

Islamic Finance news

(F) A REDmoney Product

Vol. 6, Issue 21 29th May 2009

The World's Global Islamic Finance News Provider

Islamic Finance news
ROADSHOW
2009

UK

16th September 2009

Globalizing for real

One school of thought is that Islamic finance should primarily be for the 1.6 billion Muslims. Islamic finance, it has been said, should be regarded as an ambassador of Muslim modernization and a vehicle for economic and social development, in line with the aspirations of the Organization of Islamic Conference and the World Islamic Economic Forum. That's an idealistic prospect.

However, in previous decades, when Islamic finance was largely confined to the Muslim community, it had made little contribution to their development; most of the projects used conventional financing. Even much of the wealth of the Muslims was in the conventional financial centers in the west.

It was only when the concept and practice permeated to the rest of society that Islamic finance really began to gain ground. This confirms the contention that diverse beliefs and cultures do not hinder the Islamic finance industry around the world. It also shows, yet again, that clients, regardless of their beliefs or origins, tend to deal with the bank — conventional or Islamic — that they trust and which practices professionalism.

Developments over recent years is evidence that globalization is the best, and perhaps only, direction for Shariah compliant financial practices. And for Islamic finance to grow, it needs four strong pillars, according to Muliaman D Hadad, deputy governor of Indonesia's central bank. These are a broad individual customer base including on-lending to small lenders; expansion of corporate lending in high growth and labor-intensive sectors; private sector bonds for company expansion and small infrastructure; and large volume Sukuk to finance state budget deficits and large infrastructure.

Indeed, Islamic finance must break out of its over-reliance on the retail market and make more serious headway in taking on board large

corporations as clients if it is to really make its mark on the global financial scene. Muliaman also noted that to move in this direction would require large increases in capital as well as capacity to handle clients, corporates, public-private partnerships and projects.

Conventional banking has several posers to ponder. How was a debt of US\$11 trillion in subprime mortgages created when there is only US\$1.3 trillion of currency notes available? In the UK, 97% of all the money supply is in the form of debt created as book entries by the banking system. Aberrations in the conventional financial system prompt the question: Shouldn't the entry of Islamic banking be welcomed with open arms, as it is completely asset backed and shares profit as well as loss?

This is where perception management and promotional work kick in. The common ground that Islamic finance shares with other forms of ethical and religion-based finance should be made widely known. Innovation shouldn't be focused only on products but also on forms of marketing that shatter the misperceptions about Islamic finance. The fact that a huge number of non-Muslims are satisfied clients must be well publicized. It's not enough to keep saying over and over again how wonderful Islamic finance is — it must be shown to work, and work for all. (F)

Something New



We have recently launched an *Islamic Finance* news group on the LinkedIn business social networking site. Please join us now and participate in our discussions and enjoy networking with the Islamic finance industry's elite.

In this issue

IFN Rapid	2
Islamic Finance News.....	3
Takaful News	13
Rating News	15
IFN Reports:	
AAOIFI or IFRS?.....	16
Sukuk the comeback kid?	16
Making the tough calls	17
Articles:	
ETFs in Malaysia: How They Fare	18
Dow Jones Islamic Market Indexes in May: It all relies on the East	21
Expanding Financial Frontiers — Part 1	23
The Fate of Tawarruq Going Forward..	25
Forum	26
Meet the Head	28
Eric Loo, CEO, PAC Total Solutions	
Term sheet.....	29
Government of Indonesia's Sukuk	
Moves	30
Deal Tracker	32
Islamic Funds Tables.....	33
S&P Shariah Indexes	34
Dow Jones Shariah Indexes	35
Islamic League Tables	36
Thomson Reuters League Tables.....	39
Events Diary.....	42
Country Index	43
Company Index	43
Subscription Form	43

CIMB ISLAMIC

www.cimbislamic.com

**Innovative
Solutions**
for Islamic Finance.

► INVESTMENT BANKING ► CONSUMER BANKING ► ASSET MANAGEMENT

NEWS

- Senegal develops its legal and fiscal environment for Islamic finance
- **Wahda Bank** to implement **Path Solutions'** iMAL core banking system
- **Banque Albaraka D'Algerie**'s net profit increases 69% in first quarter of 2009
- **Thomas Weisel Asset Management** teams up with **IdealRatings** for Islamic investments in US
- **S&P** launches new Islamic index, S&P/TSX 60 Shariah Index
- **UM Financial** and **Jovian Capital** to launch Islamic investment product in Canada
- **Bursa Malaysia** to open stand-alone division for Islamic capital markets
- **CIMB Investment Bank** predicts Asian Sukuk sales may jump in next six months
- **Ezdan** may list an i-REIT on the Malaysian stock exchange
- Penang proposes US\$1.4 billion federal guarantee to finance sovereign wealth fund
- **i-VCAP Management** plans to launch four Islamic funds in second half of 2009
- **Reserve Bank of India** called upon to facilitate Islamic banking in the country
- **Bakrieland Development** to issue US\$29 million Sukuk
- **Bank Kerjasama Rakyat Malaysia** projects US\$372 million pre-tax profit for 2009
- **Bond Pricing Agency Malaysia** launches fixed income league tables
- **Korea Investment & Securities Company** confident of first Sukuk issue soon
- 37% increase in first-quarter net profit for **Bank Syariah Mandiri**
- Expert calls for Islamic banks to apply Shariah compliant currency swaps
- Central bank governor dismisses Moody's review on nine Malaysian banks
- **HwangDBS Investment Management** launches the HwangDBS AIIAMAN Sukuk Fund
- **FTSE** organizes a roundtable discussion on Islamic equities
- **BMB Islamic UK** optimistic Islamic finance sector to recover by early 2010
- The **International Financial Reporting Standards** proposed for Islamic finance

- **Ernst & Young** estimates US\$27.5 billion worth of Sukuk to be issued in 2009
- **Finam Investment** says Islamic banks emerged from crisis stronger than US banks
- **NCB Capital**: Sovereign funds will be the benchmark for future Sukuk issuances
- US\$196.4 million **Islamic Development Bank** loan to finance Moroccan power plant
- **Al-Rajhi Financial Services Company** to arrange financing for **Jabal Omar Development**
- **RichWeb** launches first Islamic investment funds portal, **IslamicFundsFinder.com**
- UAE's ex-minister for finance and industry claims trial to embezzlement charges
- **Jordan Islamic Bank**'s first quarter profit increased 3% to US\$11.4 million
- **Sakana Holistic Housing Solutions** to issue US\$50 million Sukuk
- **Abu Dhabi National Islamic Finance** aims for 25% profit increase in 2009
- **Investment Dar** considers doubling its capital in debt restructuring plan
- **Global Investment House-Saudia**'s Al-Noor records 36% returns in two months
- **Tharawat Investment House** launches its first Islamic investment fund
- **Bahrain Central Bank**: Islamic securities market should continue to grow
- **Ajman Bank** outsources its card services to **Network International**
- **Dubai Multi Commodities Centre** to house gold reserves in newly-opened vaults
- New financing products for government employees from **Dubai Bank**
- **Ajman Bank** to provide **Emirates Transport** with US\$8 million Murabahah financing
- **Investment Dar** files a criminal complaint against **Commercial Bank of Kuwait**
- **LSE** report: Islamic banks increasingly attractive to investors

- Philippines' mutual benefit associations encouraged to venture into Takaful
- **MNRB Holdings**' revenue increase by 20% to US\$342 million
- **RBS Islamic Banking** launches first Family bancaTakaful product
- **SALAMA** and **Crédit Agricole Asset Management Group** to offer Islamic funds

RATINGS

- **Musyarakah One Capital**'s US\$161 million Sukuk affirmed at 'AAAS'
- RAM reaffirms **Tenaga Nasional**'s Islamic notes with stable outlook
- RAM reaffirms **Lafarge Malayan Cement**'s US\$100 million Islamic notes
- **Expressway Lingkaran Tengah** fully redeems its US\$230 million BaIDS
- MARC downgrades **M-Trex Corporation**'s US\$14 million ICPs to 'DID'
- S&P places **Wethaq Takaful Insurance** on CreditWatch with negative implications

MOVES

- Morgan Stanley appoints Alex Ehrlich as global head of its prime brokerage unit
- **Barclays Capital** appoints Matthew Ponsonby and Mark Warham to head M&A for Europe region
- Abdulelah Al Kindy is **Emirates NBD**'s head of retail banking for Abu Dhabi and Al Ain region
- Roy Gardner is named **Arab Banking Corporation** group's chief financial officer
- **Swiss Re** appoints Rudolf Flunger as head of insurance and specialty division
- AXA hires Darren Cornish as head of claims experience
- **BNY Mellon Wealth Management** appoints Patrick Bohen as VP and sales director
- **Shuaa Capital**'s chief financial officer Michael Burgess is made redundant
- Sandy Crombie joins **Royal Bank of Scotland** as senior independent director
- **The Association of Banks in Malaysia** appoints Abdul Wahid Omar as chairman
- Paulo Maia will take over as CEO of **HSBC Australia**
- Matt Pecot has joined **Credit Suisse** as its Asia-Pacific head of prime services
- Amirsham A Aziz is appointed chairman of the **Economic Advisory Council**

TAKAFUL

- Lawsuit contesting US government's bailout of **American International Group** to go on
- **BIMB Holdings**' net profit plunged 68% to US\$4 million
- **Takaful Ikhlas** plans to increase contributions by 63% by 2010

AFRICA

Setting the stage for Shariah finance

SENEGAL: This French-speaking nation has set up a multidisciplinary group comprising lawyers, tax experts, businessmen, scientists and clerics to promote Islamic finance both nationally and regionally. President Karim Ahmed sees the Comité National Charia Finance Sénégâl's mission as being essential to create a suitable legal and fiscal environment for the development of Islamic finance in the country. He added that it will also help clerics build capacity for their subsequent roles in the Shariah boards.^[3]

Wahda implements iMAL

LIBYA: Wahda Bank and Path Solutions have signed an agreement for the deployment of the firm's iMAL core banking system, which will support the bank's retail, corporate and Islamic banking activities.

This will enable it to launch new products with reduced time-to-market, become more efficient in its operations and decrease costs, said bank chairman Antoine Sreih. "We view this partnership as a key component of our overall business strategy," he added.

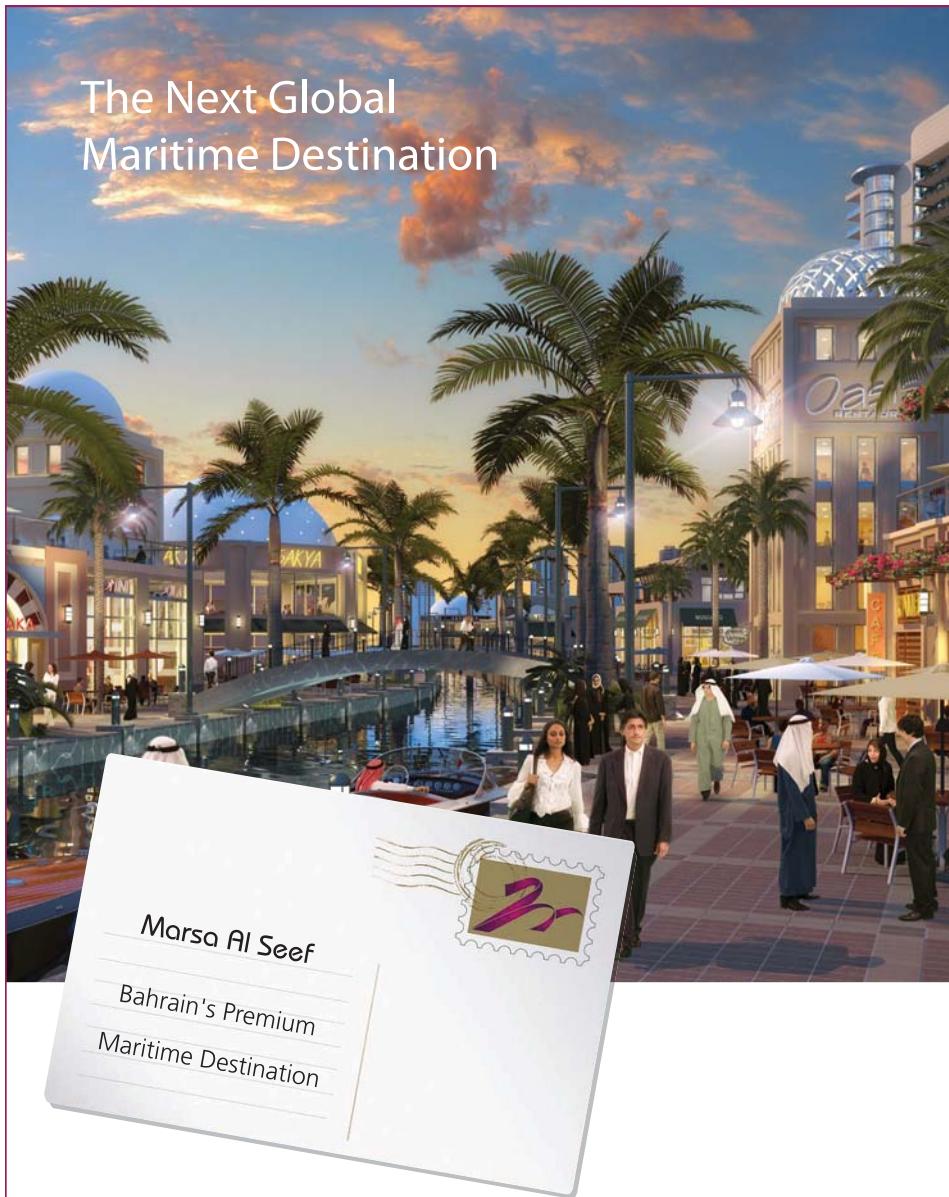
The Libya-based bank is 54.1%-owned by the Social Economic Development Fund, while Arab Bank has a 19% stake. The remaining 26.9% stake is held by the private sector.^[3]

ABG's Algerian unit posts hefty profit

ALGERIA: Banque Albaraka D'Algérie recorded a 69% increase in net profit to DZD803.55 million (US\$11.01 million) for the first quarter of this year compared with the same period last year. The bank, which is the Algerian subsidiary of Shariah compliant Bahrain-based Albaraka Banking Group (ABG), said its total operating income grew by 53% to DZD1.63 billion (US\$22.39 million) in the same period.

Banque Albaraka D'Algérie also said its total assets rose 7% to DZD77.14 billion (US\$1.03 billion) compared to the fourth quarter last year, which was invested in maintaining the bank's strong liquidity position.

continued...



The Next Global Maritime Destination

Marsa Al Seef
Bahrain's Premium Maritime Destination



GBCORP

المصرف العالمي
GLOBAL BANKING CORPORATION

مرسى السيف
Marsa Al Seef

With a vision to be a leading Global Investment Bank, GBCORP's business strategy is to capitalize on new investment opportunities that transcend global boundaries through our expertise, approach to business and in depth understanding of local, regional and global markets.

Marsa Al Seef draws inspiration from Bahrain's rich maritime history and culture to bring you a modern waterfront city that brings back to life its spectacular maritime heritage over centuries. Located on Bahrain's pristine northern coast, Marsa Al Seef will cover almost 26 million sq. feet to create an exquisite life for the world's elite.

continued...

"Despite the difficult conditions being experienced by the regional and global economies and increased competition in the Algerian market, the bank was able to continue its growth and take advantage of developments in the country's economy," said bank chairman, president and CEO of ABG, Adnan Ahmed Yousif.

The bank posted an increase in net profit despite higher operating expenses as it upgraded its IT infrastructure and expanded human resources. It is to embark on a major expansion plan over the next few years.⁽²⁾

AMERICAS

US boost for Shariah compliant investments

US: Thomas Weisel Asset Management (TWAM), a unit of investment bank Thomas Weisel Partners Group (TWPG), has teamed up with Islamic investment services provider IdealRatings to create Shariah compliant

funds and accounts to invest in small- and mid-cap US companies.

California-based IdealRatings will be responsible for managing the process of achieving individually tailored Shariah compliant products for TWAM clients. It will also supply software, research tools and scholar support.

The products will be targeted at Shariah-sensitive investors, Islamic institutions and international family offices. "This opportunity presents great potential to facilitate Middle Eastern investments in the US equity markets," said Thomas Weisel, TWPG chairman and CEO.⁽³⁾

S&P launches new Islamic index

CANADA: Standard & Poor's (S&P) has introduced the S&P/TSX 60 Shariah Index to tap the rapidly growing Canadian Islamic investor community. The Shariah index recategorizes equities and excludes those that do not comply with Islamic tenets. There are 25 companies on the new index with a

combined market capitalization of US\$328.7 billion, or roughly 73% of the Canadian equity market capitalization.

The companies on the index are evaluated once a month by outside agency Rating Intelligence Partners and a panel of four Shariah scholars in the Middle East. S&P has 10 other investible Shariah indices covering 52 markets and 11,000 securities around the world. There are specific indices for Japan, Europe and Asia. S&P also has 13 global benchmark and sector-specific Shariah indices.⁽⁴⁾

Jovian, UM to launch Islamic product

CANADA: Shariah compliant financial services firm UM Financial has entered into an agreement with Jovian Capital to launch an Islamic investment product in the country to cater to its one million Muslims as well as foreign investors.

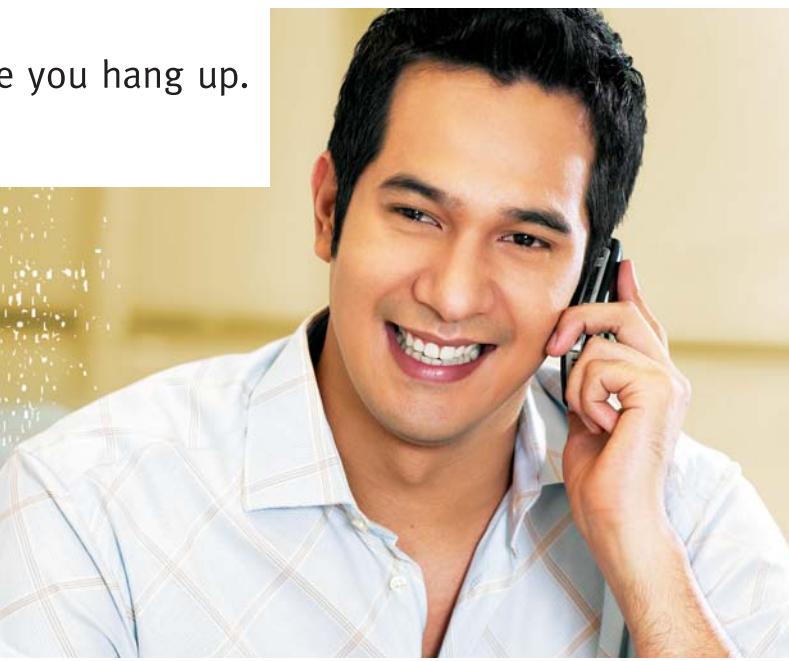
"Canada is well regarded internationally and the new product will provide a vehicle

continued...

When you call us for cover,
we'll have it ready even before you hang up.

Call Etiqa Oneline at 1300 13 8888.

