performance standards, a resilient infrastructure and a robust regulatory framework. ☺

Dr Abul Hassan is a senior lecturer at Markfield Institute of Higher Education in Leicestershire, the UK. He holds a PhD in finance from the University of Durham and was a lecturer in finance at Universiti Brunei Darussalam from 2005 to 2006. He can be contacted via email at abulhassan03@yahoo.co.uk

Bank AlJazira leads the way for Saudi



Bank AlJazira (BAJ) is recognized as one of the leading financial institutions serving affluent individuals and successful national corporations in the Kingdom of Saudi Arabia (KSA). It is the first bank in Saudi to develop Takaful Ta'awuni.

One of the key people behind the success of the Islamic insurance is Dawood Y Taylor (pic), group head of Takaful Ta'awuni at BAJ. *Islamic Finance news* sought out the 56-year-old father of five for an in-depth

Q&A about his career, responsibilities and where he thinks Islamic finance in Saudi is headed.

Below are excerpts from the interview.

Could you tell us a bit about your experience before you joined BAJ?

Since my arrival in KSA in 1974, I have held a number of senior executive positions, primarily in the healthcare industry, with leading companies in this field.

Prior to BAJ, I was the assistant general manager and head of investment – western region for Arab National Bank, responsible for both the local share trading operation as well as developing and expanding significantly the investment group sales team, offering the bank's full range of investment funds to the general public in the western region of the kingdom.

For the eight years before my stint at Arab National Bank, I was the western region manager for a major offshore life insurance operation, managing a team of sales consultants offering offshore investment/insurance products to the expatriate community in the western region.

When did you join BAJ?

I have been the head of Takaful Ta'awuni since its inception in early 1999. I conceived and developed the initial Wakalah-based Takaful Ta'awuni concept. Shortly after, it became necessary to recruit a dedicated team of professionals and to appoint an experienced consultant to undertake the massive development process that went into creating what is now a hugely successful Islamic life insurance and savings program for BAJ.

The total development was undertaken, and is owned exclusively, by BAJ. Unlike many other bank-operated insurance operations in the KSA, BAJ can claim to have developed the only uniquely Saudi-owned program.

As BAJ's chief for Takaful, what are your main responsibilities?

As head of the division, I am the 'captain' of the ship. I take as my most important responsibility the safe passage of our vessel through the uncharted waters that define the nature of the Islamic life insurance/Takaful business today. I use the phrase 'uncharted waters' to describe our local Saudi market for a variety of reasons which have presented, and should continue to present, both tremendous challenges as well as tremendous opportunities.

Some of those reasons include the following: (i) unlike other markets where Shariah compliant life Takaful products were introduced as an alternative to conventional life insurance, KSA had no conventional life insurance market due to the fact that this sector is outside the realm of permissibility with Islamic law; (ii) the regulatory framework that is intrinsic to the life insurance business in developed markets such as the UK, the US and Asia is a recent development in KSA with the Saudi Arabian Monetary Agency (SAMA); and (iii) the Takaful landscape is now in a state of flux due to the granting of licenses to new Takaful ventures resulting in the opening up of the local market.

Of the many resources that I must have at my disposal, the human resource is most critical to our success and I'm truly honored to work with an elite crew of seasoned insurance professionals who share my commitment to that success. I believe that great things come about through inspiration and motivation – and so, at the end of the day, I think my crew will tell you that my passion about this work pushes me to inspire and motivate those around me.

In my position, I must be intimately knowledgeable of the various sources of information that comprise the key performance indicators. This entails daily dialogue with our underwriting department to ensure that we're maintaining a good balance between writing new business and medical evaluations, reviewing new business submitted data reports to keep track of our corporate sales targets and making recommendations to sales staff where appropriate; consulting with my '3As' financial staff of accountants, actuaries and auditors to stay abreast of the numbers and statistics which are such a huge part of managing any insurance business; and briefings with my IT managers that include finding and implementing solutions for hardware problems, software systems upgrades and understanding the importance of integrating Internet solutions to develop platforms for new marketing channels.

So far, I've only been talking about my 'in-house' responsibilities, but a good deal of my time involves interactions with what I'll call my external public. These interactions with my external public may include, for example, meetings and written communications with SAMA, treaty negotiations with reinsurance and reTakaful operators, speaking as a delegate at international Islamic finance and Takaful conferences, writing articles and giving interviews for industry magazines such as yours, and participating as an organizer and/or member of several industry associations – most recently, the Takaful governance committee for the Islamic Financial Services Board, the intelligence committee of the International Cooperative and Mutual Insurance Federation and the International Takaful Association.

I truly love the work I do, the role I have in it and the blessing Allah has provided me with it. Without a deep passion for one's life work, I say, 'Why bother?'

Which of your products are you most proud of that has delivered the best results?

That's a tough question asking me to name only one or two because, quite naturally, I believe that all of our products/services deliver excellent results.

continued...

Bank AlJazira leads the way for Saudi (continued...)

The Takaful Ta'awuni Division (TTD) of BAJ currently offers individual Takaful Ta'awuni products, employer-sponsored group of products and credit life bank synergy products. The new Prudential Corporation of Asia (PCA)/TTD joint venture (JV) is planning to continue with the same product range. In the meantime, we are developing new Takaful products and extending the range of funds available. The range of products currently offered falls into one of the following:

- Risk protection products — The Shariah compliant alternative to conventional term protection plans offering Takaful coverage to individuals and companies against the risk of death and disability for a contractually agreed period. There is usually no savings element associated with this type of product.
- Protection with savings products — The Shariah compliant alternative to conventional endowment plans offering a combination of Takaful coverage to individuals and companies against the risk of death and disability with long-term structured savings for a contractually agreed period.
- Group credit Takaful products — The Shariah compliant alternative to conventional group credit life insurance offering Takaful coverage to companies against the risk of their borrowers' death and disability for a contractually agreed period. We recently developed a specialized version of this product known as our mortgage Takaful protection plan.

The continued development of new products designed to meet consumer demand as well as dedicated research and development activity that will ultimately lead to the very first Takaful corporate pension scheme, a 'stand-alone' personal accident plan and dedicated R&D activity to develop a Shariah compliant product for the bancassurance market, i.e. BancTakaful. To date, our best-selling product has been the individual protection with savings plan.

It is obvious that you have done so much for BAJ's Takaful. What is your best achievement so far?

I'm not sure if the 'your' referred to means me as an individual or as an organization, but in reality, there's a very fine line that segregates these two spheres. To name just one achievement as the greatest is really hard to do, but let me go through a short list, all of which could qualify as the greatest single achievement.

Having witnessed TTD's growth from inception and overcome unprecedented challenges to transform itself into the full-service Shariah compliant Takaful operation that it is today is an accomplishment that is dear to me.

We received the Islamic Finance Weekly 2004 award for 'Best Takaful Operator', which served to validate our programs and the course we chose to take. This qualifies as a noteworthy achievement because we were chosen as the leader in this category for both sales' volume and innovation, while as its recipient it helped us to continue making our contributions towards the significant development of Life Takaful in the Saudi Arabian market.

As we continued on our developmental course, international recognition in the form of being awarded the Euromoney 2006 award for 'Best Life Takaful Operator' is certainly an achievement that could be considered the greatest especially because it was opened to all international banks, financial institutions and insurance companies.

Media accolades as highlighted in various magazine and newspaper articles for our recent win for the 'The 2007 Middle East Insurance

Award' for 'Life Insurer of the Year', is on my short list of great achievements because this is the only independent award in the region that recognizes excellence in all sectors of the insurance industry. Life insurance companies, both conventional and Takaful, were eligible for consideration in this category which covered the Gulf region, Yemen, Lebanon, Egypt, Syria, Jordan and Iran.

Malaysia is considered the modern-day birthplace of Islamic finance, and to have won 'Most Outstanding Takaful Company' is a milestone achievement that we'll forever savor.

A very significant achievement is underway with our 'spin-off' from BAJ and the creation of a new JV between TTD and PCA, one of the world's leaders in the insurance industry. The driving force behind this development has been regulatory in nature promulgated by the new SAMA insurance regulations. In June, a memorandum of understanding was signed to create the new JV with the intention to list the new Takaful operation on the Saudi Arabian Stock Exchange (the Tadawul).

The JV has created an ideal opportunity for PCA to leverage on its international expertise and BAJ's excellent platform to take the development of this business to the next level. PCA has a terrific track record of working very well with leading local players to create world-class operations and we all look forward to another success here in Saudi Arabia with the new JV. The Takaful market in Saudi Arabia is set to take off and we believe that PCA will be an excellent partner as this business enters its next phase of growth and development.

Last but not least, it would be remiss of us not to acknowledge as an achievement our involvement in the growth and development of the Islamic reinsurance (reTakaful) industry. Concomitant with the global growth of the Takaful industry and particularly the accompanied growth of Takaful risk pools, has been the need to spread the risks to even bigger Takaful pools. The need for this development mirrors the need for the development, and therefore, the creation of, the conventional reinsurance industry many decades ago.

Today, one can find full-fledged Shariah compliant reTakaful companies as well as reTakaful 'windows', which are Shariah compliant Takaful risk pools managed as separate divisions of well-established conventional reinsurance corporations. We, obviously, don't take single-handed credit for this phenomenon but we recognize that our pioneering efforts with TTD have been a contributory catalyst worthy of acknowledgement.

What are BAJ's major strengths?

I'm really glad this question was asked because as our playing field becomes 'flattened', i.e. the local market opens up to competition resulting from SAMA's granting of licenses to new ventures, it will be increasingly important to capitalize on our strengths to distinguish ourselves.

The uniquely innovative products we've been able to create may soon be copied by others; however, over the short time that we've been operational, we've been able to hone our distinctive competencies that should allow us to build a moat around our company. If we allow ourselves to qualify our competencies as "proprietary insights" we list upon the most important: (i) transparency; (ii) quality control; and (iii) customer service.

continued...

Bank AlJazira leads the way for Saudi *(continued...)*

Transparency is simple — say what it is you're going to do and then do what you said you were going to do. The insurance industry has historically struggled with practical implementation of this concept and that is why insurance regulators the world over have enacted legislation that addresses the protection of consumers.

Our challenge has been — and I think we've been able to do a pretty good job of it — to strike a balance between not presenting enough product information or contract details and presenting too much information. After a completion of 'preliminaries' which include a brief introduction to our products and a fact finding needs assessment, we produce one or many Takaful illustrations for interested clients.

“The biggest challenge for the Takaful market in Saudi Arabia today is to structure the Takaful products and market them to people who traditionally have not been receptive to conventional life insurance, due to the latter's incompatibility with Islamic law”

From the clients' perspective, they know that they're going to be contributing some money and they know that you as the Takaful operator will be charging them some money for your services and contingent benefits. Where the uncertainty lies is in the return on their investment that will convince them whether or not the Takaful proposition is worthwhile for them.

For this reason we've invested considerable effort in designing our illustrations to show the client the annual build-up of their actual contributions, the availability of contingent benefits such as disability or death, the hypothetical (there can be no guaranteed investment return in Takaful products) accumulated value of their investment fund, and early encashment values in the case the client decides to terminate the contract before the maturity date.

Once we've earned the trust and respect of the client and he or she decides that they want to participate in the program, additional materials including a contract schedule, are prepared to show them exactly what charges are taken and when.

Quality control is another area that we take pride in. This means that we've had to develop and manage a system for ensuring the maintenance of proper standards for the products we offer. It is one thing to be able to sell our products and quite another to be able to keep the business on the books. We decided that our focus had to be on management and people. It was realized that, if all departments approached quality with an open mind, success was possible if management led the quality improvement process. By emphasizing

elements such as personal integrity, confidence, organizational culture, motivation and team spirit, we were able to establish the concept of 'do it right the first time' as the way we would operate our business.

In order to measure and assess quality, we first had to establish company-wide standards via policy and procedures guidelines for every department. Our managers are responsible for the implementation, documentation and auditing (with the assistance of our internal audit department) of all applicable quality standards as they relate to the business practices of the firm.

TTD, like most modern business, understands that excellent customer service is an indispensable component of ongoing growth and healthy consolidation. Hence, as our company grew, the need to establish a separate department with specialists dedicated to customer service became glaringly apparent. Our team of customer service representatives has one responsibility: to be responsible for assisting our contract holders. The customer service team takes responsibility for whatever action is necessary to resolve a contract holder's question or concern.

This level of service is one of the many value-added services that we are trying to provide. Our goal is to have the customer service team work smoothly in tandem with all internal departments to ensure that contract holders are provided with whatever assistance is necessary at any stage of the sales, underwriting, contract alteration or claims processes. As this department is still relatively new, one of the keys to the early success we expect from them is that they make every attempt to see that any complaints received from customers are satisfactorily dealt with in a timely manner.

What are the key contributing factors to BAJ's success?

When I narrow down the list of factors contributing to our success, I end up with three. First of all, the development of a significant and dedicated team of individuals who firmly believe in the TTD mission, both Saudi nationals as well as expatriates, has been paramount to our success. Secondly, I must give credit to the senior management of BAJ for their unwavering support and confidence that they've shown us from the very beginning until now.

Finally, we are grateful for the opportunity to have been assisted by SAMA in developing our policies and procedures to conform to SAMA regulation. Likewise, our interaction with SAMA has assisted them in implementing the goals of its fiduciary directives to protect consumers from financial disasters that could result from companies without fiscal controls.

What are the challenges you face in carrying out your responsibilities?

The biggest challenge for the Takaful market in Saudi Arabia today is to structure the Takaful products and market them to people who traditionally have not been receptive to conventional life insurance, due to the latter's incompatibility with Islamic law. Takaful is Shariah compliant but the hurdle continues to be significant primarily because the consumers have no familiarity with the basic concepts of life insurance. Both Takaful and the benefits offered, compared to conventional insurance, can be challenging when you are dealing not only with clients but also with regulators.

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Bank AlJazira leads the way for Saudi (continued...)

Another challenge has resulted from the opening of the local market to new Takaful ventures in KSA. While competition is both good for the consumers as well as operators willing to make a commitment to quality delivery of services, it requires hard work and resilience.

Where do you see Saudi's Islamic finance industry in the near future?

Life insurance/Takaful was virtually non-existent in KSA before TTD and we take pride in knowing that our presence here has created tremendous opportunities for all involved. The traditional career paths in conventional life insurance (which also now exist in Takaful), such as sales agent, underwriter, marketing representative and actuary were completely unknown in KSA.

Not only have we trained several hundred Takaful sales agents (many of whom are still actively employed), we have also created job opportunities for young male and female Saudis throughout the kingdom. We are serving as a vehicle to promote the aforementioned career paths with the added feature that one wishing to embark on these endeavors can do so in an Islamically responsible way, i.e. Shariah compliant Takaful.

Over the past few years, insurance has proved successful in many countries in the Middle East and is set to gain in further importance in the future. If the region is to enjoy economic prosperity, the insurance industry needs to be developed further, taking international best practices into account and giving due attention to the local culture, which is where the developing Takaful industry could play a key role since these are predominantly Muslim countries.

Given the fact that most of the countries in the region are under-insured, the industry can look forward to a great future in the Middle East, especially in Saudi Arabia. Among the GCC countries, Saudi Arabia, with 22 million people, will become a magnet and attract the most attention for insurance and Takaful operators.

What would you like to see change in the world of Islamic finance?

I think Shariah standardization is an idea whose time has come for the world of Islamic finance. Please understand that I'm not being unduly critical of where we are today, but I believe that once Shariah standardization takes hold, people can start to focus on the quality of what they are doing as opposed to how they are doing it.

In Malaysia, they have adopted a national model of Shariah standardization and this, national standardization, could be a starting point for other countries involved in Islamic finance. ☺

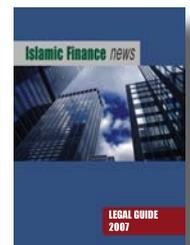
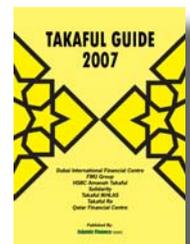
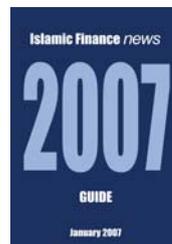


Bank AlJazira was established in June of 1975 and it is fast becoming a premier bank in Saudi Arabia that provides high-net-worth individuals and large institutions with innovative banking solutions that are compliant with the Islamic Shari'ah in an exclusive ambience.



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Denmark's TIA Solution to Go Islamic

By Arfa'eza A Aziz



Denmark-based TIA Technology A/S's flagship product TIA Solution, which provides a complete solution for insurers from planning and marketing activities to claims handling, is a proven success as far as conventional insurance is concerned.

In a brief meeting with *Islamic Finance news*, TIA Technology CEO Morten B Steiner (above, right) said that it is set to rock the Islamic insurance industry in the third quarter of 2008, when it will launch the new TIA Takaful Solutions.

He said TIA Solution, which has been implemented in 45 insurance companies across 20 countries, helps insurers lower their total operational costs, having demonstrated an increase in efficiency of 20% to 30% as compared to companies using old systems. TIA Takaful Solutions is expected to do the same for Islamic insurance operators.

This is made possible with the agreement it signed with Malaysian-based PAC Total Solutions (PTS), which allows PTS to customize TIA Solution according to the requirements of insurance companies in Malaysia and Asia, and it will be extended to the formulation of the Takaful solution as well.

Below, Steiner and Eric Loo (above, left), CEO of PTS, elaborate on their plans.

Earlier, you mentioned developing TIA Takaful Solution. Will being in Malaysia, where Islamic finance industry growth is said to be encouraging, help you realize the plan?

Loo: We plan to market TIA Takaful Solutions throughout the world, not only in Malaysia. But we are happy that we are in Malaysia because the country seems to be setting some sort of a benchmark (in the area of Islamic finance).

I believe it is ideal for TIA Takaful Solution to originate here. TIA Solution is focused on the European region but we cannot neglect the fact that

global Takaful is rising. We have some reports and statistics indicating the next big thing is Takaful. Therefore, it is only right for TIA to produce and release a TIA Takaful system.

So, when is TIA Takaful Solution likely to materialize?

Loo: TIA is scheduled to be released by the third quarter next year. This system is different from other types of Takaful because it is created in a Takaful insurance environment... we are using an actual insurance company's environment to create the system.

So, we are not producing it in a software company (like other products) but an actual Takaful company where we can adapt, create and develop a reliable system.

What other efforts are expected to play a bigger role in the Islamic finance market? Are you looking at more research and marketing?

Loo: Our research on the market is ongoing. Marketing is also in the planning stages. But instead of pushing the industry, it is the industry that is pushing us to be faster. Many companies have shown interest in TIA Takaful Solutions.

This is because TIA Solution for the conventional insurance has proven to be a system of good quality. So, that's why they want to see TIA Takaful launched as soon as possible. As a result, we are doing our best to put in the R&D, provide an encouraging environment and the necessary investment so that we can deliver a good system.

So, TIA Takaful will be launched in Malaysia first?

Loo: I believe that we will take a global strategy in introducing TIA Takaful. TIA Technology will introduce it in Europe while we focus on Asia, which includes the GCC. But we plan to launch it simultaneously in the two continents.

“But instead of pushing the industry, it is the industry that is pushing us to be faster”

Mr Steiner, the Islamic finance market in Europe is still in its infancy. How do you think your company will fare with TIA Takaful Solution there?

Steiner: We are excited about the partnership with PTS, and view the opportunity in the Asian market as interesting. After the partnership which allows us to work on providing solutions to conventional market, we decided to develop a Takaful version jointly with PTS.