Amount of first premium at the time of application or and delivery and Conditional Billing. Before Provisional Insurance coverage can be issued, the Insured's age will be confirmed. The Insured will be required to undergo a medical examination and the Insured will be asked for any study. The procedure of the medical examination will be agreed prior to any payment of any study. The brochure of sales illustrates the benefits which are guaranteed benefits under the policy contract. Details of the Insured and any person, firm or corporation who may be entitled to receive the benefit of the policy or and that I am not acting for or on behalf of any person, firm or corporation who could lead to penalties under law. The Company in respect of any false or misleading statement made by the Insured in connection with the medical examination are fully compensated by the Company and the Insured and act on them otherwise apply. Payment of any money whether deposited or paid shall not take effect unless and until the relevant policy or policies is issued during my lifetime and in good health provided amount of first premium at the time of application and delivery and Conditional Billing before the date of issue. The Insured will be required to undergo a medical examination and the Insured will be asked for any study. The procedure of the medical examination will be agreed prior to any payment of any study. The brochure of sales illustrates the benefits which are guaranteed benefits under the policy contract. Details of the Insured and any person, firm or corporation who may be entitled to receive the benefit of the policy or and that I am not acting for or on behalf of any person, firm or corporation who could lead to penalties under law. The Company in respect of any false or misleading statement made by the Insured in connection with the medical examination are fully compensated by the Company and the Insured and act on them otherwise apply. Payment of any money whether deposited or paid shall not take effect unless and until the relevant policy or policies is issued during my lifetime and in good health provided



You should be able to get what you need when you need it. For motor, home and personal accident protection, all you need to do is call. At Etiqa, even the smallest details of our policies reflect the big picture of your needs. We create insightful solutions that make a tangible difference in your life. With products, procedures and even communication, we speak your language. It's about people. Not policies.

eTiqqa
Insurance & Takaful

Etiqa is the new brand name for the insurance and takaful companies of Maybank, MNI and Takaful Nasional. Visit www.etiqa.com.my or call Etiqa Oneline at 1300 13 8888.

Ahli Kumpulan

continued...

through which overseas investors can gain Shariah compliant exposure to Canada's markets," said Omar Kalair, CEO and president of UM Financial.

UM previously secured a US\$120 million Shariah compliant residential mortgage investment facility from a regulated Canadian financial institution, and has also developed Shariah compliant investment and deposit products with other financial institutions in Canada.⁽³⁾

ASIA

Bursa opens new division

MALAYSIA: Bursa Malaysia will on Monday see its new stand-alone division dedicated to the Islamic capital market. *Islamic Finance news* has learnt that former Kuwait Finance House (Malaysia) (KFHM) COO and head of international business Raja Teh Maimunah Raja Abdul Aziz will head the new division as its global head.

It is also learnt that she will report directly to Bursa's chief executive, Yusli Mohamed Yusoff.

The department is seen as Bursa's ticket to expansion to other international markets. *Islamic Finance news* was tipped off that five other key personnel from a foreign Islamic bank based in Malaysia are expected to be under Raja Teh's helm.

Last July, *Islamic Finance news* reported that Raja Teh had sent shockwaves throughout the industry with her departure from KFHM, which came barely two years after her exit from Unicorn Investment Bank (Malaysia). Raja Teh had cited family obligations as the main reason for that departure.

She had been instrumental in setting up KFH's Singapore and Australia offices. She was vice president of investment banking at RHB Bank, and before that was at CIMB.⁽³⁾

Asian Sukuk 'a draw'

MALAYSIA: Sales of Asian currency-denominated Sukuk may jump in the next six months as companies compare borrowing costs and investors become less risk-averse, according to the top Sukuk underwriter since 2007.

"People are beginning to regain their risk appetite and issuers looking at dollar

credit spreads versus local currency ones are seeing that the local currency space is much cheaper," said CIMB Investment Bank's head of treasury Lee Kok Kwan. "The supply pipeline looks pretty good and the momentum is very strong."

Sales of Sukuk plunged to US\$13.9 billion last year amid the global credit crisis after soaring to a record US\$31 billion in 2007 due to the surge in oil wealth in the Gulf.

Moody's Investor Service said last month that sales by Asian nations including Singapore and Indonesia are bringing "vitality" to an otherwise dormant market as governments seek to positive to take advantage of the recovery when it happens.⁽³⁾

Ezdan eyes Malaysia to list i-REIT

MALAYSIA: Qatar-listed property group Ezdan may list an Islamic real estate investment trust (i-REIT) on the Malaysian stock exchange, local media reported.

They said Ezdan, valued at about US\$4 billion as of 2008, is finalizing the proposal for submission to Malaysia's Securities Commission.

The assets in the proposed trust will probably be based in Qatar but the report did not state when the listing might take place. Ezdan has named Maybank Investment Bank as its listing advisor.⁽³⁾

www.LabuanIBFC.my

SONG BIRDS
Babblers, trillers, whistlers and tattlers contribute their part to Malaysia's rainforest orchestra. Hear them from jungle treetops, mangroves and hills.

SHARIAH. TAKAFUL. SUKUK. IJARA. *A language we are most fluent in.*

Long before other jurisdictions understood Islamic finance, Labuan International Business and Financial Centre was already highly conversant with such intricate terms and complex structures.

Well enough to issue the first global sukuk and the world's first sovereign sukuk. One of the largest aircraft financing to use Ijara leasing was conducted here.

Close to USD16 billion worth of issuances, including sukuk, have been issued through us and 17 private Islamic funds worth USD3 billion established. Leasing assets have grown to USD17 billion and retakaful business premiums increased to USD17 million. In 2008, Dar al-Arkan of Saudi Arabia listed a USD1 billion sukuk on the Labuan International Financial Exchange.

As business relations with Islamic trade partners continue to grow at an astonishing pace, we work closely with the Malaysia International Islamic Financial Centre and our own Shariah Advisory Council to further facilitate endorsements.

Over here, we make it our business to heed your call.

HOLDING COMPANIES. ISLAMIC FINANCE. INSURANCE AND CAPTIVE INSURANCE. FUND MANAGEMENT. PRIVATE WEALTH MANAGEMENT.

CONNECTED. CONVENIENT. COST-EFFICIENT **Labuan IBFC**
International Business and Financial Centre, Malaysia

MARKETING OFFICE Labuan International Business & Financial Centre Incorporated Sdn Bhd (817593D) Suite 2B-11-03 Plaza Sentral, Jalan Stesen Sentral, 50470 Kuala Lumpur, Malaysia. Tel: +603 2773 8977 Fax: +603 2780 2077

Another Islamic SWF for Malaysia?

MALAYSIA: Hot on the heels of the Terengganu state government's announcement of a government guaranteed-RM5 billion (US\$1.4 billion) Sukuk for a sovereign wealth fund (SWF), Penang is proposing a similar investment vehicle.

Chief minister Lim Guan Eng said he had written to prime minister Najib Razak to approve a RM5 billion (US\$1.4 billion) federal guarantee to finance the proposed investment body, the Penang Investment Authority, similar to the Terengganu Investment Authority (TIA).

"If the federal government can guarantee us RM5 billion (US\$1.4 billion), the state government will raise the same amount to create the Penang sovereign wealth fund," said Lim.

TIA, set up in February, is the country's first state-established SWF with an initial allocation of RM11 billion (US\$3 billion).

It intends to raise RM5 billion (US\$1.4) through the issue of Islamic medium-term notes and a further RM6 billion (US\$1.7 billion) against future oil royalties to the state.⁽²⁾

i-VCAP to launch 4 funds

MALAYSIA: Islamic fund management company i-VCAP Management plans to launch four new Shariah compliant funds in the second half of this year, said CEO Zainal Izlan Zainal Abidin.

Zainal said from a fund manager's perspective, this is the best time for investors to buy as frontline stocks have come off their highs and are looking attractive. "Over the longer term, these funds will yield positive returns for investors."

The firm, he added, plans to launch the second tranche of its MyETF Dow Jones Islamic Market Malaysia Titans 25, the world's largest Shariah exchange traded fund (ETF), this year but has not decided on its size. "We could scale down the size of the fund. Since it is open-ended, we can get more investors to come in at a later stage."⁽³⁾

'Islamic banking perfect for India'

INDIA: Islamic banking will be most beneficial to the marginalized sections of Indian society as it will ensure equitable and fair distribution of the country's resources, according to financial expert H Abdur Raqeef.

He is the convener of the National Committee on Islamic Banking and general-secretary of the Indian Center for Islamic Finance (ICIF), and has been working for years to bring about reforms in the Indian banking regulations, seen as a stumbling block to the introduction of Islamic finance in the country.

Abdur Raqeef called upon the Reserve Bank of India (RBI), the central bank, to take immediate steps to allow for Islamic banking. "This will not only facilitate the inflow of huge finance and sovereign funds from the Gulf Cooperation Council countries for our infrastructure projects but also help the minorities and the marginalized to actively participate in the economy with micro-finance based on equity," he clarified.

A committee, appointed by the Indian government to study the feasibility of Islamic banking, had recently recommended interest-free banking, which would require an amendment to present regulations. The Indian Banks Regulation Act, 1949 stipulates that no bank can be run without interest. "Our prime goal is to persuade the authorities to amend this rule to

accommodate Islamic financing," reiterated Abdur Raqeef.⁽²⁾

Bakrieland to issue US\$29 million Sukuk

INDONESIA: Indonesian property firm Bakrieland Development is to raise IDR300 billion (US\$29 million) from an Islamic bond issue, twice the amount previously indicated. It plans to issue a two-year tranche with an indicative yield of 14% - 15%, and a three-year tranche with an indicative yield of 15% - 16%.

President director Hiramsyah Thaib said the size of the bond would be increased if there was sufficient demand from investors, adding that the proceeds would be used to develop residential projects and centers for small businesses.

The offer period is from the 25th May to the 12th June and the Sukuk will be listed on the Jakarta Islamic Index in July.

Bakrieland has appointed Bahana Securities and Madani Securities as underwriters for the issue.

Meanwhile, Hiramsyah said one of the firm's projects, the Rasuna Epicentrum in South Jakarta, is three months behind schedule due to a funding delay.

He clarified that the firm's strategic partner Limitless Holding, a subsidiary of Dubai World, had only paid US\$37 million out of the agreed US\$110 million for a 30% stake in the project. However, he said, the first phase of the project should be completed by the end of the year.⁽³⁾

Bank Rakyat projects gain

MALAYSIA: Bank Kerjasama Rakyat Malaysia (Bank Rakyat) is projecting a pre-tax profit of RM1.3 billion (US\$372 million) for the finan-

continued...

Give your business the **unfair advantage**.

Oracle FLEXCUBE

Core Banking, Universal Banking, Islamic Banking,
Private Banking and Direct Banking.

ORACLE
FINANCIAL SERVICES

Click here to know more about

• White Papers • Case Studies • Downloads



continued...

cial year ending December 2009. Managing director Kamaruzaman Che Mat said this will be higher than the pre-tax profit of RM1.23 billion (US\$352 million) recorded last year.

"A dynamic business and the people's great response to Bank Rakyat's products have given rise to confidence in reaching the projection," he added. Kamaruzaman stressed that the economic crisis has not jeopardized its financial growth momentum.

Bank Rakyat, which conducts its operations based on Shariah laws, has plans to open nine more branches in the country before the end of the year to bring the total to 129.⁽²⁾

BPA unveils league tables for bonds

MALAYSIA: The total Sukuk and conventional bond issuance for the first three months of this year decreased by 5.8% to RM92 billion (US\$26 billion), from RM97 billion (US\$28 billion) in the same period last year, said Bond Pricing Agency Malaysia (BPA) in its newly launched fixed income league tables.

BPA's league tables, which currently ranks its tables according to the categories of top issuers, top traded issuers and top trustees, are the first to include bond market information in its entirety, said CEO Meor Amri Meor Ayob. BPA is in a unique position as it has the trading data of all issues in the market and not just those of particular clients as it does not rate bonds. BPA is the only bond pricing agency registered with the Securities Commission, the country's regulator, and provides data on fair value pricing in the secondary market.⁽³⁾

Korea confident of Sukuk issue soon

KOREA: Korea Investment & Securities Company is looking into the possibility of arranging corporate Sukuk for Korean companies as well as launching Islamic equity funds based on Shariah compliant stocks in Korea and other Asian countries, said its global business department MD Lee Do Heon said.

He was confident that a Korean corporate, whether private or government-linked, would issue its first Sukuk very soon, to be placed outside Korea, possibly Malaysia, due to the lack of Shariah-friendly regulations within

the country. "We are actively considering this and are already engaged in some discussion with counterparties and partners," he added.

Korea now faces many regulatory hurdles, including taxation issues related to double stamp duty, value-added tax and capital gains, which impedes the introduction of Islamic financial products in the country.

Korea Investment & Securities is the country's fourth-largest stockbroker and a major participant in the sale of wealth and management products. It is also active in the equity and debt markets.⁽²⁾

Bank Syariah Mandiri still on a roll

INDONESIA: Bank Syariah Mandiri (BSM) reported a 37% increase in its net profit for the first quarter of this year to IDR63.8 billion (US\$6.16 million) compared with the same period last year.

President Yuslam Fauzi said operational revenue grew 16.24% to IDR558.8 billion (US\$53.95 million) and helped boost the net profit. In 2008, BSM's net profit soared 70% to IDR194.4 billion (US\$17.6 million) from the previous year.

continued...

Islamic Finance briefings

RESTRUCTURING ISLAMIC FINANCINGS AND SUKUK

6th OCTOBER 2009, TOWERS ROTANA, DUBAI

Introduction & Overview

This timely 1-day workshop examines the issue of restructuring Islamic transactions and Sukuk. Workshop leader, **Rahail Ali, partner at Lovells**, will lead delegates through the complex issues involved and will demonstrate the options available to banks and issuers. The workshop will cover the essential legal, practical and Shariah issues for restructuring Islamic financings.

Workshop Agenda

This program will be run on an interactive and consultative basis. The workshop leader will introduce key topics which will then be presented in detail through worked examples and cases. Instructor-led discussion will enable delegates to acquire a comprehensive understanding of all the relevant issues associated with restructuring Islamic financial transactions.

9.00am – 4.00pm

Key points for discussion:

- Examining defaults, breach of covenants and late payments by borrowers and debt issuers
- Evaluating options open to banks and borrowers/issuers to reschedule, refinance or restructure
- Evaluating 'cash' options versus 'non-cash' options
- Assessing legal aspects surrounding exchange offers and exit consent solicitations
- Understanding crucial Shariah implications of restructuring financial transactions

Workshop Leader

Rahail Ali is a partner at Lovells and is the firm's Global Head of Islamic Finance. Rahail is based in Lovells' Dubai office. He studied international law at the University of Cambridge, after graduating from the University of Birmingham. He is widely acknowledged to be one of the world's leading Islamic finance lawyers, reflected in numerous accreditations from leading awards industry and legal publications. Rahail has worked on many of the most innovative and high value Islamic finance deals closed to date. In the last two years alone, the deals he led have won more than twenty awards. Amongst other articles, publications and organisations, he is the consulting editor of "*Islamic Finance - A Practical Guide*" and a member of HM Treasury's Islamic Finance Experts Group.

For more information, please contact **Subashini Jaganathan** for more details. Telephone +603 2162 7800 ext. 32

continued...

The Islamic commercial bank said its assets also increased to IDR17.7 trillion (US\$1.7 billion) in the first three months of this year from IDR14 trillion (US\$1.35 billion) in the same period last year.

Indonesia has four Islamic commercial banks and Bank Syariah Mandiri is the largest by assets. The others are Bank Muamalat Indonesia, Bank Syariah Mega Indonesia and Bank Rakyat Indonesia Syariah. (2)

Call for Shariah currency trade swaps

INDONESIA: Islamic banks in Southeast Asia need to apply Shariah compliant currency swaps if they want to go global, said a Shariah banking expert.

CEO of Islamic-based Tazkia Group Syafii Antonio added that foreign exchange swaps are necessary to secure trade transactions, within the framework of Islamic banking, and to guarantee liquidity among Islamic banks. "Perhaps we can apply the swaps under one single currency, maybe the dinar. This could be done under the Shariah banking system," he suggested.

Islamic scholars have different ideas on what is needed to facilitate Shariah compliant currency exchange swaps and discussions on the agreement of definitions and applications are ongoing. (2)

Zeti dismisses Moody's review

MALAYSIA: The possible downgrade of nine Malaysian banks by Moody's Investors Service has been dismissed by its central bank governor Zeti Akhtar Aziz, who said local banks have sufficient capital and are not under any financial stress.

Zeti pointed out that the international ratings agency had got it wrong in 1997 during the financial crisis, when it cut Malaysia's ratings by two notches, due to what it described as a "fragile banking system that required major recapitalization".

It was reported last week that Moody's had placed the deposit and debt ratings of nine banks on review for a possible downgrade. The banks are AmBank, CIMB Bank, CIMB Investment Bank, EON Bank, Hong Leong Bank, HSBC Bank, Malayan Banking, Public Bank and RHB Bank.

"The review of their debt and deposit ratings will look at the extent to which Malaysia's ability to provide support to its banking system, if needed, is converging with the government's own debt capacity as a result of the ongoing global economic and credit crisis," said Christine Kuo, vice-president and senior analyst for Moody's. (2)

HwangDBS launches AIIMAN Sukuk Fund

MALAYSIA: HwangDBS Investment Management has launched the HwangDBS AIIMAN Sukuk Fund, its first such fund which capitalizes on the growth of the market, said CEO and executive director Teng Chee Wai. The open-ended fund will provide investors with a 4% to 5% return annually and offer them a steady income stream in the medium- to long-term.

Teng also said the outlook on the Sukuk market is expected to remain positive, despite the current slowdown. (2)

FTSE roundtable on Islamic equities

MALAYSIA: FTSE has organized a closed-door roundtable discussion aimed at obtaining views from leading practitioners in various industries on Shariah compliant equities. The topic "Shariah compliant Equities: Good Faith or Good Fortune" saw 12 senior industry peers from Malaysia, Indonesia and the Middle East exchanging views.

Among the issues discussed were whether there are sufficient options in the Islamic finance industry for institutional investors and whether there is a need for further innovation. The need for education to make Islamic products more appealing to the conventional investor was another topic discussed.

Islamic Finance news will publish the roundtable discussions in upcoming issues. Watch this space. (2)

GLOBAL

BMB upbeat on Islamic finance sector

UK: The recovery of the Islamic banking sector and conventional finance is impending and they are set to bounce back, according to BMB Islamic UK CEO Dr Humayon Dar.

"I am very optimistic that a recovery is imminent and will be in place by the end of this year or the beginning of next," he said, adding that there are positive signs from both US retail markets and Chinese export markets. (2)

Humayon also commented on how a strong Shariah foundation has enabled greater resilience for the Islamic banking industry in the wake of the global economic turmoil. "Islamic equity funds have clearly suffered because of the credit crunch which has seen all equities fall, but they have lost less than conventional financial funds. When we look at money market funds, Islamic institutions have grown 3% to 4% in spite of problems elsewhere." (2)

IFRS for Islamic finance?

GLOBAL: A committee should be set up to study whether the International Financial Reporting Standards (IFRS) could encompass the Islamic financial services industry, said Malaysian Institute of Accountants (MIA) president Nik Mohd Hasyudeen Yusoff.

The IFRS, developed by the International Accounting Standards Board (IASB), are a single set of high quality and internationally recognized financial reporting standards, mandatory in 85 countries and encouraged in 113. It was recently reported that IFRS proponents would hold talks with Islamic finance authorities to modify the existing system to accommodate the Islamic financial services industry.

Hasyudeen pointed out that the IFRS concept and operational model demonstrate the ability of Shariah compliant structures to co-exist with the conventional framework.

At the moment, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has developed an alternative set of financial reporting standards for the Islamic financial services industry. However, it only covers the standards and transactions which the IFRS does not.

However, IASB has refused to recognize AAOIFI standards, which means that Islamic financial institutions in countries such as Bahrain, which adopts AAOIFI standards, must have their financial statements qualified by IASB-affiliated auditors. (2)

(Also see IFN Report on page 17)

Flight to quality seen for Sukuk market

GLOBAL: A shakeout of the global Sukuk market is likely as the industry is fragmented with two thirds of the players managing less than US\$100 million in Islamic assets each, according to the latest annual Ernst & Young Islamic Funds and Investments Report (IFIR 2009).