We don't know what is required for Takaful solution, so we believe that this is an excellent opportunity to work with PTS in Malaysia, where there are experts to guide us on developing a suitable solution.

We have conducted initial investigations with some Takaful experts to see if it is possible for the current configurable solutions to be added on to the Takaful.

continued...

Denmark's TIA Solution to Go Islamic (continued...)

As for Europe, yes, it (the Islamic insurance market) is still small. The discussion on Takaful solution is just beginning there and the market is not as mature as the one in Asia. But our main focus is to get the best Takaful solutions for the Malaysian and Asian markets.

Then when we have that, we will learn how to deal with Takaful. When the European market matures, we will be ready to deal with the situation. As Eric said, there will be a global launch but the main focus will be on the Asian market, where the demand is clearly formulated.

So, it is something new for your company?

Steiner: Yes, it is, and that is what makes us excited.

What were the challenges in coming up with the Takaful solution?

I think the challenging and interesting thing is to understand the concept of Takaful, which is non-interest accrued insurance. We have held massive discussions to find out how the concept will affect our solutions and have come up with ideas on how we want to implement those concepts as our structure in the basic system because our system is configurable, so that we can configure our solutions to conform with the Takaful requirement.

But we want to make it in a quality manner, so that is why we are launching in the third quarter of next year.

As you know, there are quite a few solutions providers so apart from the fact that your solutions will be based on an actual corporate environment, what other features of your product stand out?

Loo: First, we know our competitors. We also know the berth of the system which is designed at the software company. Our first advantage is that the TIA core solution, which is available now, is

already developed. From that, we add Takaful. So, we are a step ahead of other companies.

Steiner: I would also like to emphasize that when TIA is sold, we not only sell a standard solution that works now but we also sell a commitment that we will upgrade the solution.

Like our conventional customers, we give equal commitment to our Takaful solution customers that they will not only have the advantage of a global standard package but the product can be upgraded with new features and functions within Takaful solutions. So they get the best of two worlds.

How will cooperation between the two companies assist in the growth of the Islamic finance industry in terms of being a solutions provider?

Steiner: We would never have dreamt of doing Takaful as we don't have the basic information. We know the system, the conventional insurance and how to modify things.

But we could not have made it without the help of PTS, which has a lot of employees who are aware of Takaful requirements. So, basically, right now, we have TIA and PTS together finding out how to develop the system in the most efficient way.

I know that will take time but this unique combination will enable us to provide better technology solutions for Takaful companies, and I believe the product will be a leading one worldwide. (f)



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Do the inherent features of true Islamic finance prohibit the possibility of earning comparable profits to those generated by conventional finance?



There are some additional legal and structuring costs with Islamic financial products compared to their conventional equivalents, but the significance of these should not be exaggerated, especially as the products become more standardized. These nevertheless potentially eat into profit margins, but as Islamic financial institutions grow, the fixed overhead costs per client fall.

The major reason why costs per client for smaller Islamic financial institutions are higher and profits lower is their limited ability to take advantages of economies of scale and scope.

As clients may be prepared to pay more for Shariah compliance than they would for conventional products, this means Islamic financial institutions can charge a higher price, enhancing their profit margins. Shariah compliance is a means of differentiating products, and in such markets there is less competition than for standardized products. Of course as more Islamic financial institutions compete with each other, profits get eroded, but the competition still remains less than in conventional banking.

This also applies to products such as Sukuk, where the higher margins than on conventional securities have attracted major investment banks into the business, where their existing knowledge and contacts gives them an advantage. The same is happening in the Takaful industry, where the higher margins are enticing major insurance companies to enter the market where they can take advantage of externalities from their conventional businesses.

PROFESSOR RODNEY WILSON: *Director of postgraduate studies, Durham University*



Indeed not: Islamic finance is as risky as the underlying investment.

Islamic finance concerns the equitable sharing of risk and reward, and there tends to be a distinction between the “development” phase of a project — any project — which is risky, and the stream of production or revenues that flows from a project once it is complete.

In the former case, a “venture capitalist” investor may run a very substantial risk by financing the project and therefore will negotiate a fairly substantial share of the project revenues - if there are any.

In the latter case, a risk-averse investor — maybe retired — may be interested in a solid long term established revenue stream, and in this case the same investment in money terms would buy a very much smaller share in the completed project revenues. Indeed, it is likely that the “venture capitalist” would actually sell his investment — and realize his profit — to the long term investor.

The point is that Islamic investors in risky ventures may quite legitimately receive returns of a multiple of their investment, provided that in the event of the venture failing they participate in that failure.

CHRIS COOK: *Principal, Partnerships Consulting*



Not true at ALL.

In fact, if riba-free financing were to be applied — not mechanically, but in its spirit — it will result in better profits than conventional banks. The most important feature of riba-free banking and finance is its goal of NOT to dig a deeper hole of debt for the customer and to plan his financing to pay it off and become an investor. At LARIBA, we DO NOT RENT MONEY because renting money at a price called interest rate is exactly what riba is.

Riba-free banks deal with communities at the grassroots. That means, if applied in its spirit that due to the rule of “Know Your Customer”, the losses are much smaller than in conventional banks. In addition, riba-free bankers are careful with money because it is a trust from God and the community. They do not fly first class — and many times, not even business class — they focus more on the substance and not the image (driving a Toyota or a Cadillac versus a BMW or Mercedes... etc.)

Our parents taught us that spirit when they told us, ‘You should live within your means and that money respects those who respect it.’

DR YAHIA ABDUL-RAHMAN: *Founder, LARIBA*

continued...

Islamic Finance forum

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Moody's Investors Service

Not really, but some key considerations. Islamic finance doesn't prohibit you from running a successful and profitable enterprise, but it does affect your funding and how you share those profits.

If the Islamic sector does not offer competitive funding, then running an Islamic business will be less profitable. Also, if you share more of your profits with investors then there is less available for the companies' owners (unless all funding is equity based - in which case share value would rise)

KHALID HOWLADAR: Vice-president/senior officer, Moody's Investors Service



Any statement that profitability from Islamic banking and finance products and services is inferior to conventional products is untrue and is based on total ignorance or it arose only when somebody is trying to cheat someone.

Islamic financial products and services are available in the market providing comparable and competitive returns to investors. Only products that give the best value to customers will be marketable and as such it is only natural for Islamic financial services provider to ensure the returns are attractive to the targeted investor base.

Also the so-called inherent features of true Islamic finance are an overblown discussion which typically arose from pure misconception. Typical discussion centers, amongst others, on the need for risk taking, for example.

It is true that in Islamic finance one must take risk just as it is true in all other type of commercially viable economic activities including conventional financial activities. However, to say that in Islamic finance we must take the risk more and far longer because it's needed to show a real trade under Shariah is nonsensical. It only adds cost which in turn leads to lower profitability to customer.

This goes against the very essence of Shariah. Under Shariah it is compulsory to mitigate risk or hedge risk because we are required to protect the interest of the bank's customers. Risk taking is relative based on what is the accepted prudential requirement. As such, there is no issue for banks to hold assets it purchases under, say, a Murabahah transaction for just a second or a millisecond before it sells to the customer at mark-up. The longer it holds the asset the more expensive it becomes for the customer buying the assets from the bank as the cost of holding the asset will be passed on to the customer.

In Malaysia, Islamic products provide not just comparable and competitive profit but a lot of them also provide better returns. A case in point is Islamic bonds, or Sukuk, in Malaysia, which give better yield than conventional bonds. There is also a fixed deposit account in Malaysia known as Fixed Rate Investment Account-i or Advance Profit offered by CIMB Islamic that actually provides superior three months profit rate with customer getting money upfront on placement of deposit instead of getting return at maturity.

In conclusion, Islamic banking and finance do give comparable returns to conventional products if not better and this debate should be put to rest.

BADLISYAH ABDUL GHANI: CEO, CIMB Islamic



No.

If Islamic investors are willing to take true profit and loss risk, then they should also get the true returns on those assets. That is the essence of Islamic investments.

The challenge is to find true Islamic investors and run the business on that basis.

KHALID BHAIMIA: Managing director, Hong Leong Islamic Bank

Next Forum Question

This year has been a phenomenal one for the Islamic capital markets. What, in your view, was the key industry development and market mover, and what can we expect for 2008?

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 Christina Morgan, Forum Editor, at: Christina.Morgan@REDmoneyGroup.com before Wednesday, 11th January 2008.

Islamic Finance news talks to leading players in the industry



Name: Umar F Moghul
Position: Associate
Company: Murtha Cullina LLP
Based: US
Age: 33
Nationality: American

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

I cannot tell you that I intended to work in Islamic finance, nor can I tell you that my path has been entirely linear. I did begin the study of law with the intent – albeit somewhat vaguely – of finding a way to apply Islamic principles to practical realities – particularly for American Muslims. I have always had an interest in all things Islamic, particularly Islamic law and jurisprudence, so when I had the rare opportunity while still a law student to undertake an internship at a prominent US law firm in Saudi Arabia, I quickly seized the opportunity. Since then, for the past many years, I have regularly worked on transactions involving Islamic finance, Islamic law or the Muslim world in some fashion.

What does your role involve?

I must, first and foremost, service my client's needs, and I am fortunate to have forward-thinking clients who have given me tasks that are far from mundane – and I use that term relatively to Islamic finance. Together with our team, I have structured and documented some novel and important financial products and transactions. In addition, working in the US market, I have to educate my clients' counterparties and a variety of institutions on Islamic finance and sometimes, even Islam in general.

What is your greatest achievement to date?

We are fortunate to represent an up-and-coming American Muslim financial institution in the development of the first standardized Islamic commercial real estate finance product. To bring this product to market, we worked for well over a year on the product documentation itself, having to properly consider a variety of different legal, Shariah and business-related factors. We had to design and document what are, to our knowledge, the first-ever warehouse and table funding facilities along Islamic lines as a component of this product. We're particularly proud of this initiative because it's the first of its kind in the US and is a milestone in the success of the American Muslim community.

What are the strengths of your business?

Our understanding of the relevant areas of law – both local and Islamic – at a fundamental level, which gives us an ability to implement Islamic principles to the maximum extent possible with the assistance of Shariah scholars. By understanding the rationale and underpinnings of these laws, we can better blend and integrate the two. I think that gives us an ability to be creative and inventive, rather than merely implement – and that's a rarity in the US legal market.

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

A client's in-house lawyer pulled us aside after closing an Islamic transaction last year and told us that during negotiations, he really couldn't tell the difference between his team and the lawyers. We honestly didn't even realize that – it was something flowing naturally from our personalities and how we deliver our service. We *really* do take a stake in the health and success of our clients. As a smaller firm with about 150 lawyers, there is a 'personability' to our services that I think is quite important but often forgotten.

What are the obstacles faced in running your business today?

We're young as a team and people are still getting to know who we are, but our lawyers have several decades of experience in numerous realms of transactional law. Our youth and introduction to Islamic finance give us a fresh, independent approach to structuring and documentation which seems to me to have translated into enthusiasm, dedication and passion for the industry.

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

I think that we will see Islamic finance applied to new spaces, and in the spaces it has inhabited for longer, I think we will see growth in the complexity and hopefully, efficiency of structures and mechanisms and in Shariah compliance.

I am looking forward – in fact, we already see – an integration of Islamic finance from abroad and from within the American Muslim population. I think there is some wonderful potential in creating transactions and vehicles together.

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

It's not so much a change as a continuation and an increased effort towards the ethic and spirituality underlying Islamic financial theories that I hope and expect, God willing, to see. I think ultimately, the success of Islamic finance – both qualitatively and quantitatively speaking – depends on this.

In my mind, this is the common denominator for all the relevant factors essential for this industry's furtherance. So, whether we speak of transparency, proper governance, increased Shariah compliance, addressing consumer demand, the propriety of that demand or innovation, it all comes down to our continued and increased struggle, especially individually, to honor the intent of Islamic finance. ☺

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A T T O R N E Y S A T L A W

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Nakheel pre-QPO Sukuk

ISSUER	Nakheel Development 2 Limited, an offshore SPV established in the Jebel Ali Free Zone
SECURITY TYPE	Trust certificates (Sukuk Ijarah) in registered global form
ISSUE SIZE	US\$750 million (plus any exercised increase option)
INCREASE OPTION	Up to US\$250 million
SUKUK MATURITY	Three years – 15 th January 2011
OBLIGOR	The obligor will guarantee payment, delivery and other obligations to the issuer under various transaction documents. In addition, Nakheel Holdings 1, 2 and 3 undertake to deliver shares to satisfy any applicable qualifying public offering (QPO) rights upon a QPO of any member of the Nakheel Group.
SOLE BOOKRUNNER	JPMorgan
TRANSACTION STRUCTURE	The issuer will use the Sukuk proceeds to purchase a 50-year, long-term leasehold interest in land, buildings and/or other property situated in Dubai Waterfront from Nakheel World LLC. The issuer will lease the land to Nakheel PJSC for three years. Upon redemption, the issuer will have the right to require Nakheel PJSC to purchase the remainder of the long-term leasehold interest in the land from the issuer.
ISSUE PRICE	100%
QPO YIELD	5.5% per annum
PERIODIC DISTRIBUTION (LEASE RENTAL)	50% of the QPO yield, paid semi-annually. Amounts received by the issuer from Nakheel PJSC under the lease shall be used to pay the periodic distribution.
REDEMPTION PRICE	At redemption of the Sukuk ("redemption"), Sukuk holders will receive: (i) 50% of the QPO yield, i.e. 8.84% of the Sukuk issue amount; (ii) short QPO yield (if any); and (iii) Sukuk issue amount
USE OF PROCEEDS	To purchase a 50-year, long-term leasehold interest in land, buildings and/or other property situated in Dubai Waterfront from Nakheel World LLC
SHORT QPO YIELD	If the aggregate value of the attributed subscription rights attributed to the Sukuk holders upon redemption is: <ul style="list-style-type: none"> less than 12.5% of the Sukuk issue amount: Sukuk holders shall receive an additional distribution amount corresponding to 2% per annum for the term of the Sukuk on the short QPO principal amount; equal to or more than 12.5% but less than 25%: Sukuk holders shall receive an additional distribution amount corresponding to 1.5% per annum; equal to 25% of the Sukuk issuance: Sukuk holders shall receive no additional distribution amount;
QPO	A QPO covers any primary or secondary equity offering of all, or part of, the issued share capital (the QPO shares) of any member of the Nakheel group listed on a GCC or internationally recognized stock exchange, excluding any over-allotment option of up to 15% of the QPO size
QPO LOCK-UP	Subject to certain exceptions, 34% of the QPO shares allocated to the Sukuk holder, following the exercise of its subscription rights, will be delivered on the QPO settlement date. Thirty-three per cent will be delivered a month after the QPO settlement date and the remaining 33% two months after the QPO settlement date.
LOOK-BACK RIGHTS	If a QPO is initially settled within 12 months of redemption, those holders of Sukuk who held the Sukuk on redemption will receive subscription rights as if they had held the Sukuk at the time of the QPO.
DENOMINATION	Minimum denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof
LISTING	Application will be made to list the Sukuk on the Dubai International Financial Exchange
SELLING RESTRICTIONS	Reg S only, the UK
TRADE DATE	4 th December 2007
SETTLEMENT DATE	15 th January 2008

For more term sheets visit www.islamicfinancenews.com



QATAR

QIB to partner new insurance firm

Qatar Insurance Co recently announced that it and four other Qatari firms, including Qatar Islamic Bank, would set up an Islamic insurance company with QAR100 million (US\$27.49 million) of capital. Masraf Al Rayan, Barwa Real Estate Co, and Islamic investment bank QInvest were other partners in the venture, Qatar Insurance said in a statement.

In Islamic insurance, or Takaful, risk and reward is spread equally between the customer and the insurer, unlike in conventional insurance where the insurer takes on all the risk and receives a premium. The Takaful industry has grown at 20% per year and could hit US\$7.4 billion in size by 2015. ☺

BAHRAIN/INDIA/MIDDLE EAST

CBB approves second Allianz license

The Central Bank of Bahrain (CBB) has authorized Germany's Allianz Group to establish a holding company, which will oversee the group's operations throughout the Middle East and North Africa (MENA) region as well as in the Indian subcontinent.

The Allianz MENA Holding Company will operate as an ancillary service provider in Bahrain. The new firm is the group's central office, which will monitor, support, guide and control the various insurance operations of Allianz in India and MENA, which Allianz has established as its third major growth region, in addition to Asia-Pacific and new Europe.

The license for Allianz MENA Holding Company is the second to be granted by CBB to the Allianz Group. Earlier this year, the group established Allianz Takaful (Bahrain), with a focus on Shariah compliant life insurance, investment-linked insurance as well as health and medical insurance.

Allianz is one of the world's leading insurers and financial services providers, with activities spanning asset management and banking, besides insurance. Founded in 1890, Allianz SE is today present in about 70 countries with more than 170,000 employees. The company, with total revenues of more than US\$149 billion and a net income of more than US\$10 billion in the fiscal year 2006, is also one of the world's largest asset managers, with third-party assets of US\$1.1 trillion under management at 2006 year-end. ☺

BRUNEI

Takaful BIBD to tow cars

Berakas Car Workshop has signed an agreement with Takaful BIBD to run an exclusive towing and authorized workshop. Berakas Car Workshop is rated A, and has been approved by the land transport department. ☺

EGYPT/KUWAIT

Wethaq-Adeem in Egyptian JV

Wethaq Takaful Insurance Co, in partnership with Adeem Involvement Co, have finished setting up a Takaful company in Egypt with a capital of EGP 60 million (US\$10.84 million). Wethaq's stake amounts to 60% and Adeem's, 40%. ☺

MALAYSIA

Another two suitors for Takaful Malaysia

Takaful Malaysia, which recently received approval from Bank Negara Malaysia to resume talks with two Middle Eastern parties on the sale of its stake, has also been approached by two multinational corporations from Europe.

Group managing director Hassan Kamil said so far, the two Middle Eastern companies — Abu Dhabi-Kuwait-Malaysia Strategic Investment Corp and Islamic Arab Insurance Co PJSC — had submitted their proposals.

"We are still open to other interested parties. In fact, two MNCs are also interested to talk to us through our merchant banks," he told reporters after the group's annual general meeting here last Wednesday. Hassan added that Takaful Malaysia expected to conclude the deal before end-December.

On its Indonesian operations, Hassan said, the Takaful operator would form a partnership with an Indonesian Shariah bank and an announcement would be made by the end of the month. Its Indonesia business, operated through PT Syarikat Takaful Indonesia, recorded higher net profit of RM2.4 million (US\$717,853) for financial year ended 30th June 2007 from RM1 million (US\$299,105) previously. ☺

GAMBIA

Company follows Malaysia's example

On the 30th November, a group of imams and Islamic scholars in the Greater Banjul Area showered prayers on Takaful Insurance Company, a newly established Islamic insurance company located at the Old Immigration Building, along Dobson Street, Banjul.

Momodou Musa Joof, managing director designate of the Takaful Insurance Company, who has 12 years' working experience in the insurance industry, said he came to know about Islamic insurance in Malaysia and decided to introduce it in Gambia upon his return.

Ebou Waggeh, marketing consultant of Takaful Insurance Company, said the company is meant to cater for those who would like to use Shariah compliant insurance services.