Ernst & Young Middle East advisory services managing partner Omar Bitar mentioned increasing pressure on fund managers to consider a lean and efficient corporate structure through the outsourcing of non-core business activities.

According to IFIR 2009, 25 Islamic funds were liquidated in 2008 and the first quarter of this year. This compares with 18 in 2006 and 2007 combined. The number of new funds launched dropped to only 89 in 2008 and the first quarter of this year from 271 in 2006 and 2007 combined.

Islamic indices performed poorly worldwide with average returns falling to a negative 39% in 2008 compared to a growth of 23% in 2007. In the first quarter of this year, although the decline had leveled off, it was still a negative 3.7%. Average Islamic fixed income fund returns fell to 1% last year and the first quarter of this year, from 3% in 2007.

It added that Sukuk issuance had slowed as spreads widened. Only US\$15.5 billion worth of Sukuk was issued last year compared to US\$47.1 billion in 2007. IFIR 2009 estimates that this year the market will recover slightly with some US\$27.5 billion worth of Sukuk being issued. (E)

(Also see IFN Report on page 16)

'Islamic banks stronger than US banks'

RUSSIA: Islamic banks have emerged from the crisis much stronger than their US counterparts, said Zarina Saidova, an analyst with Russia-based Finam Investment.

She pointed out that the combined sales of the top four Islamic banks were double that of their top five US counterparts. "The debt burden of the largest Islamic banks was also lower than that of American banks last year.

This gives Islamic banks an advantage in terms of credit risk," Saidova added. (E)

Sukuk begs to differ

GENERAL: Sukuk issuers will effectively differentiate their products from conventional counterparts, following the effects of the contagion suffered in the economic downturn, said Jarmo T Kotilaine, chief economist at Bahrain's NCB Capital.

"What we can look forward to now is sovereign funds that will emerge and provide the benchmark for Sukuk in the future."

He added that the GCC region is expected to re-enter the Sukuk market soon with a significant number of issuances. Saudi Arabia has huge potential, but many opportunities, such as municipality and urban regeneration projects, as well as those in the oil, gas and petrochemical sectors, are being overlooked, he said.

Despite this, Saudi firms are already creating benchmarks and forming facilities for Sukuk trading on Tadawul, the stock exchange in Saudi Arabia. Should these trends continue, Jarmo said, the critical mass needed for take off should eventually emerge. (E)

(Also see IFN Report on page 16)

MIDDLE EAST

IDB loan for power plant

MOROCCO: Saudi Arabia-based Islamic Development Bank (IDB) has lent Morocco US\$196.4 million to part finance a power plant, according to Moroccan government officials. The gas-fired power station is to be located in the coastal city of Kenitra, 40 km north of the capital Rabat, they said.

Morocco plans to invest more than US\$10 billion over the next five years to expand power generation capacity to meet increased demand for electricity at home and in Europe.

Last year, state power utility ONE signed a deal with neighboring Algerian counterpart Sonelgaz to export electricity to Spain by building a power grid link via Morocco. ONE, which doubled the capacity of its interconnector to Spain to 1400 megawatts in 2007, has a Spanish power market trading license. (E)

Jabal Omar picks Al Rajhi

SAUDI ARABIA: Jabal Omar Development has appointed an affiliate of Islamic lender Al-Rajhi Bank to help it secure financing worth an estimated US\$3.3 billion.

Al-Rajhi Financial Services Company is to provide financial advisory and arrange the necessary financing through diverse Shariah compliant instruments for the Jabal Omar project in Mecca. Jabal Omar said it will present a proposal to issue Sukuk to its shareholders on the 10th June. (E)

RichWeb launches online fund finder

UAE: RichWeb, a subsidiary of Tharaa Holding, has launched the beta version of IslamicFundsFinder.com, the first website to specialize in Shariah compliant investment funds, connecting Islamic funds with investors from around the world.

RichWeb managing director Shabeer Mohammed said IslamicFundsFinder allows Islamic fund managers to reach investors, especially in this post-meltdown phase. Fund managers can pick one of three confidentiality levels to list their funds – public, registered and selected investors.

Investors, on the other hand, can search for investments based on fund type, asset class, industry and country. The portal also allows registered investors to receive notices of relevant opportunities, once they are listed. The website will be officially launched in September. (E)

Ex-minister claims trial to larceny

UAE: Former minister of state for finance and industry Dr Mohammed Khalfan Kharbash has claimed trial in a Dubai court to charges of embezzlement, reports said. He was also the former chairman of Deyaar Development and Dubai Islamic Bank (DIB).

Kharbash was indicted last month along with several other company executives after a year-long probe into what prosecutors claim was corruption at Deyaar Development, one of the city's biggest property companies. He was charged with two counts of causing damage worth AED53.5 million (US\$14.6 million) to Deyaar, the property affiliate of the DIB.

continued...

continued...

He was also charged with two counts of causing AED56.6 million (US\$15.4 million) worth of damage to the bank. The Dubai government holds a 30% stake in DIB which in turn holds a 45% stake in Deyaar.

The Deyaar investigation has reportedly triggered the biggest crackdown on alleged corporate corruption seen in the Persian Gulf emirate. Some 14 people have been accused of wrongdoing in three cases that have surfaced from the original Deyaar investigation according to a statement by the Dubai Public Prosecution last month.⁽²⁾

JIB's profit rises in spite of downturn

JORDAN: Jordan Islamic Bank (JIB) achieved a 3% increase in profit to JOD8.1 million (US\$11.4 million) in the first quarter despite the 19% fall in operating income to JOD15 million (US\$21 million).

The bank said the fall in income was because first quarter income last year included certain extraordinary items from the sale of non-trading investments. Excluding the extraordinary income, total operating income for the first quarter this year rose 9% over the previous corresponding period.

Total assets of the bank, a subsidiary of Albaraka Banking Group, increased 3% to JOD1.9 billion (US\$2.7 billion) at end-March, compared to end-December. Shareholders' equity increased 5% to JOD170 million (US\$240 million).⁽³⁾

Sakana to issue US\$50 million Sukuk

BAHRAIN: Local Islamic mortgage finance provider Sakana Holistic Housing Solutions is looking to raise US\$50 million through a Sukuk issue by year-end or early 2010 to finance its business growth plans, chairman Abdul Hakim Khalil Al Mutawa said. "There is no timeframe set, and it depends on the market situation," he added.

The company, according to him, is in no hurry to launch regional projects: "We do believe the market needs more time to stabilize before we can consider the possibility of moving to other markets." However, if the company does decide to expand in the region it will leverage on shareholders BBK and Shamil Bank, as both have strong regional presence.

Abdul Hakim said Sakana had approved US\$125 million in mortgages since it was set up in December 2006 and its total assets stood at BHD41.1 million (US\$109 million) as of the 31st March, from BHD21 million (US\$55.2 million) in the previous corresponding period.⁽²⁾

ADNIF aims 25% profit increase

UAE: Abu Dhabi National Islamic Finance (ADNIF) expects a 25% increase in profit this year, said general manager Aref Al Khouri. The Islamic subsidiary of the National Bank of Abu Dhabi completed its first full year in 2008 with a net profit of AED24 million (US\$6.5 million).

ADNIF has a paid-up capital of AED200 million (US\$54.5 million) and according to Aref, it may consider raising this to between AED500 million (US\$136 million) and AED1 billion (US\$272 million), if needed. The firm's finance portfolio, or advances, is expected to grow by AED1 billion by the end of this

year from its current AED2.5 billion (US\$681 million). The real estate sector accounted for some 40% of the advances while the energy and industrial sectors accounted for the balance, he said.⁽²⁾

Dar mulls capital hike

KUWAIT: The Investment Dar, which recently defaulted on a payment on its US\$100 million Sukuk issue, may consider a capital hike as part of a restructuring plan. "All options are open."

The decision is between the shareholders and the company's banks and investors represented by the steering committee and its advisors," said senior executive vice-president Amr Abou El Seoud.

Dar may double its capital to about 191 million dinars (US\$662 million) by selling new shares at KWD0.25 (US\$0.90) each to current shareholders on the central bank's recommendation.

continued...

Islamic Finance news



ASK THE SCHOLAR

In another exclusive from *Islamic Finance news*, we have teamed up with ISRA, the International Shariah Research Academy for Islamic Finance, to offer our readers the opportunity to pose questions to some of the world's leading Scholars. We'll publish your questions and the Scholars' response in a future issue of *Islamic Finance news*. All questions and answers will also be archived.

Email your questions today to Melisa.Idris@REDmoneygroup.com

In collaboration with:



continued...

Earlier this month, the firm told investors that a US\$100 million Sukuk issue, which matures in 2010, may not be paid on time as the firm seeks to restructure its debt. The Sukuk is part of the US\$3.5 billion of its debt under restructuring.

Separately, it was reported that Dar and its financial advisor, Credit Suisse, plan to hold meetings with debtors and investors in Dubai on the 8th June to discuss the company's financial obligations.

Meanwhile, Kuwait Finance House (KFH) says it has halted talks to acquire Dar's 40% stake in Bahrain Islamic Bank. Abdul-Hakeem al-Khayyat, KFH-Bahrain CEO, said the acquisition formed no part of KFH's plans today although it had initially studied the option.⁽²⁾

Al-Noor up a third in two months

SAUDI ARABIA: Global Investment House-Saudia's Global Sharia Compliant Equity Fund (Al-Noor), which invests in Shariah compliant equities on the Saudi Stock Exchange, has recorded 36% returns in the two months between its inception on the 7th March and the 16th May.

According to Global Saudia head of Saudi asset management Zeyad Awad, the Saudi stock market currently trades at attractive valuations and offers a strong potential for above-average returns over the long run, capitalizing on government foreign reserves, a solid macroeconomic outlook and strong government support for the economy.

"Investors should focus on the long term fundamentals of the Saudi economy which remain very favorable. Carefully selected mutual funds should prove to be an effective means of investing in the Saudi market for the long term," he added.⁽³⁾

Tharawat launches its first fund

BAHRAIN: Tharawat Investment House has launched its first Shariah compliant investment product, the Tharawat Sukuk Fund, an open-ended fund that will invest some 70% of its assets in government and corporate Sukuk in the Gulf Cooperation Council (GCC) and Middle East and North African (MENA) areas. CEO Mohammed Al

Alawi said the fund has set an investment floor of US\$100,000 with increments of US\$10,000 to allow as many investors as possible to participate.

He said the fund also offers investors the choice to receive distributions in cash or through the issue of additional units. All income received will be distributed to unit holders on a semiannual basis.

He said the fund aims to take advantage of the deep discounts available in the Sukuk market due to the international financial crisis which had investors selling their holdings for way below their value. "Global Sukuk markets have begun to recover from their lows," he noted.

Tharawat was established in Bahrain in July last year with an authorized capital of US\$100 million and a paid-up capital of US\$33.3 million. It seeks to launch a wide range of investment products designed for the GCC and other Arab and Islamic markets focusing on the industrial, agricultural and services sectors.⁽³⁾

Islamic securities market set to grow

BAHRAIN: Despite the global financial crisis and credit crunch, the Shariah compliant securities market should continue to grow, reflecting the windfall from higher commodity prices, said Abdul Rahman Mohammed Al Baker, Bahrain Central Bank's executive director of the financial institutions supervision division.

Abdul Rahman said at the end of last year, there were 98 funds incorporated and registered in Bahrain with a total of US\$1.8 billion worth of assets. He added that the central bank had remained active in the sovereign Sukuk market with a total of US\$1.69 billion of medium to long-term Islamic bonds issued, complemented by the short-term issuances.

He said it is important to have adequate regulations for Islamic investment instruments to support the growth of the Shariah compliant investment industry.

"Such regulation should create the necessary framework for investment instruments targeting small- and medium-sized investors, as well as professional or high net-worth individuals, who would like to invest their funds in accordance with Shariah principles."⁽³⁾

Ajman Bank outsources card services

UAE: Ajman Bank has contracted card solutions provider, Network International, to manage all its card-related services from transactions to switching and clearing. Network will also manage Ajman's ATM network.

The bank's acting CEO Ali Essa Al Shaqoosh Al Mueen said outsourcing the card processing and management services component would allow the bank to focus its resources on key strategic and core activities. "In the final analysis, it is about delivering what our customers want and when they want it," he said.

Ajman Bank is the first full-fledged Islamic commercial bank headquartered in the emirate of Ajman. It began operations early this year and is one of eight Islamic lenders in the UAE.⁽³⁾

DMCC to bring Islamic gold home

UAE: The Dubai Multi Commodities Centre (DMCC) has opened new vaults to store gold reserves in Dubai, which are currently being looked after by various banks in London.

The vaults will house gold allocated to the Shariah compliant Dubai Gold Securities (DGS) Exchange Traded Funds (ETFs), and is also expected to become the choice vault of gold reserves by central banks in the Middle East. Gold for DGS is now kept with HSBC in London, which has been home to safe and secure gold vaults for more than a century.

DGS, listed on Nasdaq Dubai in March, offers investors Shariah compliant access to gold bullion investment without the additional costs normally associated with insuring, storing and transacting in physical gold.⁽³⁾

New product for government employees

UAE: Dubai Bank has unveiled a new personal and property financing solution, targeted at UAE citizens employed in the government and semi-government sectors, to achieve their short and long-term financial goals, said Mohammad Amiri, head of the Shariah compliant bank's retail finance unit.

The financing solution offers 80% financing for property acquisition in Dubai or Abu Dhabi. *continued...*

continued...

Dhabi. Eligible customers can also take advantage of personal financing, or opt for a free-for-life covered card with a three-month fee waiver. Customers can also choose to have the Platinum Covered Card, which comes with AED100,000 (US\$27,241) worth of free Takaful coverage.⁽³⁾

Bank financing for bus firm

UAE: Ajman Bank has signed an agreement to provide Emirates Transport with AED30 million (US\$8 million) in Murabahah financing. The agreement stipulates that the bank will buy over 100 buses, which will then be sold to the transportation company on deferred payment terms.

"This business affiliation is the perfect example of activities into which Ajman Bank would be delighted to venture, in light of our objectives to support the local economy and encourage closer collaboration with all market sectors across the UAE," said the bank's acting CEO Ali Essa Alshaqoosh Al Mueen.

Emirates Transport now owns about 4,000 buses which are mainly used as school buses.⁽³⁾

Dar files complaint against CBK

KUWAIT: Investment Dar has filed a criminal complaint against the Commercial Bank of Kuwait (CBK) over its statement that Dar's ownership rights in Boubyan Bank are void.

"Investment Dar wishes to emphasize that the claim made by CBK is unfounded and untrue, and is a mere attempt by the bank to unjustly acquire such shares of Boubyan Bank," said the investment firm.

In December, Dar sold its 19.2% stake in Boubyan Bank to CBK, the second-largest lender in the country, in a deal that gave the investment firm the option to buy back the shares later.

The sale, made at the height of the global funding shortage, was intended to allow Dar to pay its short-term debts. However, CBK claimed early this week that Dar had lost its right to buy back the stake in Boubyan Bank, also based in Kuwait.

Dar reiterated that it owns the outstanding Boubyan shares, and that the control exercised by CBK over the shares is temporary and on a trust basis.⁽³⁾

'Islamic banks more attractive'

GCC: Islamic banks are becoming increasingly attractive to investors as the sector was not as badly affected in the global financial crisis as conventional banks, said the London School of Economics and Political Science (LSE) in its newly published report.

"The increasing international respect for Islamic finance has been noted in the Gulf Cooperation Council region, and this should encourage local acceptance by both governments and bank customers, not least because no Islamic bank has failed in the crisis and required a substantial government bailout," said the report.

It also said that the region's strategic location makes it ideal to serve as an Islamic finance hub linking Europe, Asia and Africa.

It highlighted that Saudi Arabia could become the global leader in the Islamic finance industry worldwide if the Saudi Arabian Monetary Agency (SAMA) and the Capital Markets Authority become more proactive in promoting the industry.⁽³⁾

Ramadan Iftar: US\$55.40
Christmas Hamper: US\$38.50
Deepavali Cookies: US\$19.95

Carton of Mandarins: US\$14.75

Industry Knowledge: Priceless

Why not provide your clients with something they really need during these economically challenging times. A corporate subscription is less than you think and may provide returns greater than expected.

Islamic Finance news
The World's Global Islamic Finance News Provider

AMERICAS

'Anti-Islamic finance' suit to go on

US: A lawsuit that contests government bailout funds for American International Group (AIG) because they also go to two subsidiaries involved in Shariah compliant financing is to go on, after a federal judge rejected a government objection.

District Judge Lawrence Zatkoff, in making the decision, warned the US government that even during a crisis, the US Constitution still counts: "The circumstances of this case are historic, and the pressure upon the government to navigate this financial crisis is unfathomable. Times of crisis, however, do not justify departure from the Constitution."

The lawsuit was filed by a non-profit legal group, the Thomas More Law Center, against the Federal Reserve Board and the US Treasury because of the billions of tax dollars given to AIG while the company uses its money to support an Islamic finance activity and employing a Shariah Supervisory Committee.

Zatkoff's ruling rejected demands by the government that the case and attorney David Yerushalmi, an expert in security transactions and Shariah compliant financing, be dismissed, allowing the allegations brought on behalf of US taxpayer Kevin J Murray to be continued.

The judge found that the lawsuit sufficiently alleged a federal constitutional challenge

to using taxpayer money for AIG's Shariah compliant activities.

The Justice Department had argued that besides the plaintiff not having standing to mount the case, the use of tax money for Shariah projects does not violate the Constitution.

The US government has a majority interest in AIG, one of whose subsidiaries, AIG Commercial Insurance, offers Takaful to homeowners that covers accident, health, motor, personal contents, property and casualty insurance coverage.⁽²⁾

ASIA

Two-thirds fall in profit for BIMB

MALAYSIA: BIMB Holdings, which has Islamic financial institutions in its stable, saw its net profit in the third quarter ended the 31st March plunge 68% to RM13.7 million (US\$4 million) from the corresponding period of last year. Revenue dipped 9.1% to RM330 million (US\$94 million) during the period while earnings per share fell to RM1.54 (US\$0.44) from RM4.80 (US\$1.37).

For the nine months ended the 31st March, BIMB's net profit declined by 48.4% to RM79 million (US\$23 million) while revenue was slightly higher at RM1.07 billion (US\$306 million) from RM1.06 billion (US\$303 million) previously. BIMB said the group's income bearing assets, which were derived mainly from Bank Islam

Malaysia, grew by 23% against the previous corresponding period.

"However, this favorable effect on revenue is offset by the lower underwriting surplus secured from Syarikat Takaful Malaysia operations due to poor overall investment performance and slower sales from the ordinary Family Takaful business," it added.

The lower profit before Zakat and tax was also due to the lower recoveries by Bank Islam, it said. There were also impairment losses on investment of RM15 million (US\$4.3 million) incurred by Syarikat Takaful and RM1 million (US\$286,000) incurred by BIMB Securities during the period, according to BIMB.⁽³⁾

Takaful Ikhlas eyes 63% contributions hike

MALAYSIA: Takaful Ikhlas expects to increase its contributions by 63% to RM80 million (US\$23 million) for the financial year ending the 31st March 2010 from the previous financial year through its cash incentive campaign.

The campaign is for its Ikhlas Mortgage Reducing Term Takaful (MRTT) and Ikhlas Houseowner Takaful plans, targeting government servants who have taken housing loans.

President and CEO Syed Moheeb Syed Kamarulzaman said the campaign, launched in 2007, had received overwhelming response. "As at the end of the last financial year, we have about

continued...

Order your reprints today

Reprints of articles, case studies, interviews, Meet the Head and other special sections of the Islamic Finance news weekly newsletter and all reports and supplements are now available.