Waggeh added that the company is the first of its kind in West Africa. Imam Baba Leigh welcomed the company to the insurance landscape of Gambia, stressing that its introduction is a step in the right direction. ☺

Takaful in Brunei: Keeping Pace with Development

By Ehwana Yahya

The history of Takaful in Brunei Darussalam dates back to 1993, with the establishment of Takaful TAIB (now known as Insurans Islam TAIB) and Takaful IBB. These marked a new chapter for Brunei following the establishment of the first Islamic financial institution, Tabung Amanah Islam Brunei (TAIB), in 1991. The most recent Takaful company is Takaful IDBB (now known as Takaful BIBD), which began operations in 2000.

Challenges

The three Takaful companies offer both general and family Takaful products and Shariah compliant risk mitigation solutions to a market numbering fewer than 380,000. Being a predominantly Muslim nation, this provides a natural market for Islamic products, particularly Takaful. In the 1990s, Brunei had about 21 insurance companies including three overseas branch life insurers. Combined, Brunei's insurance/Takaful industry has more players catering to a small market.

“The biggest challenge in writing motor insurance is taming its claims volatility. Brunei is no exception to this, especially bodily injury claims from third parties which are unlimited liability in nature.”

The people of Brunei have traditionally enjoyed enviable social security and benefits such as free healthcare and education, thanks to the hydrocarbon resources that the country has been producing since 1930s, and the wisdom and generosity of the government of the previous and current ruler. Hence people will confine themselves to the compulsory area of motor insurance, while companies are obliged to purchase workmen's compensation cover.

Owning a motor vehicle in Brunei is considered a necessity. So, it is not surprising that motor insurance is the most common insurance product for every non-life insurance company, including Takaful. In 2004, Takaful captured about 63% of the entire motor market as compared to conventional insurance, and this figure is steadily rising.

The biggest challenge in writing motor insurance is taming its claims volatility. Brunei is no exception to this, especially bodily injury claims from third parties which are unlimited liability in nature. This also applies to Singapore and Malaysia.

Table 2: Gross premium income (BN\$ mil)

	2001	2002	2003	2004	2005
Conventional non-life					
Motor	26,297	23,411	23,334	16,786	16,401
Bonds	1,457	874	786	694	671
Fire	10,221	10,236	10,003	9,534	9,767
Workers' compensation	4,558	4,074	3,917	4,153	4,936
Public liability	753	706	914	1,021	1,388
Contractor's all risks (CAR)	625	764	512	887	1,068
Others	7,110	7,279	6,693	6,686	9,743
Total	51,021	47,344	46,159	39,761	43,974
Conventional life	63,306	67,225	97,214	61,526	60,367
Total	114,327	114,569	143,373	101,287	104,341

	2001	2002	2003	2004	2005
Takaful non-life					
Motor	10,814	12,769	22,022	28,919	34,496
Fire	1,736	2,006	2,222	2,910	2,594
Marine, aviation, transit (MAT)	4	1	884	2,510	457
Others	1,069	1,262	1,229	1,922	2,040
Total	13,623	16,038	26,357	36,261	39,587
Takaful life	11,438	10,454	9,972	14,172	15,747
Total	25,061	26,492	36,329	50,433	55,334

Source: General Insurance Association of Brunei

The distribution means of Takaful products and services is still dominated by direct selling methods. Due to the increasing reach of the Takaful market, insurance agents are starting to approach Takaful companies to become their representatives and distributors. The infrastructure for this activity, however – such as the qualification status, commission structure and code of conduct – is not yet well defined and enforced.

Opportunities

Brunei issued and introduced the new insurance order and regulations last year. This is seen as the starting point for modernization and strengthening the sector. One of its requirements is that all insurance companies should have a minimum paid-up capital of BN\$8 million (US\$5.52 million). This has led to the consolidation of industry players as evidenced by the reduction from 21 companies to only 10, excluding the three Takaful companies.

continued...

Table 1: Sector breakdown (2007)

	Total	Conventional		Takaful
		Non-life	Life	Composite
Locally incorporated companies	7	4	—	3
Foreign branches	6	3	3	—
Total	13	7	3	3

Source: Insurance Unit, Financial Institutions Division, Ministry of Finance, Negara Brunei Darussalam

Takaful in Brunei: Keeping Pace with Development (continued...)

Another new opportunity is through a requirement that all insurance cover can only be bought (in the case of Takaful) from a locally registered insurance company. Major corporations in Brunei have traditionally purchased their insurance cover abroad but will now have to approach a local insurance or Takaful company.

“Looking ahead, the biggest challenge in Takaful will be to attract, groom and develop human capital and capacity, especially among young Bruneians, to cater for expansion and growth”

With several projects and initiatives lined up in tandem with the Brunei government's efforts to diversify the economy away from oil and gas, this gave Takaful companies the opportunity to expand portfolios and businesses. As new projects like those related to methanol, urea, aluminum smelting and mega ports get underway, there are lots of opportunities for Takaful players to get a piece of the action, not only in the main developments but also the spin-off effects from such activities, especially small and medium-sized enterprises.

Retirement planning has also been identified as a new opportunity for Takaful players. The low level of contributions and the gap between the retirement age of 55 and the average life expectancy of 75 years in Brunei means the system needs to be developed further.

The family Takaful products concept offered by the Takaful companies is a suitable tool to meet the requirement. Only with innovative products, better benefits and coverage, cash values, and better profit distributions and service delivery can Takaful companies compete with the already matured foreign branch life insurance company.

Outlook

Takaful companies in Brunei have a lot of potential and demonstrate immense opportunity to grow in line with the Islamic finance industry worldwide. The Islamic financial services sector in the sultanate may have its start only in the early 1990s, but it has developed rapidly and is competing successfully with the conventional counterparts.

However, there is still work to be done in Brunei to achieve full “Takafulization” of every risk imaginable. As an industry, Takaful is relatively young, as is the population. The biggest potential lies in the family Takaful portfolio, where the gap between this category and the conventional form is still immense.

Looking ahead, the biggest challenge in Takaful will be to attract, groom and develop human capital and capacity, especially among young Bruneians, to cater for expansion and growth. The roles of those involved such as underwriters, claims adjusters, actuarial, legal and financial planners and analysts are still in the vacuum stage. Efforts on inculcating awareness of Takaful coverage are bearing fruit and it is the Takaful player's responsibility to meet the demand and service levels expected by the market. ☺

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Islamic Finance *training*

Train the Trainer Program: Takaful and reTakaful Products

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We are pleased to announce the introduction of a specialized education program to promote the understanding of global Takaful and reTakaful products and markets.

The program consists of two parts:

Part one is a comprehensive training manual detailing Takaful products and markets. This will be a unique reference and teaching resource for all those involved in this growing market.

Part two is a Train the Trainer course, to be conducted in Kuala Lumpur in November (and in GCC in 2008) over three days. This course will teach participants about key aspects of the Takaful market, but more importantly how to train their own staff using the manual.

**Please contact andrew.tebbutt@redmoneygroup.com for more details
or call +603 2141 6022.**

MAYBANK — Malaysia

Malayan Banking's long-time serving employee of three decades, Mohammed Hussein, will be retiring as its deputy president and chief financial officer as well as an executive director of the group on the 30th January 2008.

Aminuddin Md Desa, previously the CEO and director of Mayban Fortis Holdings, as well as the head of insurance and Takaful business of the group, is CFO-designate effective 1st December 2007 until Hussein's last day, when he will assume the position of CFO and executive director of Maybank from that date.

Hussein joined the group in 1977 and has worked in several capacities including as head of corporate banking, commercial banking, Malaysian operations and managing director of Aseambankers Malaysia. He was appointed an executive director of Maybank on the 1st November 2000 and subsequently designated deputy president and chief financial officer.

Maybank said Aminuddin, 45, had over 20 years' experience in the insurance industry and was CEO of Takaful Nasional. He is an associate of the Malaysian Insurance Institute and the Chartered Insurance Institute, the UK. ☺

LEHMAN BROTHERS — Australia

Lehman Brothers Australia has appointed Jim Ballentine as the new CEO while Glenn Willis is now vice-chairman.

Lehman has added 40 staff for its investment banking, asset management, equities and fixed income divisions since its acquisition of Grange Securities for AU\$120 million (US\$106 million). ☺

CREDIT SUISSE — Hong Kong

Rami Hayek, a former London-based executive in the private wealth management division at Deutsche Bank, will now join Credit Suisse as co-head of distribution for Asia-Pacific.

Hayek will report to the London-based head of distribution for asset management, JC Perrig, and Hong Kong-based Anthony Iliya, executive vice-chairman of Asset Management for Asia-Pacific. ☺

JPMORGAN CHASE — Global

Barry Zubrow has been elected chief risk officer at JPMorgan and to a position on its operating committee. Zubrow joins this month from private investment management firm ITB, where he was president.

He has also served as a senior adviser to New Jersey governor and former Goldman Sachs CEO Jon Corzine on fiscal and policy matters, and has chaired the New Jersey Schools Development Authority.

Zubrow will report to CEO Jamie Dimon, who has been acting as chief risk officer of the bank since Don Wilson retired late last year. ☺

KPMG Fakhro — Bahrain

Jeyapriya Partiban has been appointed partner in the Bahrain firm. The chartered accountant was initially seconded from KPMG in Malaysia in January 2005 to assist with further developing the firm's internal audit practice in the kingdom.

Jeyapriya has over 14 years' experience in providing internal audit and related services, including corporate governance advisory and enterprise risk management, to organizations in over 18 countries. ☺

CENTRAL BANK of IRAN — IRAN

Governor of Central Bank of Iran Tahmasb Mazaheri on the 1st of December appointed Reza Raei, former director of Tejarat (trade) Bank as his new deputy for foreign exchange affairs. Raei will replace Mohammad Jafar Mojarrad who has been appointed a senior advisor to the CBI chief, according to Iran Daily. The appointment of Mazaheri, an ardent advocate of Islamic banking, as central bank governor has boosted hopes for reforms in the banking system. ☺

DUBAI INTERNATIONAL CAPITAL — UAE

The Middle Eastern state-owned investment group has recruited a mixture of top blue-chip individuals as part of a new advisory board for its US\$2 billion flagship equities fund. Nobuyuki Idei, former group CEO of Sony; Helmut Panke, former CEO of BMW and Jean-Pierre Garnier, CEO of GlaxoSmithKline, will take on their new roles shortly.