Printed on high-quality glossy paper, these reprints offer the perfect marketing tool and the ideal platform for you to showcase your achievements to your clients while reinforcing your dedication and commitment to the industry.

Along with the hard copy reprints, we'll also provide you with the PDF version, which may be placed on your website or distributed electronically.

For more information, please contact:

Melisa Melina Idris

Tel: +603 2162 7800 ext 41

Fax: +603 2162 7810

Email: Melisa.Idris@REDmoneyGroup.com

Reprints Reprints Reprints

continued...

20,000 policyholders for both schemes," he said. Government servants who choose these plans would get a cash benefit of 5% of the contribution.⁽³⁾

'Go for Takaful'

PHILIPPINES: A microfinance expert is encouraging microfinance institutions (MFIs) and mutual benefit associations (MBAs) in the country to venture into the Takaful or Islamic finance industry.

Ernesto C Galenzoga, president of the RIMANSI Organization for Asia and the Pacific said: "As the world is getting to grips with the reality that the global financial crisis is far from being resolved, the world's financial institutions are turning towards Islamic finance".

Galenzoga, who is also president of the RBT-Mutual Benefit Association, explained that unlike conventional insurance, MBAs are owned and managed by the clients, which simply means that an MBA management's decisions reflect the clients' decisions.

They therefore have something in common with Takaful, where members contribute money into a pooling system in order to guarantee each other against loss or damage, he added.⁽³⁾

MNRB revenue up by 20%

MALAYSIA: MNRB Holdings' revenue for its financial year ended the 31st March 2009 increased by 20% to RM1.2 billion (US\$342 million) from RM980 million (US\$280 million) last year.

However the group's pre-tax profit plunged to RM35 million (US\$10 million) from RM194 million (US\$55 million) a year earlier.

President and group CEO, Anuar Mohd Hassan, said the higher revenue was due to the increase in the gross reinsurance premium written by wholly owned subsidiary, Malaysian Reinsurance (Malaysian Re), and the increase in the Wakalah fees earned by Takaful Ikhlas.

"The decline in the group's profit, however, was mainly due to the higher claims incurred by the group's reinsurance operations as well as the reduction in the

investment income of the group as a result of the unfavorable stock market conditions in 2008," he explained.

For the period ended the 31st March 2009, the gross premiums written by Malaysian Re amounted to RM941 million (US\$267 million), an increase of 20% from RM784.3 million (US\$222 million) in 2008, mainly contributed by the increase in overseas business.

MNRB Holdings is an investment holding company with subsidiaries involved in the reinsurance, Takaful and re-Takaful businesses.⁽³⁾

Customized bancaTakaful

PAKISTAN: RBS Islamic Banking has launched its first Family bancaTakaful product 'Kafeel' in collaboration with Dawood Family Takaful. The Shariah compliant bank said the joint venture aims to produce a customized savings and Family Takaful plan exclusively for RBS customers.

The Family Takaful solution, an alternative to conventional insurance, has been tailor made keeping in view RBS customers' religious beliefs, needs and preferences, it added.⁽³⁾

MIDDLE EAST

SALAMA, CAAM offer Islamic funds

UAE: SALAMA, provider of Takaful and re-Takaful is collaborating with the Crédit Agricole Asset Management Group (CAAM Group) to offer three Islamic funds: a BRIC (Brazil, Russia, India, China) quantitative fund, an active Asian equities ex-Japan fund and a global equity fund.

The funds, which invest exclusively in Shariah compliant instruments or products, will give investors the opportunity to diversify their equity asset allocation through different investment processes. CAAM, the asset management arm of Credit Agricole Group has set up a Shariah supervisory board to oversee the Shariah compliancy of the funds.

Noel D'Mello, general manager of Family Takaful at SALAMA, said, "With this partnership, SALAMA will be offering a Shariah compliant BRIC fund for the first time. Through the simple and affordable

savings and protection plans, SALAMA is able to offer these CAAM funds to the ordinary investor for as low as AED200 (US\$54) a month on a regular basis or AED30,000 (US\$8,200) for a single contribution."

Jean-Michel Bourgoin, deputy head of international client development at CAAM Group, said: "CAAM has been managing Shariah compliant solutions for 15 years and our commitment to the Shariah asset management combined with our product expertise will suit SALAMA clients looking for diversification and returns."⁽³⁾



Launched in 2004

175 Issues published to date

12,000 articles and reports featured

19,500 weekly readers from 53 countries

1 choice

Islamic Finance news

The World's Global Islamic Finance News Provider

ASIA

'AAIS' for Musyarakah One Capital

 **MALAYSIA:** Malaysian Rating Corporation (MARC) has affirmed Musyarakah One Capital's (Musyarakah One) RM567 million (US\$161 million) Sukuk Musyarakah Series 2005-A at 'AAIS' with a stable outlook.

The affirmation is based on the underlying credit strength of the Malaysian government as the sole obligor under the supply contracts from which the receivables backing the Sukuk arise. The government's timely and full redemption of maturing Sukuk to date continues to support the rating. Musyarakah One is a special purpose vehicle incorporated for the purpose of issuing Sukuk Musharakah backed by existing government receivables purchased from TIME Systems Integrators (TSI).

Under the program, Musyarakah One may purchase, from time to time, government receivables generated from TSI's supply contracts via an absolute legal assignment using proceeds from the issued Sukuk Musharakah. The Sukuk holders are the beneficial owners of the receivables. The stable outlook reflects MARC's expectations that the receivables-backed transaction will continue to perform in line with the assigned rating. ⁽³⁾

TNB outlook stable

 **MALAYSIA:** RAM Ratings Services has reaffirmed the 'AA1' rating of Tenaga Nasional's (TNB) US\$500 million equivalent Murabahah medium-term notes program (2005/2025) with a stable outlook.

The rating reflects TNB's position as the national utility company in Malaysia with the group having maintained its virtual monopoly over the transmission and distribution of electricity in Peninsular Malaysia and the state of Sabah. It also remains the dominant player in the power-generating business despite the growing presence of independent power producers over the past decade.

In view of the strategic nature of TNB's business, which affects the country's economic development, it enjoys strong implicit support from the government, which is TNB's major shareholder, said RAM. ⁽³⁾

Lafarge reaffirmed 'A1/P1'

 **MALAYSIA:** RAM Ratings has reaffirmed the respective long- and short-term ratings of Lafarge Malayan Cement's RM350 million (US\$100 million) Al-Murabahah Commercial Papers/Medium-Term Notes (2003/2010) (CP/MTN), at 'A1' and 'P1'. The long-term rating has a stable outlook.

The reaffirmation is based on the group's resilient financials and strong business profile as the largest integrated cement player in Malaysia, accounting for almost half of the industry's installed capacity. Leveraging on its France-based parent's international network for its cement exports, the group is also the biggest cement exporter in the country. ⁽³⁾

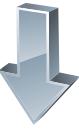
ELITE redeems US\$230 million BalDS

 **MALAYSIA:** RAM Ratings has received confirmation that Expressway Lingkaran Tengah (ELITE) has fully redeemed its RM800 million (US\$230 million) Al-Bai Bithaman Ajil Islamic Debt Securities (BalDS). As such, RAM Ratings no longer has any rating obligations on the BalDS and the 'AA2' rating on this instrument no longer applies.

The outstanding BalDS had been refinanced with the initial issuance under Seafield Capital's Sukuk program of up to RM1.5 billion (US\$430 million) in nominal value under the Islamic principle of Sukuk Musharakah.

RAM Ratings had earlier assigned a long-term rating of 'AA2' to the Sukuk with a stable outlook, based on an expected drawdown of up to RM1.1 billion (US\$313 million) in nominal value. ⁽³⁾

MARC downgrades M-Trex

 **MALAYSIA:** MARC has downgraded M-Trex Corporation's (M-Trex) RM48 million (US\$14 million) Islamic commercial papers (ICPs) rating to 'DID' from 'MARC-3ID'.

This is because of its failure to redeem RM30 million (US\$8.5 million) of the notes due on the 7th May by way of conversion into a term loan as planned earlier. Concurrently, MARC removed M-Trex's rating from

MARCWatch Negative where it had been placed on the 24th February to highlight the heightened refinancing risk.

Contrary to MARC's earlier expectations in its last rating action on the 24th February, M-Trex was subsequently unable to complete its refinancing of the outstanding ICPs ahead of its 7th May maturities.

The underwriters and note holders had earlier agreed to refinance the RM30 million (US\$8.5 million) ICPs via a term loan, subject to the balance of RM18 million (US\$5 million) of the ICPs to be repaid by a disposal or refinancing of some of the group's assets.

M-Trex eventually failed to raise sufficient funds for the redemption of the RM18 million (US\$5 million) ICPs maturing on the 21st May, said the rating agency. ⁽³⁾

MIDDLE EAST

Takaful firm on watch



KUWAIT: Standard & Poor's (S&P) has placed Wethaq Takaful Insurance's 'BBB-' counterparty credit and insurer financial strength ratings on CreditWatch with negative implications.

"The CreditWatch placement follows the recent default by Wethaq Takaful Insurance's parent company, The Investment Dar (TID), on one of its Sukuk issues," said S&P's credit analyst Lotfi Elbarhdadi. TID holds a 67% stake in Wethaq Takaful Insurance.

"Among the key features underlying our opinion of the financial strength of Wethaq Takaful Insurance as a Takaful player in Kuwait is the implicit benefit of it being a part of a large Shariah compliant shareholder."

We factored this benefit mainly into our opinion on Wethaq Takaful Insurance's financial flexibility and competitive position," said Elbarhdadi.

TID and its subsidiaries also act as asset and fund managers on behalf of Wethaq Takaful Insurance.

However, TID's recent default on a Shariah compliant instrument and the uncertainties regarding the outcome of its current debt restructuring program, have put into question the parent's ability to offer potential financial or business support to Wethaq Takaful Insurance. ⁽³⁾

GLOBAL

AAOIFI or IFRS?

Can conventional accounting standards be applied to Shariah-based financial transactions? Depends on who you ask. Malaysian Institute of Accountants president Nik Mohd Hasyudeen Yusoff thinks so. An Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) board member does not.

Hasyudeen wondered whether the standards developed by AAOIFI should be abandoned altogether and the International Financial Reporting Standards (IFRS) be adopted wholesale by institutions offering Islamic finance products for the sake of convergence. "If the promoters of Islamic finance feel that Shariah-based financing should be in the mainstream rather than remaining as a niche solution for Muslims, serious consideration should be given to further blend Islamic finance into the global financial market," he contended.

The AAOIFI board member spluttered indignantly: "Where do they come up with these things?" He disagreed that IFRS could be stretched to include Islamic standards: "The approach is different, the logic is different, and investor requirements are different. It will be exceptionally difficult. I don't see how they can do this."

For instance, there is the thorny issue of how to treat an Ijarah. "The Islamic model of accounting looks at the form of an Ijarah while the IFRS looks at the substance. So the reporting on both frameworks is at cross purposes. How are they going to resolve this?"

Hasyudeen felt that convergence should be the direction of financial reporting on Islamic finance, "...unless such an approach taints the validity of Islamic finance products." This is where the study on whether the IFRS can be applied to Shariah-based transactions without undermining Shariah principles comes in.

He suggested that global organizations such as AAOIFI or Islamic Financial Services Board should start communicating with International Accounting Standards Board (IASB) on this matter.

Hasyudeen pointed out that the IASB is in the process of coming up with a new conceptual framework for financial reporting as part of the convergence process with the US Generally Accepted Accounting Principles (GAAP). "Since AAOIFI has done a lot of good work in the area of accounting for Islamic finance, it could engage IASB and argue for Islamic finance to be accommodated in the newly minted framework."

Why is a converged accounting standard an attractive option? Hasyudeen pointed out that IASB's refusal to recognize the AAOIFI standards meant that Islamic financial institutions in countries such as Bahrain needed to have their financial statements qualified by IASB-affiliated auditors.

Perhaps, a simpler solution would have been for the IASB to simply recognize AAOIFI standards. Some six years ago, the former chairman of the Islamic Auditing Standards Committee, Noor ur Rahman Abid, who was also the former deputy chairman of AAOIFI, suggested that it was time for the IASB to do so. He pointed out that the IASB had already looked into AAOIFI standards and backed them, stopping short of actually endorsing them.⁽²⁾

By Jennifer Jacobs

GLOBAL

Sukuk the comeback kid?

Ernst & Young this week released the third annual Islamic Funds and Investments Report (IFIR 2009) which reveals that Shariah sensitive investable assets in 2008 in the Gulf Cooperation Council and Asia touched US\$736 billion versus US\$267 billion in 2007.

In computing the total asset size for last year, the report included Awqaf and endowments, Takaful operators in Malaysia and sovereign wealth funds in the MENA region and Asia. It also included the markets of Pakistan and Southeast Asia, which were not included in the 2007 figures. This translated into a potential annual revenue pool of US\$3.86 billion for the Islamic asset management industry. It also noted that Sukuk worth US\$15.5 billion were issued in 2008 as compared to US\$47.1 billion in 2007. It forecast issuances at US\$27.5 billion this year.

Islamic Finance news spoke to Ernst & Young Islamic Financial Services Group director Salman Jaffery, who said four factors are needed to drive the Sukuk market. Firstly, the debt capital markets would need to show an improvement. "When you see more consistent confidence when it comes to credit regionally and globally, this will impact the debt and Sukuk market," he said. He added that sovereign bonds, although not Islamic, would have a great impact on the Sukuk market in the GCC due to the size of the issuance.

Jaffery also pointed out that for funds and funds management, there was a lack of assets. "So while people are looking to do the Sukuk funds, there is not much Sukuk out there and at some point, their efforts are going to be limited until there are new Sukuk. There is so much you can structure in an existing Sukuk. You need more paper out there and right now it is just dried up," he added.

He added that this would create a demand pull. "We know that overall, asset management is becoming much more important now. That is a global Islamic finance trend. If that demand becomes very strong, that could be another factor to push the market," he said.

NCB Capital's chief economist Dr Jarmo T Kotilaine told *Islamic Finance news* that Sukuk offer an attractive alternative during the current economic crisis when bank credit is still quite tight; besides, it is now being recognized as an instrument for debt restructuring. "Many companies and government entities which had to dramatically change their financial plans are also now actively considering Sukuk as an alternative."

Kotilaine pointed out that the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) ruling, that certain forms of Sukuk are not Shariah compliant, has spurred further development in the Sukuk market. He said that as it is a new industry, the initial Sukuk mimicked conventional bonds as it could guarantee returns.

"I think initially what happened was the people were right to put a veneer of Shariah compliance on conventional bonds, so you ended up with instruments that mimic closely the properties of conventional bonds," he said, adding that many Sukuk have introduced the element of risk by not guaranteeing the value of the underlying asset upon maturity. He said there were other Sukuk transactions which were consistent with the AAOIFI ruling such as convertible Sukuk.⁽³⁾

By Raphael Wong

UAE

Making the tough calls

Hours after he said local companies would have to go back to their business plans and make the “tough calls”, Dubai’s de facto finance minister Nasser Al-Shaikh was told his services would no longer be required. He was then sent to languish in a relatively minor post in external affairs, the reason for the stunning demotion being conspicuous in its absence.

Reports began to trickle in. In the absence of definite information, all anyone could do was speculate. Al-Shaikh had been too outspoken, some said, he should have moderated his opinions, the way Mohammed Al-Abbar, one of Dubai’s most prominent real estate tycoons and a member of the emirate’s ruling council did when he told a press conference in January that Dubai was going through a “healthy” correction to property prices.

Others had it that Al Shaikh had clashed with a senior adviser to Dubai’s ruler and come off worse in the encounter. British academic and author of several books on the UAE Dr Christopher Davidson concurred: “As far as I am aware, Al-Shaikh was demoted due to a difference of opinion within the ruler’s advisory group. My understanding is that he was becoming too open about the extent of Dubai’s problems, unsettling the conservatives.”

Just before his dismissal, Al-Shaikh said the government would soon raise the second US\$10 billion tranche in its bond program, indicating that a number of international sovereign wealth funds had expressed interest in subscribing. What happens now? No one is saying.

It would be a stretch to call Al-Shaikh particularly critical of the status quo. Just before the news of his dismissal came, he had defended the bail-out of government-linked companies. “The existence of these corporations is very important to us as the government because they play a very important role in Dubai achieving its strategic objectives. Dubai cannot live without Emirates airline or the Dubai International Financial Centre. Dubai cannot live without some components of Dubai Holding and Dubai World.”

Al-Shaikh had been brought on board in October last year when Dubai’s property-driven economic boom came screeching to a halt. He was supposed to figure out the extent of the bleeding and raise funds to stanch the hemorrhage. The emirate has said it has outstanding debts of around US\$80 billion and unlike many of its neighbors, has few energy resources or foreign investments to draw upon for revenue during the crisis.

He raised US\$10 billion in a Sukuk that was fully subscribed by the UAE Central Bank, half of which had already been disbursed to the ailing companies to meet delayed contracting invoices with the rest going to a special fund to be set up over the next few months by investment bank Rothschild to extend funding to other cash-strapped entities. He did say he would be announcing how the funds had been allocated but was let go before this could happen.

Davidson pointed out that the demotion, and the lack of information surrounding it, is a further negative signal to the international investment community that Dubai is currently unable to manage its way out of the crisis. “Al Shaikh represented an important bridge between investors/creditors and Dubai Inc.”

Last week, in an attempt to placate investors thrown for a loop by news of Al-Shaikh’s removal, the ruler, Sheikh Mohammed Rashid Al Maktoum, issued the following statement through his aide, Mohammed Al-Shabani: “The government is firmly committed to sustainable fiscal policies and to adopt actions that are appropriate for the current circumstances, taking into account the scope of the global crisis, meeting Dubai’s financial obligations and future development requirements.”

He added that Al-Shaikh’s replacement, Abdul-Rahman Saleh, who previously held a position at Dubai’s customs authority, is “the right man to lead the next stage of managing the economic situation.”

Then, Abu Dhabi announced that it would be pulling out of the proposed Gulf Cooperation Council (GCC) monetary union, two weeks after the six-nation GCC announced the planned monetary council and said the central bank for the group would be located in the Saudi capital, Riyadh. The UAE had wanted its own capital, Abu Dhabi, to house the bank.

Its central bank governor Sultan Nasser Al Suwaidi, in justifying the pullout, said the decision to locate the GCC Central Bank in Riyadh was politically motivated and did not take into account UAE’s competitive advantages. “We have the largest number of banks, assets and deposits in the region. Additionally, we account for 50% of the GCC’s international money transfer.”

But it was not all about location. Al Suwaidi said UAE had reservations about the role of the GCC Monetary Council, the lack of a unified inflation rating system and the provision of four-month currency reserves for imports which failed to differentiate between imports destined for re-export and those for consumption.

UAE is the second economy out of the six GCC countries to give up on the target date of 2010 for the monetary union, after Oman said in 2007 that it would not be ready in time. However, most analysts agreed that this would have no immediate impact on either Abu Dhabi or Dubai. The general feeling is that even if UAE had not pulled out, there is little chance that the GCC countries would be trading in a single currency by next year. The members of the organization said in April that they could not come up with a new timeline until a monetary council was created. “This is likely to have no immediate impact on Dubai’s current difficulties, as the GCC monetary union is a long-term project,” Davidson pointed out.

In the face of all these ructions, however, he felt that the priority would be for Dubai to reassure investors that it remains a going concern even as it concedes that it is unable to go it alone. Not by a blanket statement that Abdul-Rahman Saleh is “the man for the job” but by an acknowledgement of the full scale of Dubai’s debt problems as well as its inability to operate as an autonomous macro-economy. “If, for political reasons, this acknowledgement continues to be delayed, then investor confidence will continue to deteriorate.”

Al-Shaikh may be gone but someone still needs to make the “tough calls”. (2)

By Jennifer Jacobs

ETFs in Malaysia: How They Fare

By Abdou Diaw, Salwana Hassan and Ng Boon Ka

Being one of the most innovative products of financial engineering at the end of the last century, exchange-traded funds (ETFs) have attracted wide array of investors as their advantages outweigh their inherent risks. Defined as listed index-tracking funds, structured as unit trust schemes aiming to achieve the same returns as a particular market index, ETFs are essentially open-ended unit trust funds.

They are listed and traded on a stock exchange with a unique creation and redemption mechanism supported by participating dealers and liquidity providers. While conventional ETFs have seen unprecedented growth, the Shariah compliant ETFs came about only in February 2006 when the DJIM (Dow Jones Islamic Market) Turkey ETF was listed on the Istanbul Stock Exchange.

In January 2008, MyETF DJIM Malaysia Titans 25 (MyETF) was established to give global asset managers and investors a unique vehicle for attaining desirable portfolio exposure to a new asset class, Asian Islamic finance. Its benchmark index – DJIM Malaysia Titans 25 Index – is reviewed quarterly and is based on the securities of the 25 leading Shariah compliant companies that are traded on Bursa Malaysia.

Listed on the main board of Bursa Malaysia on the 19th July 2007, the conventional FBM30ETF's benchmarks, such as the FTSE Bursa Malaysia Large 30 Index, have the largest 30 stocks by market capitalization which are screened for liquidity, investability and free float tested. By virtue of the fairly nascent nature of MyETF and FBM30ETF in Malaysia, a pioneering comparative study may shed light on their performance amidst the current financial crisis.

Structure and trading mechanics

Generally, MyETF is different from its conventional counterpart in terms of investment scope and Shariah governance structure, as shown in the diagrams. In MyETF, there is a distinctive need for regular screening, reviews and audits by the Shariah advisor/committee in line with Shariah

principles and guidelines by DJIM, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Securities Commission Malaysia (SC). Notably, it is the index strategy that each ETF follows and not the ETF structure that leads to a good or bad return.

Another innovation in the pipeline is Bursa Malaysia's Shariah compliant alternative to securities borrowing and lending (SBL) using the Waad (unilateral promises) structure to support the creation and redemption of Islamic ETFs which ensures real transfer of stock ownership. While there are usually no seeders in a normal ETF, the government-linked investment companies (GLICs) played the role of seeders (840 million units) and investors in MyETF.

According to i-VCap CEO Zainal Izlan, the primary reason for the GLICs' participation was the government's effort to reduce part of GLICs' holding in some of these shares. The role of GLICs in MyETF is two-fold – facilitate the creation and reduce the market disturbance during the subscription.

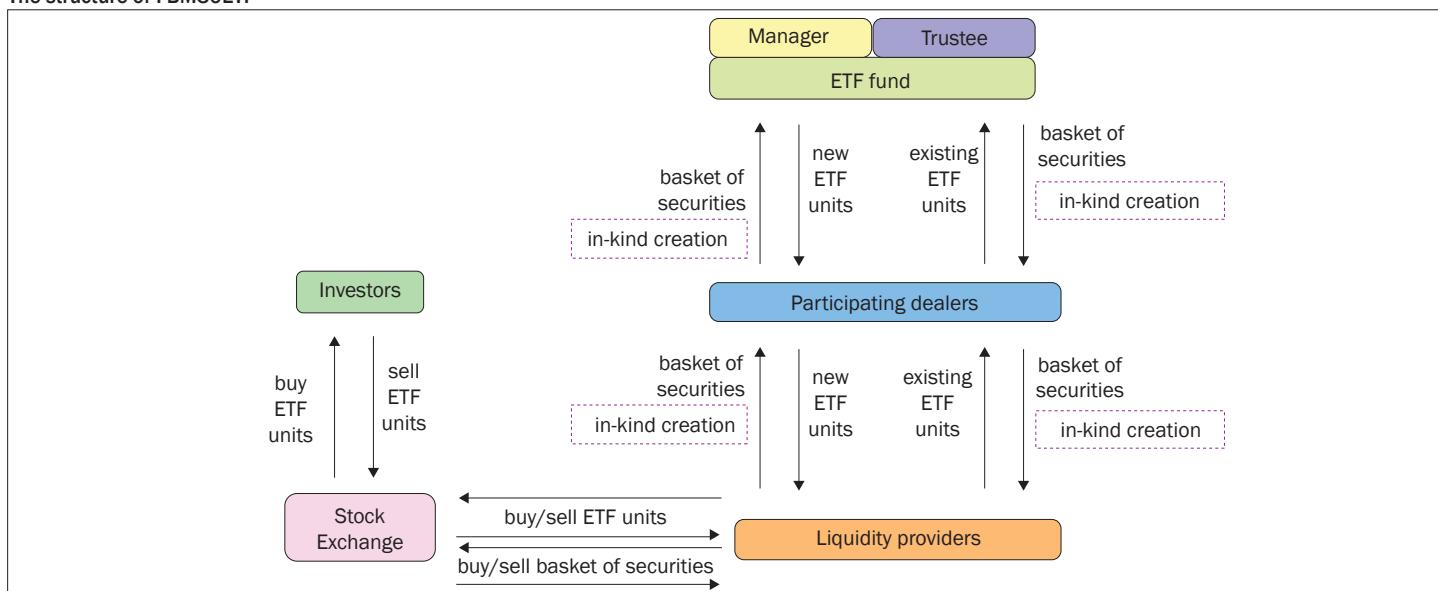
Analytical comparison of performance

Given that ETF are particular types of mutual funds and their objective is to track the performance of a particular index, the comparison was conducted in two phases. In the first phase, the performance of the ETFs was evaluated with respect to their index. In the second phase, comparison was made between the performances of the two ETFs.

The period is the whole of 2008, taking into account the declining overall markets, the Kuala Lumpur Composite Index (KLCI) plunging from 1,500 to 876. Over the 12 months, KLCI recorded positive returns only in April and December. With the daily closing prices quoted on Bursa, benchmark indices and proxy for interest free rate (three-month KLIBOR), regression was conducted on the excess return of each ETF on the excess return of the corresponding benchmark to

continued...

The structure of FBM30ETF



Source: FBM 30 ETF Prospectus

ETFs in Malaysia: How They Fare (continued)

obtain the standard deviation and beta. All the results are statistically significant at 1%.

First phase of comparison

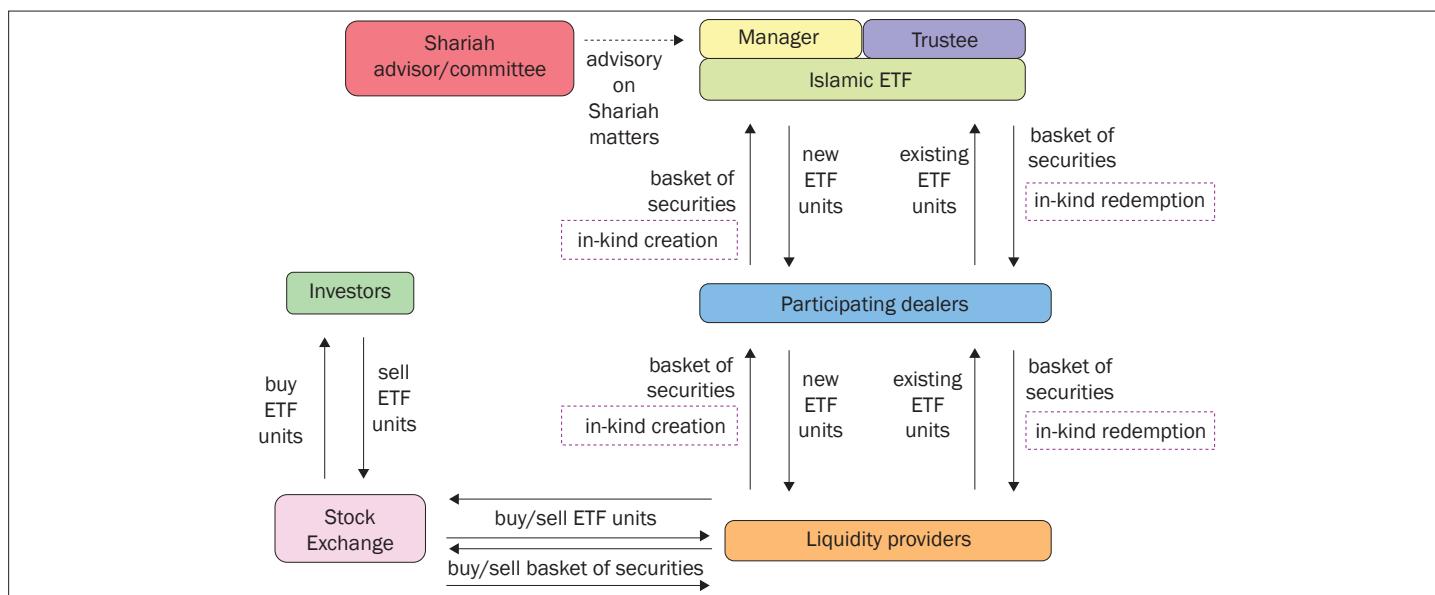
The objective of the MyETF manager outlined in the prospectus is to provide investment results that closely correspond to the performance of the benchmark, regardless of its performance. The manager should attempt to achieve an absolute value of tracking error of less than 3% between the Net Asset Value (NAV) of the fund and the benchmark index.

Ideally, the tracking error (TE) should be zero if the ETF perfectly mirrors the underlying index. The TE of MyETF to DJIM 25 as at the 31st December 2008 is 1.45%, which is well within the 3% limit. Thus, My-ETF is highly correlated with its index. The average daily return for My-ETF in its first year was down by 0.2% but the index dropped by 0.3% (Table 1). It shows that, on the average, the ETF plummeted slightly less relative to the index due to portfolio rebalancing. The absolute returns for both MyETF and its index were negative given the global market condition.

The higher standard deviation of MyETF (2.32) as opposed to the benchmark index (1.91) indicates that MyETF has more exposure to total risk. The systematic risk measured by beta is lower in MyETF compared to its index, demonstrating that most of MyETF's risk was diversified. As for FBM30ETF, the objective of the fund is to achieve a price and yield performance, before fees, expenses and tax, which is generally similar to the benchmark index, balanced with the need to facilitate liquidity provision. Over time, the manager of FBM30ETF aims to achieve performance with a correlation of 95% or better between the Fund's portfolio NAV and the benchmark index.

However, based on our computation, the correlation coefficient between FBM30ETF and its benchmark is 0.75 (75%) which indicates that the fund had failed to attain its stated objective. The decrease of average daily return of FBM30ETF is slightly less than its benchmark index, 0.19% as opposed to 0.21% (Table 1). The absolute return for FBM30ETF was negative in tandem with the global market situation.

The structure of MyETF



Source: MyETF-DJIM25 Prospectus

The standard deviation of FBM30ETF (1.64) with the FBM30 index (1.43) implies that FBM30ETF is more volatile than its benchmark. A greater part of FBM30ETF's risk is unsystematic which is indicated by the low beta.

Second phase of comparison

The comparison between the performances of MyETF and FBM30ETF will be in absolute term due to the absence of a common index reference. At the outset, we note that MyETF is larger than FBM30ETF with a net asset of at least 128 times more. This difference in size is visible through the discrepancy in the average daily trading volume, whereby we have 5,233 for the Islamic fund against 142 for the conventional. An explanation to this could be that MyETF is sponsored by a constellation of seven government-linked companies with a national investment agenda.

In totality, the performances of the two funds are lackluster and similar, with FBM performing somewhat better. Given the negative sign of all the performance measures, the average daily return and the annual returns based on the NAV and quoted prices of FBM30ETF are still superior to MyETF (Tables 1 and 2). By virtue of the financial downturn, it seems that the risk-adjusted measures (Sharpe, Treynor, and Jensen) are irrelevant. The reason for such stance is that these measures are employed to determine the reward per unit of risk during normal periods where returns are positive. They are positively related to the performance of the fund.

Both Sharpe and Treynor measures relate average excess return to risk, thus the higher ratio means better performance or less volatility. Market efficiency theory indicates that the Jensen alpha should be zero or negative over an extended time period. Our analysis found that both ETFs have negative Jensen's measure.

However, these measures may lead to some forms of aberration. The two funds have almost the same average daily return: -0.20% (MyETF) and -0.19% (FBM30ETF). Notwithstanding that MyETF is better diversified with a lower beta (0.67 against 0.84 for FBM30ETF), it is bizarre that the funds' investors would be worse off according to Treynor's *continued...*

ETFs in Malaysia: How They Fare (continued)

measure whereby the figures are -5.7 and -4.54 for MyETF and FBM30ETF respectively.

Another abnormality is with respect to Jensen's measure, whereby the daily negative abnormal returns for MyETF and FBM30ETF are respectively 118% and 60%. Therefore, we may conclude that these risk-adjusted measures are not reliable when the excess returns are negative. Despite the lower management expense ratio (MER) for MyETF (0.51% against 1.06% for FBM30ETF), such economies of scale (lower cost and higher trading volume) were not translated into better return as one may reasonably expect.

A possible justification of this underperformance of MyETF in relation to FBM30ETF despite the former's edge may be identified in its portfolio composition which excluded the finance sector that was among the relatively least affected during 2008 (-37.72%). This was aggravated by the allocation of more than 20% of the MyETF portfolio in the plantation sector which recorded the second worst in terms of performance (-48.79%). As for FBM30ETF, 25% of its portfolio was invested in the finance sector and less than 7% in the plantation sector.

Conclusion

ETFs were not spared from the turbulent 2008 which precipitated bearish outlooks for investors. Notwithstanding the success in tracking and even outperforming their respective benchmarks, the two ETFs had overall similar negative performance, with a sharp decline in prices and NAV.

Although this study was constrained by limited data to compute the b-a spread, the large trading volume of MyETF may imply high degree of liquidity in its benchmark market. Sharpe used more data (five years) and a larger series of indices than our sample as both ETFs are at their infant stage.

Nonetheless, it is worth to note that ETFs adopt a passive strategy under the assumption of efficient markets. The question arises as to whether the Malaysian financial market is efficient or otherwise. A 2007 report in the International Review of Financial Analysis found that Malaysia is the least efficient of eight Asian countries from 1992 to 2005.

The passive strategy is questionable during bearish periods since the strategy restricts itself in shifting from risky investments to safer ones. Such an approach may or may not necessarily contradict reasonable rationality and value investing as actively managed funds do not consistently outperform market indices over the long horizon. Moving forward, it would be enlightening to conduct research on the performance of ETFs vis-à-vis actively managed funds.⁽²⁾

Abdou Diaw, Salwana Hassan and Ng Boon Ka are PhD candidates in Islamic finance at the International Centre for Education in Islamic Finance (INCEIF). They can be contacted at ngboonka@yahoo.com.

Table 1: NAV, MER, PTR of ETFs

	MyETF-DJIM 25		FBM30ETF	
	31 st December 2008	21 st January 2008	31 st December 2008	31 st December 2007
Net asset (RM)	482,712,668	840,107,213	3,748,000	22,020,000
Units in circulation	831,000,000	853,000,000	650,000	2,340,000
NAV (RM)	0.5809	1	5.7668	9.4103
Total return based on NAV (%)	-41.9	-	-37.2	7.68
Total return based on price (%)	-39	-	-36	-
MER (%)	0.51	-	1.06	1.21
PTR (times)	0.2	-	1.69	1.48

Table 2: Risk-adjusted performance measures and results

	Islamic		Conventional	
	MyETF-DJIM25	Benchmark	FBM30ETF	Benchmark
Average daily return (%)	-0.2	-0.3	-0.19	-0.21
Standard deviation	2.32	1.91	1.64	1.43
Beta	0.67	1	0.84	1
Correlation coef.	0.6	0.6	0.75	0.75
Sharpe's measure	-1.65	-2.05	-2.33	-2.67
Treynor's measure	-5.7	-3.92	-4.54	-3.83
Jensen's measure	-1.18	-	-0.6	-
Average daily volume	5,233	95043991	142	NA
Average geometric annual return (%)	-32.46	-44.51	-33.56	-36.36
HPR first quarter (%)	-8.42	-10.49	-7.49	-9.83
HPR second quarter	-3.41	-0.25	-5.18*	-7.37
HPR third quarter	-23.81	-27.12	-16.15	-13.15
HPR fourth quarter	-4.69	-14.11	-9.91*	-14.29

Dow Jones Islamic Market Indexes in May: It all relies on the East

By Gérard Al-Fil

May was the month of the world's Eastern exchanges. Among the Dow Jones Islamic Market (DJIM) Indexes, which measure the performance of Shariah compliant shares of regions and sectors worldwide, India was catapulted to the top in relation to both monthly and year-to-date performances.

The DJIM India Index gained 25.65% (as of the close of trading on May 26th), mostly because Prime Minister Manmohan Singh, an Oxford-trained economist, and his ruling Congress Party gained in that nation's parliamentary elections. This was widely regarded as a sign of stability and triggered hopes for quick measures to stimulate the economy. Post-election euphoria has been so high that trading at the Mumbai stock exchange had to be halted for a day by its regulator for the first time ever.

The DJIM Amana Sri Lanka Index posted the second largest gain in May, advancing by 18.02%. This came amid the end of a brutal 25-year-old civil which culminated in the total defeat of the separatist "Tamil Tigers" in the north of that island country. Since the Islamic Indian index is bank-heavy, it could not keep up with its conventional counterpart (gaining 33.49%). Beside interest-taking firms, stocks of those corporations with debt exceeding one-third of their market capitalization are excluded from the DJIM universe as well.

The third largest gain was posted by the DJIM BRIC Index (16.10% higher). Brazil, Russia, India and China, as countries with huge energy and metal reserves, benefited from a rebound of commodity prices. Oil advanced above US\$60 a barrel for the first time in six months. So did the DJIM Oil & Gas Index (up 11.42%); its first double digit advance since the beginning of 2009.

But not everything in the world's largest continent is looking bright. Central Asia, for instance, is facing severe problems. "Central Asia's economy will shrink by 2.6% this year due to the volatile situation in Afghanistan and Pakistan", says Ahmed Masood, International Monetary Fund director for the Middle East and Central Asia. War is in full swing in Pakistan. Its government, obviously inspired by the

outcome in Sri Lanka, wants to crack down on Taliban forces in the strategic Swat valley once and for all.

It is important to remember that Pakistan is considered the causeway of Islamic finance between the Middle East and East Asia. This indicates that investors should tread carefully, despite recent rebounds at the markets. Islamic investors especially have little reason to benefit. Debt-laden firms (many of which are gaining right now) are excluded from Islamic indices, and weapon producers are as well.

Among the country indices, only the DJIM South Korea Index posted losses (down 1.38%). This was due to another nuclear test by the communist North, which suddenly — and shockingly — declared the 1953 armistice that ended the Korean War as "nil and void".

The DJIM US Titans 50 Index ended only a little better than Korea, gaining 2.61% in May. That was even less than the DJIM Citigroup Sukuk Index (7.34% higher), the indicator for Islamic bonds. The DJIM Europe Titans 25 Index did little better, gaining 8.97%.

Both the US and Europe are suffering from a virtual consumer strike; this despite the fact that cars, houses and IT products are literally sitting on the bargain table. It is therefore of no surprise that the DJIM Consumer Services Index remained unchanged.

Nevertheless there seems to be some light in the tunnel. Economists agree that the "freefall" of the world economy has stopped. On the 26th May, US consumer confidence hit its highest level in eight months. In Germany, the business climate index rose for the second consecutive month for the first time in ages.

Investors should be ready for individual rebounds. This summer is certainly going to be the season for stock pickers.⁽³⁾

Gérard Al-Fil reports extensively from the UAE, Kuwait, Bahrain, Qatar, Oman, Turkey and Iran. He can be contacted at alfil27@msn.com.