Sovereign wealth funds are suffering from increased scrutiny from European and US regulators, and it is hoped that the board will provide valuable insights due to their industry expertise and unrivaled experience of running multinational corporations.

The fund has made some large investments recently which include acquiring large stakes in Sony, HSBC and European Aerospace Group EADS; the Dubai based group said there were more "large investments planned". ☺

AL KHALIJI — UAE

Al Khaliji Bank has completed recruiting its senior executive team with the appointments of Niall Coburn and Guy Noble. Coburn will act as senior executive of corporate governance, while Noble will become senior executive for service delivery.

Prior to joining the Doha-based bank, Coburn was director of enforcement for the Dubai Financial Services Authority. In his new role, he will lead the legal, compliance and company secretariat at the bank to ensure international best practices are implemented.

Noble has 21 years' experience in retail and corporate banking, and was most recently head of operations and risk for Lloyds TSB plc. He was previously trained in Lean Six Sigma process disciplines, and will oversee end-to-end service quality to customers. ☺



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ISSUER	SIZE (million)	INSTRUMENT
AREPCO	TBA	Equity-investment Sukuk
Binariang	US\$1,190	TBA
Maple Leaf Cement	up to US\$131.69	Musharakah
Al Aqar KPJ REIT	up to US\$89.95	Ijarah; CP/MTN
Adhi Karya	US\$11.1	Mudarahah
Islamic Bank of Thailand	US\$189.87	Ijarah
RAKIA	TBA	Sukuk
Al Rajhi Cement	US\$595	Straight Sukuk
Century Paper & Board Mills	US\$49.38	Private placement
Engro Chemical Pakistan	US\$49.38	Private placement
BCHB	US\$1.71	ICP/MTN
UEM Group	US\$230.66	Musharakah MTN
Sunway Infrastructure	US\$579.56	BBA restructuring
Perusahaan Listrik Negara	US\$33.97	Ijarah
Dubai Financial	TBA	Sukuk
Thani Investments	US\$100	Sukuk
Al Imtiaz Investment	US\$75-US\$150	Sukuk
Haisan Resources	US\$58.79	Sukuk Ijarah
UM Corporation	US\$511.6	Sukuk Istisnah
Ras Al Khaimah Investment Authority	US\$400	TBA (Sukuk)
ARAPESONA	US\$56.9/US\$19.9	ICP/MTN
Bank Syariah Mandiri	US\$3.25	Subdebt
Cagamas	US\$584.6	TBA
Gamuda	TBA	Murabahah or Musharakah
Saudi Electric Company	US\$4,000	Sukuk
MTC	US\$1,200	Sukuk
Prolintas	US\$240.7	Senior Ijarah/Junior Musharakah
Tomei Consolidated	US\$28.5	Islamic Commercial Papers
Sui Southern Gas Co	US\$49	Islamic Commercial Papers
JBIC	US\$250-US\$350	Sukuk
Dynamic Communication	US\$143.4	Istisnah/MTN program
GLOMAC	US\$50.18	Murabahah MTN program

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Bank Aljazira

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Mr Paul Wouters

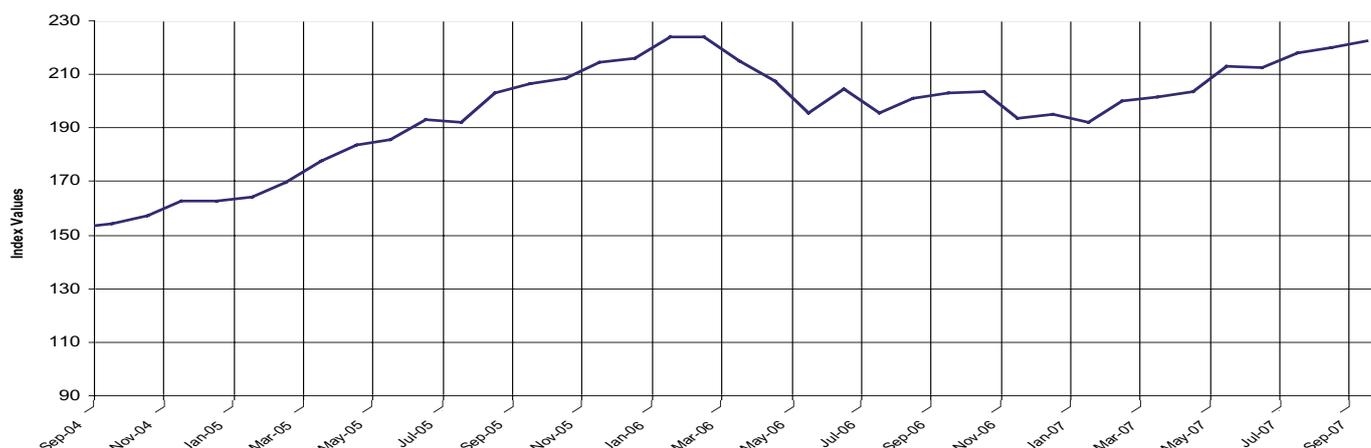
Of Counsel
Bener Law Office

Prof Rodney Wilson

Director
Durham University

Mr Sohail Zubairi

Vice President & Head Shariah
Coordination
Dubai Islamic Bank

Eurekahedge Middle East/Africa Islamic Fund Index

Monthly returns for Asia Pacific funds (as of 6th December 2007)

FUND	MANAGEMENT COMPANY	Performance Measure	FUND DOMICILE
1	Al Rajhi India & China Equity Fund	24.78	Saudi Arabia
2	AlAhli Islamic Asia Pacific Equitybuilder Certificates	14.98	Germany
3	CIMB Islamic Equity Growth Syariah	14.83	Indonesia
4	Islamic Al Yusr Certificate on the ABN AMRO Asia Pacific High Dividend Equity Fund A	14.76	Not disclosed
5	DWS Noor China Equity Fund (Class A)	14.60	Ireland
6	TRIM Syariah Saham	12.48	Indonesia
7	Islamic Certificate on the LLB Central Hilal TR Index	12.47	Switzerland
8	TRIM Syariah Berimbang	11.16	Indonesia
9	Meezan Islamic Fund	10.68	Pakistan
10	Al Naqaa Asia Growth Fund	9.70	Saudi Arabia
<i>Eurekahedge Asia Pacific Islamic Fund Index*</i>		4.14	

Monthly returns for Middle East/Africa funds (as of 6th December 2007)

FUND	MANAGEMENT COMPANY	Performance Measure	FUND DOMICILE
1	Amanah GCC Equity Fund	13.69	Saudi Arabia
2	Futuregrowth Albaraka Equity Fund	7.69	South Africa
3	Bakheet Saudi Trading Equity Fund	7.35	Saudi Arabia
4	Yosr Tamoh Portfolio	7.25	Saudi Arabia
5	Islamic Certificate on the LLB Western Hilal TR Index	7.13	Switzerland
6	Banque Misr Fund No. 4	7.13	Egypt
7	Al-Beit Al-Mali Fund	7.07	Qatar
8	Frater Islamic Equity Fund	6.77	South Africa
9	STANLIB Shari'ah Equity Fund A	6.64	South Africa
10	Al Rajhi Balanced Fund 2	6.58	Saudi Arabia
<i>Eurekahedge Middle East/Africa Islamic Fund Index*</i>		1.07	

Contact Eurekahedge

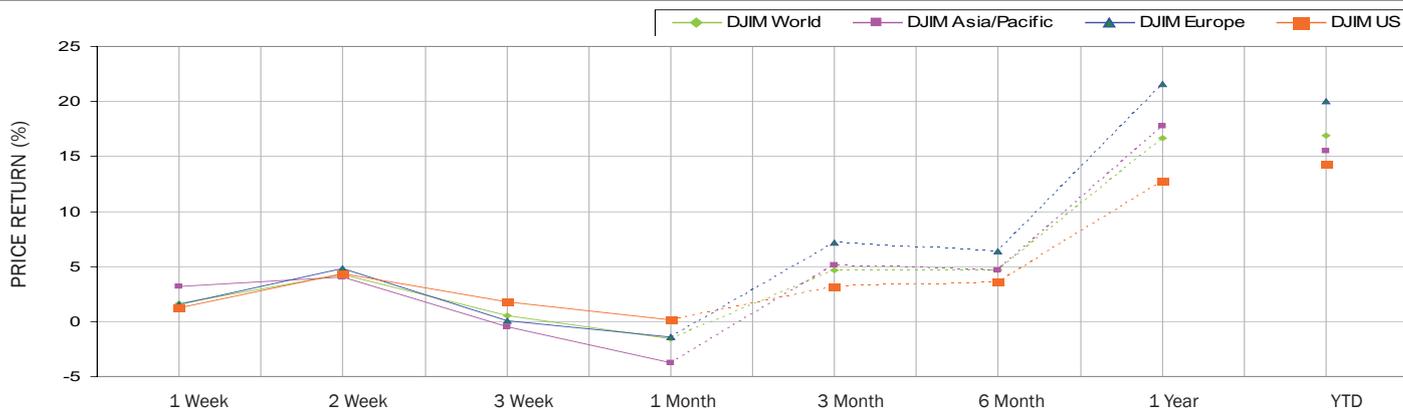
To list your fund or update your fund information: islamicfunds@eurekahedge.com
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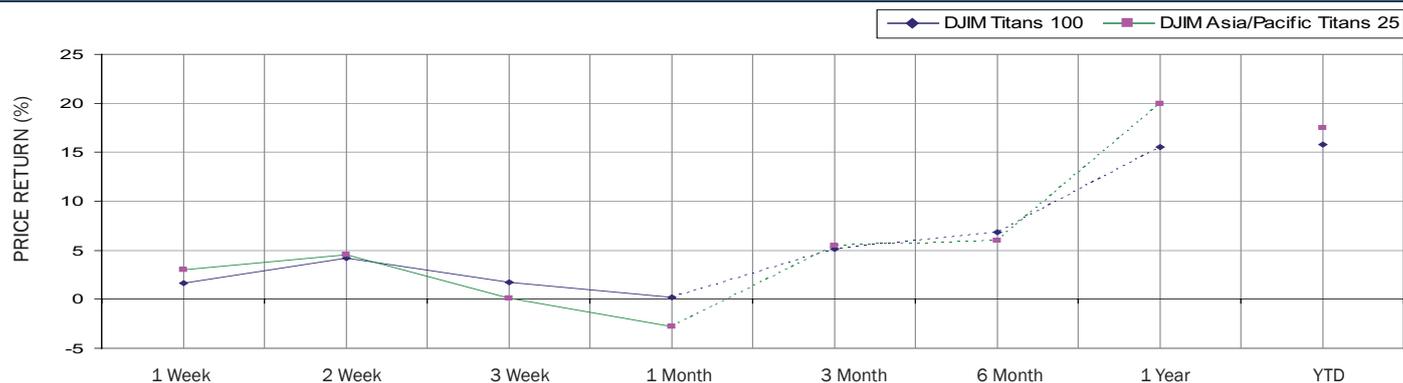
Data as of the 5th December 2007

PERFORMANCE OF DJ INDEXES



INDEX	PRICE RETURN (%)							
	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM World	1.60	4.26	0.54	-1.58	4.69	4.64	16.66	16.90
DJIM Asia/Pacific	3.15	4.01	-0.47	-3.73	5.15	4.66	17.74	15.52
DJIM Europe	1.55	4.82	0.04	-1.44	7.18	6.35	21.60	19.98
DJIM US	1.24	4.32	1.77	0.14	3.15	3.57	12.76	14.21

PERFORMANCE OF DJ TITANS INDEXES



INDEX	PRICE RETURN (%)							
	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM Titans 100	1.65	4.23	1.74	0.19	5.12	6.83	15.58	15.76
DJIM Asia/Pacific Titans 25	3.02	4.57	0.14	-2.81	5.51	6	20	17.49

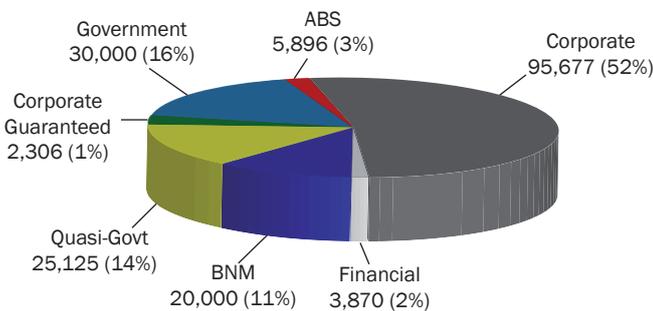
Index	Market Capitalization (US\$ billions)							Component Weight (%)	
	Component number	Full	Float adjusted	Mean	Median	Largest	Smallest	Largest	Smallest
DJIM World	2443	20303.52	16758.76	6.86	1.50	498.72	0.02	2.98	0
DJIM Asia/Pacific	1014	3955.96	2666.17	2.63	0.60	124.59	0.02	4.67	0
DJIM Europe	367	5381	4131.35	11.26	2.92	235.45	0.22	5.70	0.01
DJIM US	704	9292.19	8798.19	12.50	3.17	498.72	0.13	5.67	0
DJIM Titans 100	100	9070.13	8146.35	81.46	51.85	466.79	13.22	5.73	0.16
DJIM Asia/Pacific Titans 25	25	1346.29	893.44	35.74	26.04	96.98	13.22	10.85	1.48

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

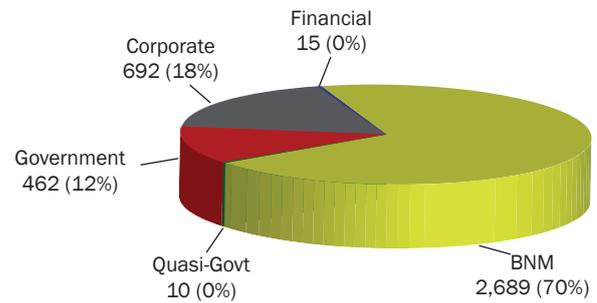
RINGGIT ISLAMIC DEBT MARKET: WEEKLY SNAPSHOT AS AT 29th NOVEMBER 2007
MOST ACTIVE BONDS TRADED BETWEEN 29nd NOVEMBER and 5th DECEMBER 2007

Stock Name	Last Traded Price	Last Traded Yield	Total Volume Traded Last 7	% w-o-w Price Change	Last Week Closing Price
BNMNI B3 (44D - 67D)		3.4	673.684		
BNMNI B2 (22D - 43D)		3.42	560		
BNMNI B4 (68D - 91D)		3.42	490		
BNMNI B6 (132D - 171D)		3.46	430.51		
PROFIT- BASED GII 3/2007 14.09.2012	98.89	3.84	310	-0.26	99.15
BNMNI B7 (172D - 211D)		3.46	261.25		
BNMNI B9 (262D - 311D)		3.48	150		
MITB B10 (312D-364D)		3.48	90		
BNMNI B5 (92D - 131D)		3.44	60		
SSPV 0% 24.10.2014	104.96	6.59	60	0.15	104.8
SYABAS IMTN 0% 18.05.2017-TRANCHE 5	82.44	5.4	55	0.06	82.39
BNMNI B1 (Up to 21D)		3.4	44		
PROFIT-BASED GII 3/2006 15.11.2016	98.31	4.05	42.36	-0.44	98.74
LAFARGE ICP 92D 26.02.2008	99.23	3.6	41		
GB3 ICP 182D 18.01.2008	99.58	3.56	40		

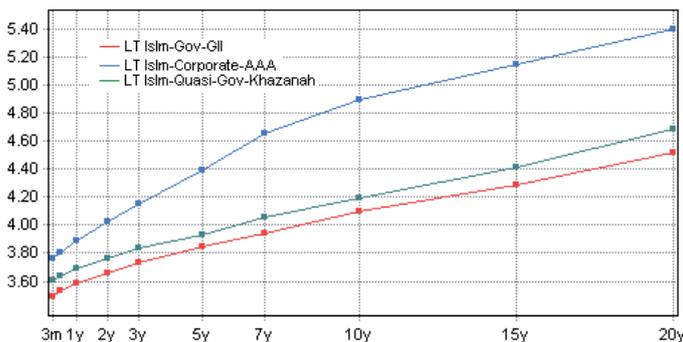
Outstanding Bond by Issuer Class as at 5th December 2007 (RM'000)



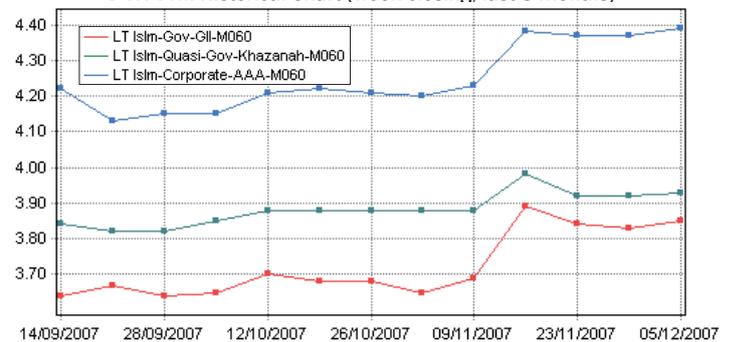
Bond Traded Amount by Issuer Class as at 5th December 2007 (RM'000)



YTM Curves as at 5th December 2007



5 YR YTM Historical Chart (week closing, last 3 months)



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TOP ISSUERS OF ISLAMIC BONDS							DECEMBER 2006 – DECEMBER 2007
Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager	
1 Malaysia	Malaysia	Sukuk	2,863	3	9.6	Malaysia Government bond	
2 Aldar Funding	Malaysia	Exchangeable Sukuk Mudarabah	2,530	1	8.5	Barclays Capital, Credit Suisse Securities (Europe), Abu Dhabi International Bank	
3 Saudi Basic Industries	Saudi Arabia	Sukuk Istithmar	2,133	1	7.1	HSBC Saudi Arabia, Riyad Bank	
4 Jafz Sukuk	UAE	Sukuk	2,043	1	6.8	Barclays Capital, Deutsche Bank, Dubai Islamic Bank, Lehman Brothers	
5 Nucleus Avenue (M)	Malaysia	Sukuk Musharakah MTN	1,994	9	6.7	CIMB	
6 DP World Sukuk	UAE	Sukuk Mudarabah	1,496	1	5.0	Barclays Capital, Citigroup Global Markets, Deutsche Bank, Lehman Brothers	
7 Saudi Electricity	UAE	Sukuk	1,333	1	4.5	HSBC Saudi Arabia	
8 Dubai Sukuk Center	UAE	Sukuk Mudarabah	1,248	1	4.2	Deutsche Bank (London), Goldman Sachs International	
9 Dana Gas Sukuk	UAE	Sukuk Mudarabah	1,000	1	3.4	JP Morgan	
10 Dar Al-Arkan International Sukuk	Saudi Arabia	Sukuk Ijarah	1,000	1	3.4	ABC Islamic Bank, Arab National Bank, Deutsche Bank, Dubai Islamic Bank, Gulf International Bank, Kuwait Finance House, Unicorn Investment Bank	
11 Cherating Capital	Malaysia	Exchangeable Sukuk	850	1	2.8	Deutsche Bank (Malaysia), JP Morgan, CIMB	
12 Hijrah Pertama	Malaysia	Sukuk Ijarah	847	2	2.8	Citigroup, CIMB	
13 DIB Sukuk	UAE	Sukuk Musharakah	750	1	2.5	Barclays Capital, Citigroup Global Markets, Standard Chartered	
14 Cagamas	Malaysia	Bithaman Ajil Islamic Securities/Mudarabah MTN	668	10	2.2	Cagamas, Aseambankers, HSBC, CIMB	
15 Golden Belt 1 Sukuk	Saudi Arabia	Sukuk Manafaa	650	1	2.2	BNP Paribas	
16 Cagamas MBS	Malaysia	Sukuk Musharakah Islamic Residential Mortgage Backed Securities	620	7	2.1	Standard Chartered, National Bank of Pakistan	
17 DAAR International Sukuk	Saudi Arabia	Sukuk Ijarah	600	1	2.0	ABC Islamic Bank, Arab National Bank, Standard Bank, Unicorn Investment Bank, WestLB	
18 Rantau Abang Capital	Malaysia	Sukuk Musharakah MTN	570	1	1.9	CIMB	
19 Silterra Capital	Malaysia	Sukuk Ijarah	530	1	1.8	CIMB, HSBC, Citibank	
20 NIG Sukuk	Kuwait	Sukuk	475	1	1.6	BNP Paribas, Citigroup, National Bank of Kuwait, SCB and WestLB	
Total			29,850	273	100.0		