Vince Cook
Chief Executive Officer,
The Islamic Bank of Asia

"Since our inception, we have found IFN to be a timely source of intelligent commentary on the issues of the industry and a great source of reference material."

Two sides of a coin

SUBSCRIBE NOW!

Islamic Finance news
A Marketing Project
The World's Oldest Islamic Finance News Provider

Issue Number 107, Paris, France, 12 December 2008

www.islamicfinancenews.com

Dow Jones Islamic Market Indexes in May: It all relies on the Eas (continued)

May 2009 "Islamic Market's Measure" – Preliminary Report

Based on the close of trading on 26th May, the global **Dow Jones Islamic Market Titans 100 Index**, which measures the performance of 100 of the leading Shariah compliant stocks globally, gained 4.67% month-to-date, closing at 1739.68. In comparison, the **Dow Jones Global Titans 50 Index**, which measures the 50 biggest companies worldwide, posted a gain of 6.13%, closing at 141.69.

- The **Dow Jones Islamic Market Asia/Pacific Titans 25 Index**, which measures the performance of 25 of the leading Shariah compliant stocks in the Asia/Pacific region, increased 6.34%, closing at 1481.54. The **Dow Jones Asian Titans 50 Index**, in comparison, posted a gain of 6.82%, closing at 111.18.
- Measuring Europe, the **Dow Jones Islamic Market Europe Titans 25 Index**, which measures the performance of the 25 of the leading Shariah compliant stocks in Europe, closed at 1744.09, a gain of 8.97%, while the pan-European blue chip **Dow Jones STOXX 50 Index** gained 10.68%, closing at 2220.29.
- Measuring the performance of 50 of the largest Shariah compliant US stocks, the **Dow Jones Islamic Market US Titans 50 Index** increased, closing at 1776.59. It represents a gain of 2.61%. The US blue-chip Dow Jones Industrial Average increased 3.74%, closing at 8473.49.

Middle East and GCC Regions

Dow Jones Islamic Market Indexes Versus Conventional Dow Jones Indexes

In May, the **Dow Jones DFM Titans 10 Index**, measuring the 10 largest and most liquid stocks listed on the Dubai Financial Market, closed at 2278.11. It is a gain of 9.38% month-to-date.

The **Dow Jones Islamic Market Kuwait Index** posted a gain of 11.41%, closing at 925.13. Its conventional counterpart index, the **Dow Jones Kuwait Composite Index**, was up, closing at 220.38. It represents a gain of 8.95%.

The **Dow Jones Islamic Market Turkey Index** closed at 2277.97, a performance of 9.02% month-to-date, while the **Dow Jones Turkey Total Stock Market Index** closed at 751.90, a gain of 12.78%.

Measuring the performance of Shariah compliant stocks of five of the Gulf Cooperation Council (GCC) member states, the **Dow Jones Islamic Market GCC Index** closed at 1257.81, a gain of 11.14%. The conventional **Dow Jones GCC Index** was up 9.44%, closing at 1306.14.

Other Markets and Asset Classes

The **Dow Jones Islamic Market BRIC Equal Weighted Index** increased 16.10%. It had a closing value of 1460.23. By comparison, the **Dow Jones BRIC 50 Index** closed at 449.56, a gain of 15.62%.

The **Dow Jones Citigroup Sukuk Index**, which measures the performance of global bonds complying with Islamic investment guidelines, increased 7.34%, closing at 104.15.

The **Dow Jones Islamic Market Sustainability Index**, which measures sustainable practice business of companies respecting the Shariah laws, increased 6.78%, closing at 1916.55. The conventional **Dow Jones Sustainability Index** gained 8.48% with a closing value of 809.52.

Global May 2009 Industries Winners and Losers

The three best performing **Dow Jones Islamic Market Industry Indexes** were **Basic Materials**, **Financials** and **Oil & Gas** with performances of 15.21%, 11.42% and 11.13%, respectively. The **Dow Jones Islamic Market Consumer Services**, **Dow Jones Islamic Market Technology** and **Dow Jones Islamic Market Telecommunications** indexes were the three worst performing industry indexes with performances of 0.65%, 1.83% and 3.13%, respectively. (↑)

Asia: Performance of Dow Jones Islamic Market versus Conventional Dow Jones Indexes

Dow Jones Islamic Market Indexes			Conventional Dow Jones Indexes		
Index Names	Index Close May 2009	MTD 2009	MTD 2009	Index Close May 2009	Index Names
DJIM Asia/Pacific Index	1026.56	10.25%	9.24%	102.26	DJ Asia/Pacific Index
DJIM China Offshore Index	1907.98	13.40%	6.68%	3201.47	DJ China Offshore 50 Index
DJIM Hong Kong Index	1020.77	7.14%	12.55%	323.85	DJ Hong Kong Index
DJIM India Index	1205.95	25.65%	29.18%	1318.68	DJ India Total Stock Market Index
DJIM Indonesia Index	828.39	12.36%	11.59%	100.89	DJ Indonesia Index
DJIM Japan Index	868.11	9.10%	9.37%	76.48	DJ Japan Index
DJIM Malaysia Index	1132.03	6.38%	8.17%	151.49	DJ Malaysia Index
Dow Jones-JS Pakistan Islamic Index	8609.02	3.29%	-0.86%	505.66	DJ Pakistan Total Stock Market Index
DJIM Philippines Index	1240.05	6.28%	12.42%	124.20	DJ Philippines Index
DJIM Singapore Index	809.75	12.76%	20.23%	196.50	DJ Singapore Index
DJIM South Korea Index	542.50	-1.38%	1.01%	173.29	DJ South Korea Index
DJIM Amana Sri Lanka Index	1044.04	18.02%	33.49%	132.14	DJ Sri Lanka Index
DJIM Taiwan Index	3565.19	10.93%	13.07%	126.91	DJ Taiwan Index
DJIM Thailand Index	1102.59	12.73%	13.14%	68.87	DJ Thailand Index

Expanding Financial Frontiers – Part 1

By Hossein Askari, Zamir Iqbal and Abbas Mirakhor

Financial market efficiency and resilience are determined by the market's depth and breadth. Depth is indicated by the volume and frequency of transactions, while breadth is measured by the array of financial instruments and services available.

The depth of Islamic financial markets is still relatively small when compared to conventional markets. Much of Islamic financial markets is dominated by commercial banking activities, but even this is still less than 1% of total conventional banking. Although there is growth in other areas of finance, such as capital markets and insurance, the relative size of these is also very small.

In terms of breadth, Islamic financial markets offer limited products and services. Even when compared to an emerging market, the pace of growth and introduction of new products and services is very slow. The reasons for these are based on two observations:

Quality of innovation

In terms of the quality, most of the innovation is driven by increased demand for products and services compatible with the Shariah, which in turn is putting undue pressure on the financial intermediaries to deliver. In addition, financial intermediaries – whether Islamic or conventional offering Islamic products – are rushing to capture the market without much transparency and due diligence in the design of the products. A good example of such rush to deliver is the introduction of those Sukuk structures that are now questioned by the Accounting and Auditing Organization for Islamic Financial Institutions and are not considered to be fully compatible with the Shariah.

Process of innovation

Other than the quality, the process of introducing new products is worthy of scrutiny. The developments in the Islamic financial markets and the introduction of new products are prime examples of "reverse engineering," where a conventional product is being replicated to conform to the Shariah or a conventional product is "wrapped" in a Shariah compatible deliverable. This trend is troublesome as the process may not be strictly Shariah compliant.

Furthermore, there is less emphasis on the development of infrastructure supporting the introduction of Shariah compatible instruments, which are unique in risk/return profile. Whereas the Shariah encourages risk-sharing financial instruments and services, in reality there is a dearth of such instruments because the financial infrastructure conducive to such risk-sharing instruments is absent.

Both the quality and the process of introducing new products and services need to be improved. If such measures are not taken, Islamic finance cannot maintain a healthy growth rate and sustain itself.

Transparency and sound foundation

The real danger is that due to low transparency, products that are not fully Shariah compliant will be produced and therefore become contaminated. The other danger is that working within current constraints and without building a sound infrastructure, Islamic finance will fail to provide practical solutions to the needs of individuals, firms, and the state, which will lead to loss of confidence in the system.

If Islamic finance's full potential is to be realized, it is important that Islamic finance expand itself beyond commercial banking and venture into other financial frontiers that are currently unexplored. There is a need to develop a spectrum of products and services that will not only serve the demands of the markets but also help develop a sound foundation for building more complex products and services through financial engineering.

There are several areas where innovative solutions from Islamic finance are long overdue:

Exploring new frontiers through financial engineering

Financial engineering and financial innovations are driving the global financial system toward greater economic efficiency by expanding the opportunities for sharing risk, lowering transaction costs, and reducing asymmetric information and agency costs. Financial engineering involves the design, development and implementation of innovative financial instruments and processes, as well as the formulation of creative solutions.

Financial engineering may lead to a new consumer-type financial instrument, a new security, a new process or creative solution to corporate finance problems, such as the need to lower funding costs, manage risk better or increase the return on investments. For Islamic financial institutions, a financial engineering challenge is to introduce new Shariah compatible products that develop much-needed money and capital markets and enhance liquidity, risk management and portfolio diversification.

Generally, attempts to apply financial engineering techniques to Islamic banking will require the commitment of a great deal of resources to understand the risk/return characteristics of each building block of the system and build new products with different risk/return profiles that meet the demand of investors, financial intermediaries and entrepreneurs for liquidity and safety. New financial innovations are also needed to satisfy the demand for instruments at both ends of the maturity structure: extremely short-term deposits and long-term investments.

Money markets that are Shariah compatible do not exist at present, and there is no equivalent of an Islamic interbank market where banks could place, say, overnight funds or borrow to satisfy a need for short-term liquidity. Although securitization of a pool of lease portfolios could help to develop the interbank market, the volume of transactions offered by securitization may not be sufficient to meet the demand.

With increased globalization, integration and linkages with global financial markets have become critical to the success of any capital market. Such integration becomes seamless and transparent when a financial market offers a wide array of instruments with varying structures of maturity and opportunities for portfolio diversification and risk management.

Financial engineering in Islamic finance will have to focus on the development of products that foster market integration and attract investors and entrepreneurs to the risk/return characteristics of

continued...

Expanding Financial Frontiers – Part 1 (continued)

the product rather than to the fact of the product being Islamic. As impressive as the record of growth of individual Islamic banks may be, so far they have served mostly as intermediaries between Muslim financial resources and major commercial banks in the West.

It has been a one-way relationship. No major Islamic bank has been able to develop ways and means of intermediating between the supply of western financial resources and the demand for them in Muslim countries. There is an urgent need to develop marketable Shariah-based instruments by which asset portfolios generated in Muslim countries can be marketed in the West.

The development of new products and financial engineering are resource-intensive activities. All major conventional banks have dedicated departments that conduct background market research, product development and analytical modeling. These activities demand financial and human resources, which are costly.

Conventional financial institutions can justify these costs because they are able to recover them, in most cases, from the volume of business generated as a result of the innovative product. Costs associated with the development of new products are rising due to the increasing complexity of the business environment as a result of regulatory or accounting and reporting standards.

Islamic financial institutions are, in general, of small size and cannot afford to invest substantial funds in research and development. They are unable to reap the benefits of economies of scale. Considering the importance of financial engineering, Islamic financial institutions should seriously consider making joint efforts to develop the basic infrastructure for introducing new products.

Conducting basic research and development collectively may save some of the costs required to build this infrastructure individually. A good example of such collective effort would be to sponsor research into the development of analytical models, computer systems and tools to analyze the risk and return on different instruments. (1)

This is the first part of an extract from a book titled "New Issues in Islamic Finance and Economics: Progress and Challenges." (The second and final part of this excerpt will appear next week.)

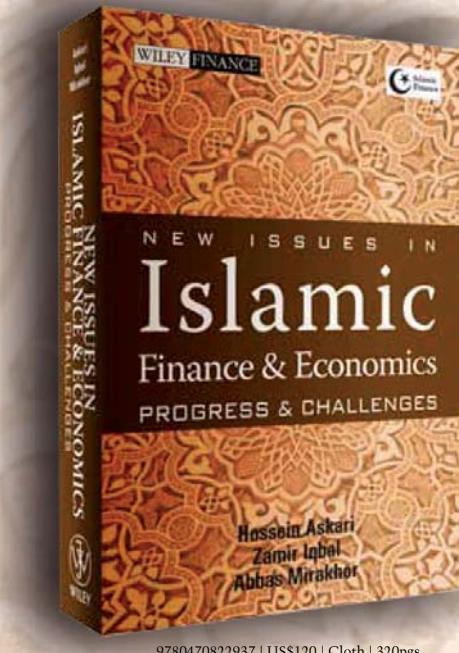
Professor Hossein Askari is the Iran Professor of International Business and Professor of International Affairs at the George

Washington University. Both he and co-author Dr. Abbas Mirakhor served on the Executive Board of the IMF. Dr. Zamir Iqbal currently works as lead investment officer with the Quantitative Strategies, Risk and Analytics department in the Treasury of the World Bank in Washington, D.C.

New Issues in Islamic Finance and Economics: Progress and Challenges. 0470822937/Copyright 2008 by Hossein Askari, Zamir Iqbal and Abbas Mirakhor. Reproduced with the permission of John Wiley & Sons, Asia.

NEW ISSUES in Islamic Finance & Economics

Available at All Leading Bookstores



'This volume certainly fills a gap in Islamic Finance literature.'

Not many have the broad knowledge of Askari, Iqbal, and Mirakhor who provide in this book comprehensive, useful and analytical information on issues that are hardly addressed by others in this field.'

Prof. Rifaat Abdul Karim
Secretary General
Islamic Financial Services Board

WILEY
Now you know.
wiley.com

For enquiries, please contact:
John Wiley & Sons (Asia) Pte Ltd
2 Clementi Loop, #02-01 LogisHub@Clementi, Singapore 129809
Customer Service Hotline: (65) 6460 4280 Fax: (65) 6463 4604
Email: csd_ord@wiley.com Wiley Homepage: <http://www.wiley.com>

The Fate of Tawarruq Going Forward

By Oliver Ali Agha

The Islamic finance industry is evolving. A decade or more ago, Islamic structures were unabashedly conventional replications in Shariah form but not in substance. To render a conventional instrument “compliant” required merely removing the word “interest” and substituting it with “profit.”

As the market developed, evolving structures continued to create controversy since at their core they remained conventional in nature, relying heavily on hiyal or legal fiction in order to give them a Shariah compliant packaging.

However, the use of hiyal is in direct contravention to the Islamic doctrine of *Sadd adh-Dharai*, accepted by an overwhelming majority of the schools of thought, that states that actions that lead to an impermissible result are prohibited.

Thus, as scrutiny has turned to the substance rather than the form of Islamic finance transactions, debate is now centered on many products carrying a “Shariah compliant” label but which are in fact conventional finance deals.

For example, Muhammad Taqi Usmani in his *Fatwa* entitled “Sukuk and their Contemporary Applications” drew attention to some of the more “creative” Sukuk structures, expressing concerns that these were, in fact, conventional bonds involving riba despite the wording of the underlying documentation.

Now, with the issuance of the *fatwa* by the International Council of Fiqh Academy (ICFA), the debate has enveloped Tawarruq transactions and in particular the more complex reverse commodity Tawarruq arrangements. The above-mentioned *Fatwa* has provided a review of the various Tawarruq structures and then issued its views on their legitimacy (or lack thereof).

In its *Fatwa*, the (ICFA) specifically stated that the original manifestation of a Tawarruq (where a person buys merchandise at a deferred price in order to sell it in cash at a lower price, usually to a third party, to obtain cash) is a Shariah compliant transaction provided that the sale agreements are themselves Shariah compliant.

However, the (ICFA) then went on to state that more complex transactions known as reverse commodity Tawarruq, or simultaneous organized and reverse Tawarruq, are not Shariah compliant. Such arrangements have been commonly used to raise finance on the back of real or fictional commodity trading.

Under this arrangement the borrower approaches a lender and asks for a loan. The lender then “sells” commodities to the borrower on behalf of a supplier for an agreed amount plus profit on a deferred basis.

The borrower then immediately “re-sells” the commodity to the original seller, usually for the original amount paid by the lender (often with the lender acting as the agent for the borrower).

The concerns expressed by the (ICFA) primarily revolved around the fact that the above-mentioned structure is, in effect, a conventional finance transaction involving a fixed and largely risk free return (riba).

It used the term “deception” to describe the use of the fictional commodities trades in circumstances where the parties never had any real intention of purchasing commodities, such commodity transactions simply being a means to execute the credit agreements.

While used in the Islamic finance industry, the reverse commodity Tawarruq is of concern to those looking to steer the development of Shariah finance away from conventional structures. Firstly, as pointed out by the (ICFA), it contains a hidden element of riba.

In addition, the complex web of simultaneous commodities trades (many of which may never actually take place) obfuscates the real nature of the transaction and undermines the requirement in Shariah compliant financing of transparency on the part of both parties and the nature of the transactions reflecting the real intentions of the parties.

Without the underlying commodity entering/remaining in the deal, the debt obligation has no underlying asset or commodity to attach itself to and therefore may undermine the stability of the financial system in the same way that toxic bonds and excessive gearing did in conventional finance.

The ruling of the (ICFA) should be welcomed as a move towards the development of genuine and substantive Islamic finance and away from disingenuous and replicated transactions.

Such a development will buttress the Islamic finance industry as an autonomous viable alternative to conventional finance, particularly when conventional finance has been ravaged by the excesses of leverage, speculation (hedge funds), derivatives and bifurcation of assets from debt and on-sale (collateralized debt obligations), each of which is prohibited/problematic in Islamic jurisprudence.

In the short term there is likely to be some disruption in relation to financings that are undertaken using the reverse commodity Tawarruq structures. However, some commentators have suggested that their use in the Middle East is already in decline and there has been a palpable discomfort among scholars on such structures in any event. The pronouncement of the (ICFA) will be the final nail in the coffin of the reverse commodity Tawarruq.

Meanwhile, Islamic finance will continue. In Islam, we believe that in the application of the principle, profit takes a subordinated role: As coined at our firm: “Principle before Profit” must be the mantra, not the other way around. (☞)

oliver ali agha shamsi
A SHARI'AH COMPLIANT PRACTICE

Oliver Ali Agha
Managing partner

Tel: +9712 6747 234
Fax: +9712 6747 237

The International Council of Fiqh Academy recently resolved that the simultaneous use of classic Tawarruq and Reversed Tawarruq were not permissible despite it being a popular structure within the Islamic financial industry, particularly in the Middle East. What effect will this resolution have on the industry?



Classic Tawarruq is used as a means for a client to obtain cash and repay through deferred payments. It serves the same financial purpose as a loan, but because it involves trading transactions and no interest is payable, it is regarded as legitimate under Shariah. Some of the contemporary methods used for Tawarruq have caused unease amongst the scholars, notably when a client simultaneously sells the commodity acquired by the bank for cash before repaying the bank through deferred payments. It is evident that the client wants cash, not the commodity, and the trade could be regarded as deceitful, although the interests of none of the parties are actually harmed.

Reverse Tawarruq is where a client purchases a commodity and then sells it to a bank for a mark-up, which subsequently sells on the commodity. Financially, the effect is the same as an interest bearing deposit but no interest is paid. It is this transaction that the International Council of the Fiqh Academy ruled impermissible at their meeting in Sharjah.

Classic Tawarruq is used more widely than reverse Tawarruq, so the ruling will not directly affect most Islamic financial institutions in the GCC. Furthermore, as Shariah compliance is devolved in the GCC, there is no obligation for the Shariah board of each Islamic financial institution to follow the Fiqh Academy ruling. However, the bad publicity which Tawarruq has received has resulted in Islamic financial institutions referring to it less, and often not at all, in their promotional literature and marketing campaigns. In other words, the moral authority of the Fiqh Academy has an impact, even though there are no formal mechanisms to ensure that its rulings are enforced.