Dealogic is a leading supplier of relationship and transaction management software and information systems for the investment banking industry

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TOP ISSUERS OF ISLAMIC BONDS							SEPTEMBER 2007 – DECEMBER 2007
Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager	
1 Jafz Sukuk Ltd	UAE	Sukuk	2,043	1	35.6	Barclays Capital, Deutsche Bank (London), Dubai Islamic Bank, Lehman Brothers	
2 Malaysia	Malaysia	Sukuk	1,001	1	17.4	Malaysia Government bond	
3 Dana Gas Sukuk	UAE	Sukuk Mudarabah	1,000	1	17.4	JP Morgan	
4 Ras Al Khaimah Investment Authority	UAE	Sukuk Al Wakala	325	1	5.7	Credit Suisse Securities (Europe), HSBC, National Bank of Dubai	
5 Cagamas	Malaysia	Bithaman Ajil Islamic Securities/Mudarabah MTN	214	1	3.7	Cagamas, Aseambankers, HSBC, CIMB	
6 Tesco Stores (Malaysia)	Malaysia	Sukuk Musharakah	210	2	3.7	CIMB, Standard Chartered	
7 MISC	Malaysia	Sukuk Murabahah	201	1	3.5	CIMB, AmInvestment, HSBC	
8 Jimah Energy Ventures	Malaysia	Sukuk Istisnah	187	10	3.3	AmMerchant Bank, RHB Investment, MIMB Investment Bank, Bank Muamalat Malaysia	
9 Maple Leaf Cement Factory	Pakistan	Sukuk Musharakah	131	1	2.3	Allied Bank	
10 Cerah Sama	Malaysia	Musharakah MTN	112	7	2.0	CIMB	
11 Kuala Lumpur Kepong	Malaysia	Sukuk Ijarah	59	1	1.0	CIMB, Aseambankers	
12 Century Paper & Board Mills	Pakistan	Sukuk	58	1	1.0	Standard Chartered, National Bank of Pakistan	
13 Engro Chemical Pakistan	Pakistan	Sukuk	50	1	0.9	Standard Chartered, Meezan Bank, Dubai Islamic Bank	
14 Sunway City	Malaysia	Sukuk Murabahah	35	2	0.6	HSBC	
15 Total Mobile	Malaysia	Sukuk Ijarah	20	6	0.3	Affin Investment	
16 Pak Elektron	Pakistan	Musharakah Islamic bond	20	1	0.3	BankIslami Pakistan	
17 DESB Marine Services	Malaysia	Sukuk Murabahah	18	3	0.3	CIMB	
18 Aeon Credit Service (M)	Malaysia	Musharakah MTN	15	1	0.3	CIMB, Aseambankers, Bank of Tokyo-Mitsubishi UFJ (Malaysia)	
19 Security Leasing	Pakistan	Sukuk	12	1	0.2	Standard Chartered	
20 Amtex Textiles	Pakistan	Musharakah Islamic bond	11	1	0.2	BankIslami Pakistan	
Total			5,739	48	100.0		

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 Telephone: +852 2804 1223



ISLAMIC BONDS		DECEMBER 2006 – DECEMBER 2007		
Manager or Group	Amt US\$ m	Iss.	%	
1	CIMB	3,961	62	13.3
2	HSBC	3,791	32	12.7
3	Malaysia Government bond	2,863	3	9.6
4	Barclays Capital	2,103	5	7.0
5	Deutsche Bank	1,904	19	6.4
6	Citigroup	1,668	6	5.6
7	JP Morgan	1,283	2	4.3
8	Riyad Bank	1,066	1	3.6
9	Dubai Islamic Bank	1,022	6	3.4
10	Standard Chartered	978	27	3.3
11	Credit Suisse	952	2	3.2
12	BNP Paribas	845	3	2.8
13	Abu Dhabi Investment	843	1	2.8
14	Lehman Brothers	810	2	2.7
15	AmInvestment	807	49	2.7
16	Goldman Sachs & Co	624	1	2.1
17	Aseambankers	561	23	1.9
18	RHB Investment Bank	378	69	1.3
19	Emirates NBD	283	2	0.9
20	Arab Banking	263	2	0.9
Total	29,850	273	100.0	

ISLAMIC BONDS BY COUNTRY		DECEMBER 2006 – DECEMBER 2007		
	Amt US\$ m	Iss.	%	
Malaysia	12,282	234	41.1	
UAE	9,962	12	33.4	
Saudi Arabia	5,716	5	19.1	
Kuwait	775	3	2.6	
Pakistan	500	13	1.7	
Qatar	300	1	1.0	
Total	29,850	273	100.0	

ISLAMIC BONDS BY CURRENCY		DECEMBER 2006 – DECEMBER 2007		
	Amt US\$ m	Iss.	%	
US dollar	13,394	22	43.9	
Malaysian ringgit	11,132	232	36.5	
Saudi Arabian Riyal	3,466	2	11.4	
Emirati dirham	2,043	1	6.7	
Total	30,519	273	100.0	

ISLAMIC BONDS		SEPTEMBER 2007 – DECEMBER 2007		
Manager or Group	Amt US\$ m	Iss.	%	
1	Malaysia Government bond	1,001	1	17.4
2	JP Morgan	1,000	1	17.4
3	Dubai Islamic Bank	527	2	9.2
4	Barclays Capital	511	1	8.9
5	Deutsche Bank	511	1	8.9
6	Lehman Brothers	511	1	8.9
7	CIMB	408	16	7.1
8	HSBC	282	5	4.9
9	Standard Chartered	163	5	2.8
10	Allied Bank	131	1	2.3
11	AmInvestment	120	12	2.1
12	Credit Suisse	108	1	1.9
13	Emirates NBD	108	1	1.9
14	Aseambankers	106	3	1.8
15	Bank Muamalat Malaysia	47	10	0.8
16	MIMB Investment	47	10	0.8
17	RHB Investment Bank	47	10	0.8
18	BankIslami Pakistan	39	3	0.7
19	National Bank of Pakistan	29	1	0.5
20	Affin Investment Bank	20	6	0.3
Total	5,739	48	100.0	

ISLAMIC BONDS BY COUNTRY		SEPTEMBER 2007 – DECEMBER 2007		
	Amt US\$ m	Iss.	%	
US dollar	12,594	21	42.2	
Malaysian ringgit	11,132	232	37.3	
Saudi Arabian Riyal	3,466	2	11.6	
Total	29,850	273	100.0	

ISLAMIC BONDS BY CURRENCY		SEPTEMBER 2007 – DECEMBER 2007		
	Amt US\$ m	Iss.	%	
Malaysian ringgit	2,081	38	36.3	
Emirati Dirham	2,043	1	35.6	
US dollar	1,325	2	23.1	
Total	5,739	48	100.0	

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DATE	EVENT	VENUE	ORGANIZER
December			
8 th – 10 th	The 14 th World Islamic Banking Conference	Bahrain	Middle East Global Advisors
9 th – 11 th	Private Banking MENA 2007	Dubai	Terrapinn
9 th – 11 th	Global Halal & Islamic Business Forum	Abu Dhabi	IIR Middle East
9 th – 13 th	12 th Middle East Finance & Accounting Forum	Dubai	IIR Middle East
January 2008			
15 th	The World in 2008: Executive Forum	UAE	Economist Conferences
15 th – 16 th	Seminar on Islamic Finance	Hong Kong	IFSB
21 st – 22 nd	Financial Services Debate Series	Dubai	Interactive Events
22 nd – 24 th	3 rd Annual Islamic Finance IQ	Singapore	IQPC
24 th	Seminar on Islamic Capital Market	Maldives	IFSB
February			
5 th – 6 th	Global Islamic Trade Finance Conference (GITFC 2008)	Kuala Lumpur	GlobalPro
5 th – 6 th	7 th Annual Islamic Finance Summit	London	Euromoney Seminars
12 th – 13 th	Takaful Conference on Islamic Investment Management	UAE	Asia Insurance Review
17 th – 20 th	Wealth Management Forum Middle East	UAE	IIR Middle East
19 th	Islamic Investment Funds	London	ICG
19 th – 20 th	The 2 nd GCC Regulators Summit	Bahrain	Complinet
20 th	Seminar on Ratings	Kuala Lumpur	IFSB
March			
3 rd – 8 th	Hedge Funds World Middle East 2008	UAE	Terrapinn
10 th – 11 th	3 rd Islamic Banks & Financial Institutions Conference	Syria	Al Salam for International Exhibitions & Conferences

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Best Islamic Brokerage	
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Special Category	
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Malaysia	
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