PROFESSOR RODNEY WILSON: Faculty of Islamic Studies, Qatar Foundation



Historically, the main Shariah issue with Tawarruq transactions is related to the fact that the intention behind the purchase of the commodity is not to own and use the commodity. Instead, the commodity is sold instantaneously in order to obtain the required funds. As a result, the asset is typically used as a means to an end to provide finance against a positive return.

While the nature of Tawarruq may not strictly comply with Shariah principles, the reasons behind using this product should be taken into consideration on a case by case basis before the product is deemed to be non compliant. In the event Tawarruq is used purely to synthesize a conventional interest-bearing loan, the ICFA ruling should take effect. However, although Tawarruq may not be the most perfect instrument and has serious Shariah issues associated with it, it does serve a purpose when Value Added Tax (VAT), stamp duty or other taxation rules pose limitations on Islamic finance and the Tawarruq is the only feasible transaction type available.

DR NATALIE SCHOON: Head of product management, Bank of London and the Middle East



The Islamic banking and financial industry is still in its infancy and growing, continuing the process of developing different liquidity management products that are not only Shariah compliant but also serve the business needs of Islamic financial institutions. It is hoped that the recent ruling of the International Council of Fiqh Academy will simplify the framework under which Islamic financial institutions can design their products based on Tawarruq.

The ruling aims to separate the various roles confined with the same financial institution as practiced in reverse Tawarruq in some markets. Moreover, the introduction of several independent parties in the transaction would also tone down the criticism of the current practices adopted by few Islamic banks. This ruling would also provide regulators with a fresh look on the issue.

Moreover, Sukuk will take pivotal importance in the aftermath of this ruling for filling the gap for liquidity management in Islamic finance industry. Qard Hasan as an alternative suggested by the International Council of Fiqh Academy is economically and socially more appropriate, but there is a long way to go before the industry matures and a transparent and ethical financial system is established. This ruling may improve the image of the regulators and consequently the industry, that they are unbiased and neutral to the business needs of the industry when it comes to giving Islamic principles the absolute priority.

AHMED ALI SIDDIQUI: Executive vice-president, product development and Shariah compliance, Meezan Bank

continued...

Sharing Risk dot Org

www.sharingrisk.org

The fatwa on the use of Tawarruq has the potential to become a larger issue for the Islamic finance industry than the AAOIFI ruling on Sukuk if it becomes accepted across the industry and is broadened to include commodity Murabahah. Although the latter is similar to Tawarruq and is in greater use, it is less controversial. However, regardless of whether the ruling is adopted and/or broadened, it highlights the difficulty facing the industry in developing products that function in a similar way to inter-bank money markets (outside of Malaysia).

The lack of instruments for use in liquidity management represents a significant impediment to future growth of the industry as it forces Islamic banks to maintain higher levels of capital, which reduces profitability. On the bright side, having this additional liquid capital on Islamic banks' balance sheets provides a buffer that may explain why there has been less disruption in the market as the real estate crash deepens in parts of the Gulf. Whether or not the Tawarruq and commodity Murabahah products remain accepted as Shariah compliant, it is clear that the industry needs to continue development on other mechanisms for liquidity management for Islamic banks in order for the industry to improve its ability to compete with the conventional financial industry.

BLAKE GOUD: Principal, SharingRisk.org

MOHAMED RIDZA & CO Advocates & Solicitors

It would not have much effect because this ruling is not new. In fact, most of the GCC based banks have been using the Tawarruq as a last resort type of financing.

MOHAMED RIDZA: Managing partner, Mohamed Ridza & Co



It will bring more credibility to the industry and will enhance the resolution between riba-free and riba-based transactions. The scholars should be congratulated for taking this important step and we pray that more will be taken in order to focus less on "form" and more on the spirit, intent and substance of the Judeo-Christian-Islamic teachings that prohibit Riba (the Jewish Bible and The Old Testament)/Riba (the Quran).

DR YAHIA ABDUL RAHMAN: Chairman and CEO, The LARIBA System

Next Forum Question

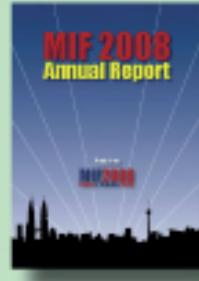
What are the consequences and significance of the UAE's withdrawal from the GCC monetary union? What effect will it have on investors' confidence, the goal of a single currency, and the overall Islamic finance industry?

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, 10th June 2009.



x 50 online issues

Guides & Supplements



All of the above for only US\$675 per year

Islamic Finance news talks to leading players in the industry



Name: Eric Loo
Position: CEO
Company: PAC Total Solutions
Based: Kuala Lumpur, Malaysia
Age: 39
Nationality: Malaysian

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

I started in the motor claims industry 15 years ago, mainly providing insurance claims services for vehicle owners, and have gained extensive knowledge of the insurance industry, especially as Malaysia was transforming and regulating the way motor claims are processed. It was not an easy task to change the mentality of the related parties in switching from the manual process to electronic, but the success has led to Malaysia often being regarded as having a good motor claims infrastructure.

In 2005, I was roped into PAC Total Solutions (which deals in both conventional insurance and Takaful) and was primarily responsible for marketing the current iGTS electronic motor claims system. We managed to convert our existing clients from client-based software to web-based because of the availability of advanced technology, as we wanted to deliver the best features to our customers. Two years later, we had a corporate restructuring and I was promoted as CEO.

What does your role involve?

Giving direction. I believe one of the most crucial aspects that is required from me as a CEO is to provide the best direction for the company. Through vision and foresight, a direction is decided upon and this has to be well-supported by all employees and the board of directors as execution of a well-planned strategy is equally important.

What do you consider your greatest achievement to date?

Taking our business global. We are a well known local company catering to the insurance industry but now, two years since we embarked on developing the Takaful system for the global mass market, we are going to places beyond our shoreline. PAC is now known globally to provide insurance solutions for the Takaful and conventional core insurance.

Which of your products/services do you feel deliver the best results?

A few years ago, we realized that the growth of the Takaful industry worldwide is going to be tremendous and we were proved right. Riding on a world-proven insurance core solution that is serving 55 compa-

nies in over 22 countries, we are in collaboration with TIA Technology to design and develop the TIA Takaful solution. Armed with a completed Takaful solution, we are now ready to penetrate Takaful companies. For PAC, this shall be our benchmark product.

What are the strengths of your company?

For me, nothing will work if we do not have the understanding and full support of our employees. They are team players because every single member knows the importance of delivery.

I strongly believe that our strength lies in the quality of our team members. Like a puzzle, we cannot be short of a missing piece. Together we can make the impossible possible.

What factors have contributed to the success of your company?

There are a few factors. One would be the successful partnership with our principal, TIA Technology. With our proven commitment, they have placed their trust in us to spearhead the TIA activities in this part of the world.

PAC is the first sales and implementation partner of TIA Technology. We are proud to be associated with a world class company with a world class solution.

An equally important factor is that we are well located in Malaysia, as it is the forerunner in the Islamic finance world. Our country was the first to commence a full fledged Takaful company 30 years ago and has led the way ever since. What better place to provide a Takaful solution from than Malaysia?

What are the challenges/obstacles the company faces today?

For growth, it should be the global financial crisis because many insurers are applying the brakes even though they are financially strong. They do not understand that through the proper introduction of IT solutions, they can streamline, and increase the efficiency of, their operations.

One of the most common actions being taken is cost cutting while maintaining productivity levels, and our solutions are designed with that in mind. We have proof from actual users of how our core insurance system reduces the cost of maintenance while increasing the speed to market.

But I also believe that the bad times will not be here for long. With promising financial figures currently being released, there is expectation that the situation will improve soon. During this upturn, we are ready to serve the market.

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

There will be a lot more players with many coming in from conventional, whether it is banking or Takaful. You can already see many climbing on the bandwagon to be part of Takaful's phenomenal growth, especially as much has been said about how resilient Islamic finance is during this global financial crisis. The market will experience this for the next five to 10 years until consolidation starts to set in. ☺

Government of Indonesia's Sukuk

INSTRUMENT	US\$650 million issuance of foreign currency denominated Shariah government securities or government Sukuk Ijarah on the international market																							
ISSUER	Perusahaan Penerbit SBSN Indonesia I (Indonesian Government Sukuk Issuing Company I)																							
TENOR	Five years																							
ISSUE PRICE	Par value (100%)																							
YIELD RATE	Fixed rate yield at 8.80% per annum																							
PAYMENT	Payable every six months, on the 23 rd April and 23 rd October																							
ISSUANCE DATE	23 rd April 2009																							
MATURITY DATE	23 rd April 2014																							
USE OF PROCEEDS	For general government financing																							
JOINT LEAD MANAGERS	Barclays Capital, HSBC and Standard Chartered Bank																							
BOOKRUNNERS	Barclays Capital, HSBC and Standard Chartered Bank																							
LEGAL COUNSEL	Allen & Overy (counsel on local and US laws) and Assegaf Hamzah & Partners (counsel on local law)																							
RATINGS	'Ba3' by Moody's Investors Service, 'BB-' by Standard & Poor's Ratings Services and 'BB' by Fitch Ratings																							
INVESTOR PROFILE	<table border="1"> <tr> <td>By region of origin:</td> <td>Percentage (%)</td> </tr> <tr> <td>Middle East and nations governed by Shariah law</td> <td>30%</td> </tr> <tr> <td>Indonesia</td> <td>8%</td> </tr> <tr> <td>Other Asian countries</td> <td>32%</td> </tr> <tr> <td>Europe</td> <td>11%</td> </tr> <tr> <td>US</td> <td>19%</td> </tr> <tr> <td>By industry:</td> <td></td> </tr> <tr> <td>Funds</td> <td>45%</td> </tr> <tr> <td>Banks</td> <td>37%</td> </tr> <tr> <td>Retail investors</td> <td>14%</td> </tr> <tr> <td>Insurance companies and pension funds</td> <td>4%</td> </tr> </table>		By region of origin:	Percentage (%)	Middle East and nations governed by Shariah law	30%	Indonesia	8%	Other Asian countries	32%	Europe	11%	US	19%	By industry:		Funds	45%	Banks	37%	Retail investors	14%	Insurance companies and pension funds	4%
By region of origin:	Percentage (%)																							
Middle East and nations governed by Shariah law	30%																							
Indonesia	8%																							
Other Asian countries	32%																							
Europe	11%																							
US	19%																							
By industry:																								
Funds	45%																							
Banks	37%																							
Retail investors	14%																							
Insurance companies and pension funds	4%																							

For more termsheets, visit www.islamicfinancenews.com

MORGAN STANLEY

US: Morgan Stanley has appointed Alex Ehrlich as the global head of its prime brokerage unit succeeding Stu Hendel who is stepping down. According to an internal memorandum, Hendel is leaving to pursue other opportunities.

He had worked at Morgan Stanley for 15 years before leaving in 2004 to join Eton Park, a hedge fund in New York, for two years. Ehrlich began his career at Goldman Sachs as the co-head of global securities services and was the head of prime brokerage at UBS for six years.⁽³⁾

BARCLAYS CAPITAL

UK: The investment bank has appointed Matthew Ponsonby and Mark Warham as co-heads of mergers and acquisitions (M&A) for the Europe region. They will be based in London.

Ponsonby previously served as co-head of European utilities, as well as head of an advisory group in Japan, NikkoCitigroup. Warham was chairman of UK investment banking and a former head of UK M&A at Morgan Stanley.⁽³⁾

EMIRATES NBD

UAE: Emirates NBD has appointed Abdulelah Al Kindy as the head of retail banking for the Abu Dhabi and Al Ain region.

He will be responsible for retail and priority banking, small and medium-sized enterprises, and the bank's direct sales force. He will be based in Abu Dhabi at the Emirates NBD's headquarters.

In his 26 years banking experience, he has covered every aspect of retail and consumer banking, including Islamic banking.⁽³⁾

ABC GROUP

SAUDI ARABIA: Arab Banking Corporation (ABC) has appointed Roy Gardner as the group's chief financial officer (CFO). Gardner has more than 32 years experience in banking and financial services and had previously

worked in Citibank in New York where he was the CFO for the treasury and trade solutions division.

He began his career with a management and financial accounting firm in Scotland and also worked with Saudi American Bank (SAMBA) where he held the post of chief financial strategist.⁽³⁾

SWISS RE

SWITZERLAND: The global reinsurer has appointed Rudolf Flunger as head of its insurance and specialty division, responsible for commercial and industrial insurance, large corporate risks and specialty reinsurance.

His succeeds Agostino Galvagni, who was recently named Swiss Re Group's chief operating officer at the same time that the company had announced it would cut its global staff by 10% over the year.

Flunger joined Swiss Re in 2006, through the acquisition of GE Insurance Solutions, as global head of direct and facultative aviation in Munich.⁽³⁾

AXA GROUP

FRANCE: AXA has hired Darren Cornish as head of claims experience. He joins the customer experience team to ensure that a cohesive customer-centric approach becomes an inherent part of AXA's claims operations.

Cornish has extensive experience in delivering customer service improvements within various roles he has held during his 17-year career, most recently as director of customer experience in life and pensions at Aviva.

Meanwhile the Group's insurance unit AXA Equitable Life Insurance has promoted Eric Lhomond to the position of senior vice-president. Before joining AXA Equitable, Lhomond worked in senior finance positions for several companies in Paris.

AXA Equitable is a subsidiary of AXA Financial, a unit of AXA Group, a worldwide leader in financial protection strategies and wealth management.⁽³⁾

BNY MELLON

US: BNY Mellon Wealth Management has appointed Patrick Bohen as vice-president and sales director for its Boston office to focus on business development.

He previously served as a financial advisor with Bernstein Global Wealth Management.

BNY Mellon Wealth Management is the asset management arm of The Bank of New York Mellon Corporation.⁽³⁾

SHUAA CAPITAL

UAE: The biggest investment bank in the UAE said its chief financial officer Michael Burgess has been made redundant. He joined SHUAA in October from Morgan Stanley in New York.

SHUAA said in December it was eliminating 21 jobs or 9% of its workforce in Dubai as it sought to reduce costs amid the global financial meltdown.⁽³⁾

RBS

UK: The Royal Bank of Scotland (RBS) has announced that Sandy Crombie will join its board on the 1st June as the senior independent director. He worked for Edinburgh-based insurer Standard Life for more than 40 years, and was CEO for the last five years.

continued...

Save The Date...

IFN 2009
Issuers & Investors
ASIA FORUM

Mandarin Oriental Kuala Lumpur
3rd- 5th August 2009

www.MIForum.com

SEE YOU NEXT YEAR

continued...

Crombie has extensive experience in dealings with institutional shareholders, the government and regulators, and also possesses a deep understanding of financial and insurance services. His new role will include overseeing the final details of RBS' participation in the treasury's asset protection scheme.⁽³⁾

ABM

MALAYSIA: The Association of Banks in Malaysia (ABM) has appointed Maybank Group president and CEO, Abdul Wahid Omar, as chairman for the 2009-2010 term.

He succeeds Abdul Hamidy Abdul Hafiz who completed his term as ABM chairman on the 31st March following his retirement as the managing director and CEO of Affin Bank.

Before his appointment as Maybank's top banker on the 1st May 2008, Wahid was the group CEO of Telekom Malaysia.⁽³⁾

HSBC

GLOBAL: Paulo Maia, the deputy CEO of HSBC Brazil, will take over as CEO of HSBC Australia effective from the 1st July, succeed-

ing Stuart Davis who has been appointed CEO of HSBC India.

Conrado Engel has been promoted to CEO and president of the bank's Brazil business. He was previously in Hong Kong where he was regional director of personal financial services for HSBC in the Asia-Pacific.

Maia has over 25 years experience in banking and has a deep understanding of what it takes to grow the bank's business in the retail, commercial and corporate banking sectors.

Davis takes over from Naina Lal Kidwai, who was group general manager and country head. Kidwai has moved to a newly created position as chairperson for HSBC India and will oversee all of HSBC's investments in the country.⁽³⁾

CREDIT SUISSE

HONG KONG: Former UBS banker Matt Pecot has joined Credit Suisse Group as its Asia-Pacific head of prime services and will be based in Hong Kong.

The various heads of the prime broking business will report to Pecot and he will also co-ordinate sales trading and futures.

Pecot was most recently the head of prime brokerage services for the Americas at UBS, having held a similar role for the Asia-Pacific region before that.

Credit Suisse said prime services is a strategically important business for the bank globally and one of its key client businesses, along with cash equities, electronic trading and flow businesses.⁽³⁾

ECONOMIC ADVISORY COUNCIL

MALAYSIA: The government has appointed Amirsham A Aziz as the chairman of the newly formed Economic Advisory Council (EAC) with effect from the 1st June.

He headed the economic planning unit in the prime minister's department since March 2008, a month after stepping down as president and CEO of Malayan Banking.

The EAC will advise the government on the creation of a new high value-added economic model for the country based on innovation and creativity. It is expected to have between six and eight members who are local and foreign economic expert advisors.⁽³⁾

Islamic Finance training

Requires

FREELANCE FINANCIAL TRAINERS

To conduct public training courses in Malaysia and GCC countries. Practical experience of working within the Islamic financial services is required, as is some experience of delivering training to the banking sector.

If you would like to know more about this opportunity, please contact Andrew Tebbutt at
Andrew.Tebbutt@REDmoneygroup.com
 or by telephone on: **+603 2162 7802**

Deal tracker

Keeping you abreast of the world's upcoming Shariah compliant deals

Another **Islamic Finance news** exclusive

ISSUER	SIZE (million)	INSTRUMENT
Apexindo Pratama Duta	US\$22.82	Sukuk
Unicorn Investment Bank	US\$425	Sukuk Ijarah
Tourism Development and Investment Company	TBA	Sukuk
Japan Bank for International Cooperation	US\$200	TBA
Bank Negara Indonesia	US\$50	Sukuk
Majlis Bandaraya Melaka Bersejarah	US\$27.63	Sukuk
Qatar Gas Transport	US\$500	Sukuk
Islamic Development Bank	US\$500	Sukuk
Islamic Bank of Thailand	US\$1.4 billion	Sukuk
HSBC	TBA	TBA
Cagamas	US\$565.35	Sukuk
Bahrain	US\$500	Sovereign Sukuk
Chemical Company of Malaysia	US\$40.61	Musharakah CP/MTN program
Agni	US\$71	Sukuk
Danga Capital	US\$2.82 billion	Sukuk Musharakah
Tamweel	Up to US\$544.5	Sukuk
Dubai Bank	Up to US\$500	Sukuk
Bakrieland Development	Up to US\$32.85	Sukuk
TSH Resources	Up to US\$115.3	Sukuk Ijarah
RAK Properties	US\$2 billion	Sukuk
Malaysian Debt Ventures	Up to US\$449.07	Sukuk
Bumiputra-Commerce	US\$1.84 billion	Islamic and conventional CP/MTN program
Islamic Bank of Thailand	US\$178.77	Ijarah
ETA Star Property Developers	Up to US\$150	Sukuk
Abu Dhabi Commercial Bank	US\$1.07 billion	Islamic MTN
Philippines	Up to US\$1 billion	Sukuk
Qatar Islamic Bank	US\$300	Sukuk
Barwa Real Estate	US\$800	Sukuk
Tabreed	Up to US\$500	Sukuk
Amlak Finance	US\$260	Sukuk
Al-Zamin	US\$11.15	Mudarabah

For more details and the full list of deals visit
www.islamicfinancenews.com

Islamic Finance news Advisory Board:

Mr Daud Abdullah (David Vicary)

Managing Director
DVA Consulting

Dr Mohd Daud Bakar

Chief Executive Officer
International Institute of Islamic Finance

Prof Dr Mohd Masum Billah

Group Executive Chairman
Middle Eastern Business
World Group of Companies

Dr Humayon Dar

Chief Executive Officer
BMB Islamic

Mr Badlisyah Abdul Ghani

Chief Executive Officer
CIMB Islamic

Ms Baljeet Kaur Grewal

Managing Director/Vice Chairman
Head, Global Research
KFH Research Limited

Mr Sohail Jaffer

Partner
International Business Development
FWU International

Dr Monzer Kahf

Consultant/Trainer/Lecturer
Private Practice

Mr Mohamed Ridza Abdullah

Managing Partner
Mohamed Ridza & Co

Prof Bala Shanmugam

Director of Banking & Finance
Monash University Malaysia

Mr Muhammad Nejatullah Siddiqi

Author, Scholar, Speaker, Trainer

Mr Rushdi Siddiqui

Head of Islamic Finance
Thomson Reuters

Mr Dawood Taylor

Regional Senior Executive-Middle East
Prudential PLC

Mr Abdulkader Thomas

President & CEO
SHAPE – Financial Corp

Mr Paul Wouters

Partner
Bener

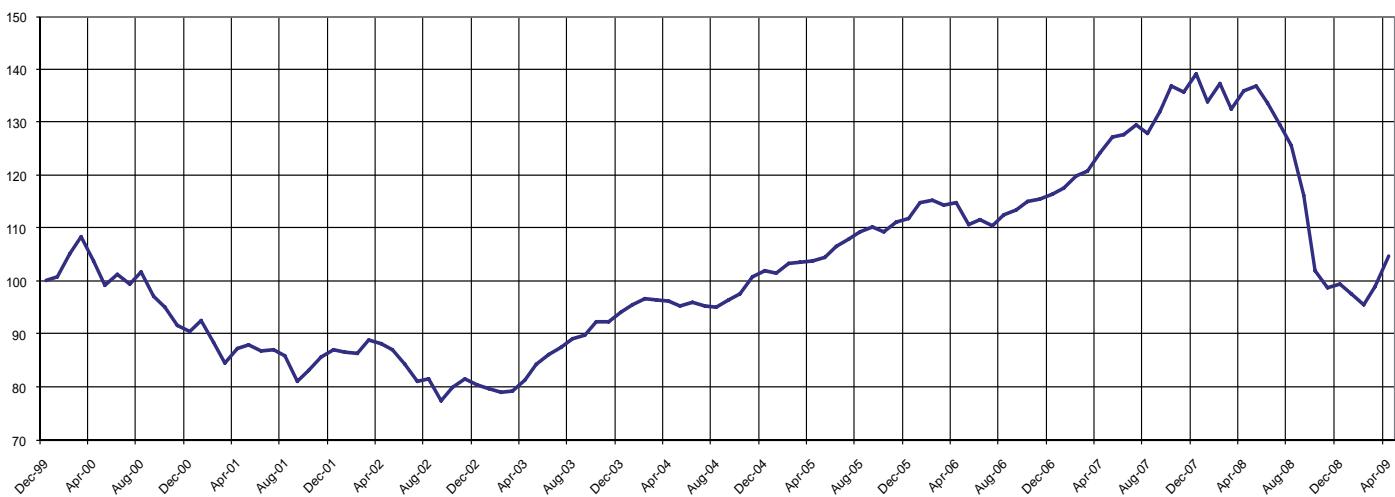
Prof Rodney Wilson

Director of Postgraduate Studies
Durham University

Mr Sohail Zubairi

Chief Executive Officer
Dar Al Sharia Legal & Financial
Consultancy

Eurekahedge Islamic Fund Index



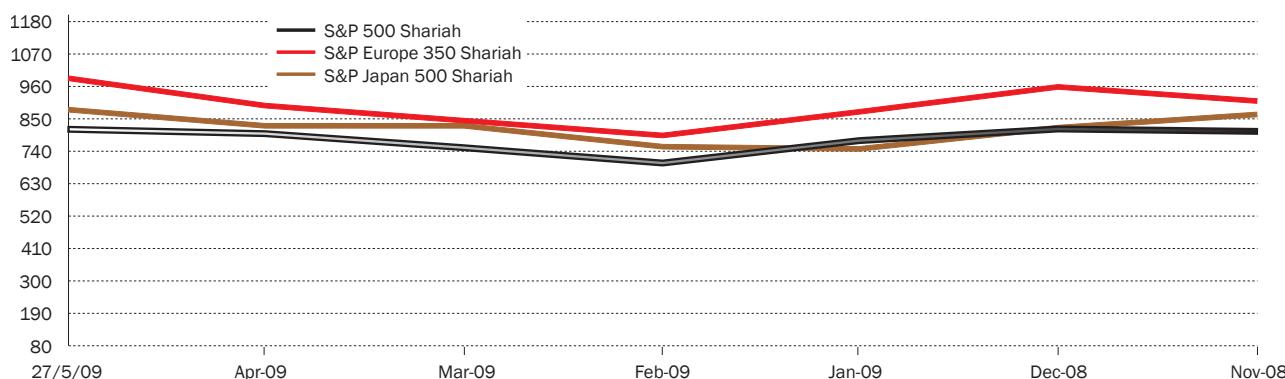
Monthly returns for Asia Pacific funds (as of the 27th May 2009)

FUND	FUND MANAGER	PERFORMANCE MEASURE	FUND DOMICILE
1 Atlas Pension Islamic Fund - Equity Sub	Atlas Asset Management	56.44	Pakistan
2 Al Meezan Mutual	Al Meezan Investment Management	52.11	Pakistan
3 Meezan Islamic	Al Meezan Investment Management	52.04	Pakistan
4 Atlas Islamic	Atlas Asset Management	50.43	Pakistan
5 TRIM Syariah Saham	Trimegah Securities	34.74	Indonesia
6 TRIM Syariah Berimbang	Trimegah Securities	34.34	Indonesia
7 Syariah Fortis Pesona Amanah	Fortis Investments	32.11	Indonesia
8 Meezan Balanced	Al Meezan Investment Management	31.27	Pakistan
9 AlfaLah GHP Islamic	AlfaLah GHP Investment Management	31.17	Pakistan
10 CIMB Islamic Equity Growth Syariah	CIMB-GK Securities	30.56	Indonesia
Eurekahedge Islamic Fund Index*		5.96	

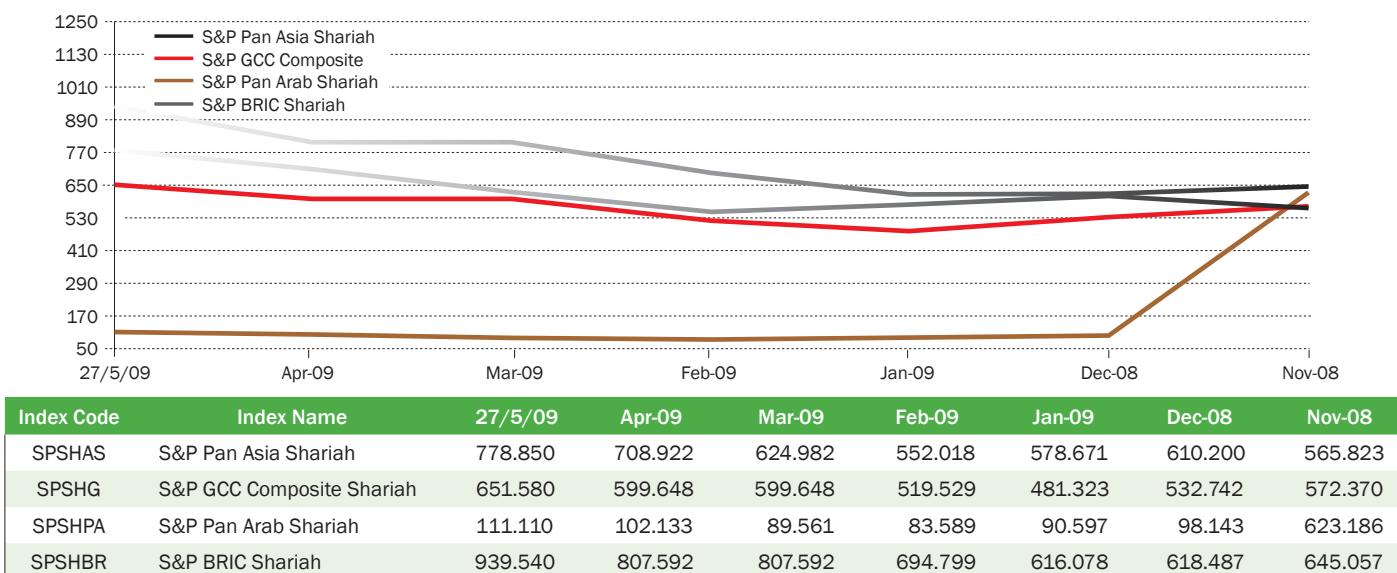
Monthly returns for Middle East/Africa funds (as of the 27th May 2009)

FUND	FUND MANAGER	PERFORMANCE MEASURE	FUND DOMICILE
1 Tijari Islamic Money Market	Commercial Bank of Kuwait	8.86	Kuwait
2 Atlas Pension Islamic - Debt Sub	Atlas Asset Management	7.08	Pakistan
3 Atlas Pension Islamic - Money Market Sub	Atlas Asset Management	6.51	Pakistan
4 Al Dar Money Market	ADAM	5.37	Kuwait
5 Solidarity Leasing	Solidarity Funds	3.15	Bahrain
6 Al Muthanna Islamic Money Market	First Investment	3.14	Kuwait
7 AmStaples	AmlInvestment Management	1.84	Malaysia
8 Solidarity European Real Estate	Solidarity Funds	1.28	Bahrain
9 Symmetry Islamic	Frater Asset Management	1.08	South Africa
10 Solidarity International Real Estate	Solidarity Funds	0.84	Bahrain
Eurekahedge Islamic Fund Index*		-0.38	

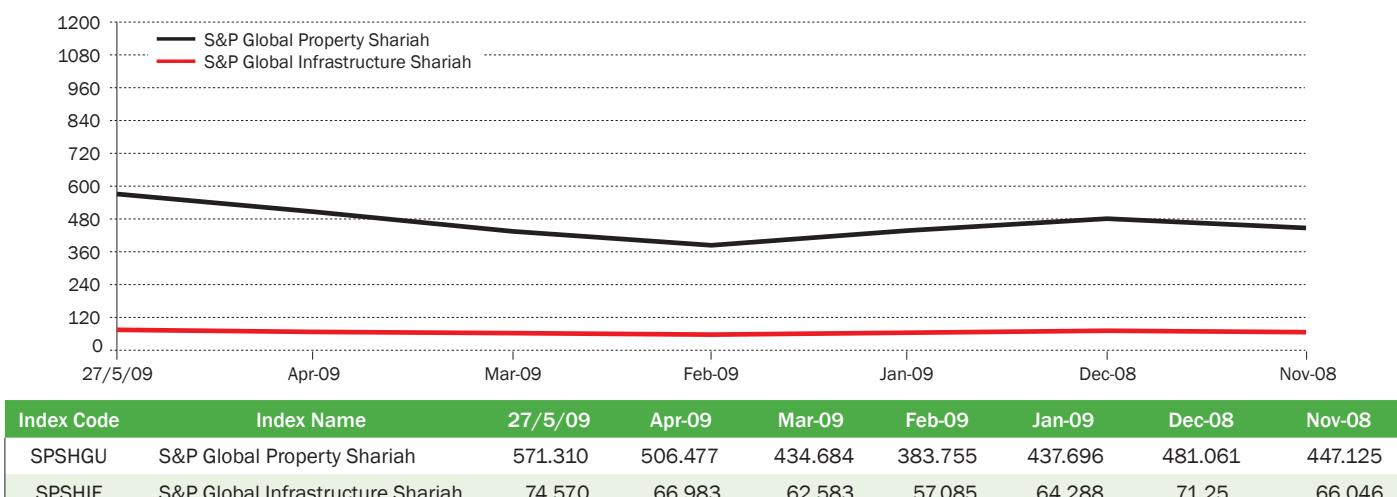
S&P Shariah Indices Price Index Levels



Index Code	Index Name	27/5/09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08
SPSHX	S&P 500 Shariah	814.550	799.755	752.048	700.074	776.118	815.565	807.449
SPSHEU	S&P Europe 350 Shariah	987.570	894.958	843.893	793.619	873.796	958.391	910.501
SPSHJU	S&P Japan 500 Shariah	880.980	826.363	826.363	755.552	748.018	820.175	864.821



Index Code	Index Name	27/5/09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08
SPSHAS	S&P Pan Asia Shariah	778.850	708.922	624.982	552.018	578.671	610.200	565.823
SPSHG	S&P GCC Composite Shariah	651.580	599.648	599.648	519.529	481.323	532.742	572.370
SPSHPA	S&P Pan Arab Shariah	111.110	102.133	89.561	83.589	90.597	98.143	623.186
SPSHBR	S&P BRIC Shariah	939.540	807.592	807.592	694.799	616.078	618.487	645.057



Index Code	Index Name	27/5/09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08
SPSHGU	S&P Global Property Shariah	571.310	506.477	434.684	383.755	437.696	481.061	447.125
SPSHIF	S&P Global Infrastructure Shariah	74.570	66.983	62.583	57.085	64.288	71.25	66.046

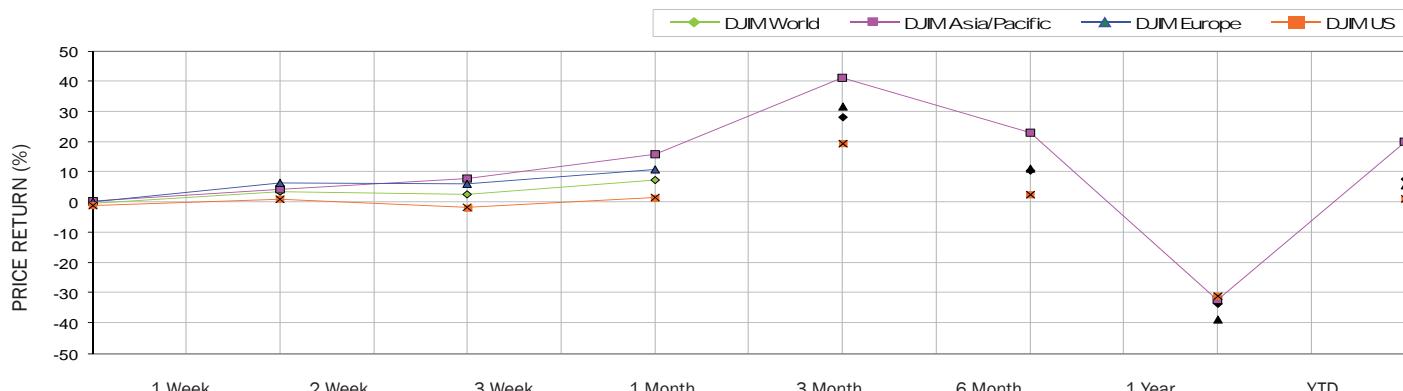
STANDARD
&POOR'S

The S&P Shariah Indices.
Creating opportunity for Islamic investors.

To learn more, contact index_services@standardandpoors.com.

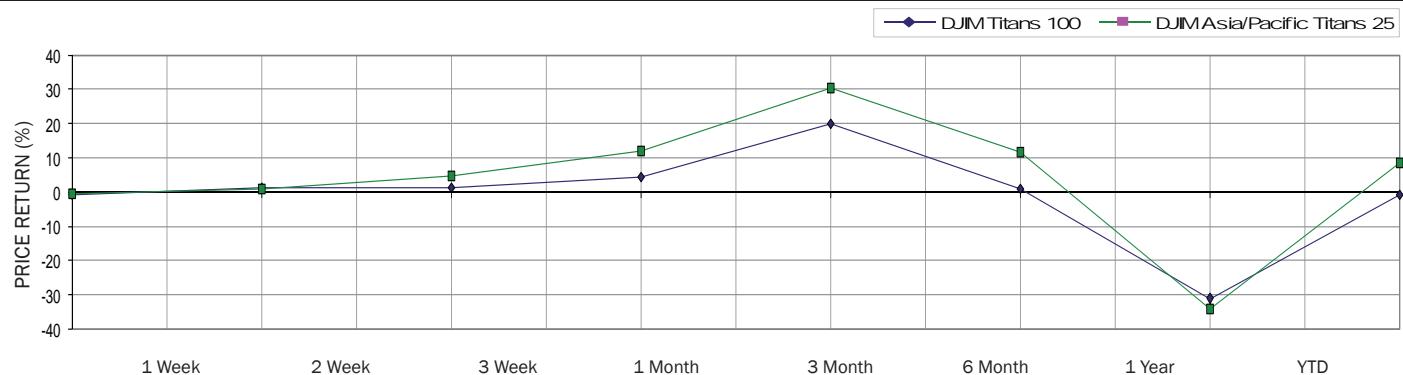
Data as of the 27th May 2009

PERFORMANCE OF DJ INDEXES



INDEX	PRICE RETURN (%)							
	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM World	-0.34	3.57	2.45	7.42	28.23	10.60	-33.43	7.77
DJIM Asia/Pacific	0.52	4.51	7.90	16.03	41.28	22.95	-32.18	20.00
DJIM Europe	0.16	6.30	6.01	10.80	31.77	11.26	-38.64	5.70
DJIM US	-1.04	1.12	-1.80	1.53	19.52	2.65	-30.92	1.28

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	-0.84	1.21	0.97	4.17	20.04	0.85	-31.18	-1.03
DJIM Asia/Pacific Titans 25	-0.60	0.72	4.61	11.94	30.49	11.61	-34.10	8.55

DESCRIPTIVE STATISTICS		Market Capitalization (US\$ billions)						Component Weight (%)	
Index	Component number	Full	Float adjusted	Mean	Median	Largest	Smallest	Large	Small
DJIM World	2532	13581.25	10614.00	4.19	0.80	337.51	0.00	3.18	0.00
DJIM Asia/Pacific	838	2102.84	1482.48	1.77	0.46	91.55	0.01	6.18	0.00
DJIM Europe	330	3212.50	2428.30	7.36	1.63	151.97	0.12	6.26	0.01
DJIM US	621	5675.50	5319.29	8.57	2.04	337.51	0.09	6.35	0.00
DJIM Titans 100	100	5882.28	5228.97	52.29	37.75	294.77	11.32	5.64	0.22
DJIM Asia/Pacific Titans 25	25	882.55	583.19	23.33	15.92	62.59	11.32	10.73	1.94

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

For more information, please visit www.djislamicmarkets.com or contact

Anthony Yeung
Regional Director
Hong Kong, China, Philippines, Taiwan,
Korea, Japan, Australia & New Zealand
Tel: +852 2831 2580
Anthony.yeung@dowjones.com

Ariff Sultan
Business Development Director
Malaysia, Singapore, Indonesia, India,
Thailand, Pakistan, Sri Lanka & Bangladesh
Tel: +65 6415 4262
ariff.sultan@dowjones.com

Sumeet Nihalani
Senior Director Sales
Middle East
Tel: +971 4364 4968
sumeet.nihalani@dowjones.com



TOP ISSUERS OF ISLAMIC BONDS							MAY 2008 – MAY 2009
	Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager
1	Republic of Indonesia	Indonesia	Sukuk Ijarah	1,162	2	10.4	Barclays Capital , HSBC, Standard Chartered
2	Sun Finance	UAE	Mudarabah Sukuk Asset-backed Securities	1,093	1	9.8	Citigroup Global Markets, Abu Dhabi Commercial Bank, National Bank of Abu Dhabi, First Gulf Bank, Noor Islamic Bank
3	Sukuk Funding (No.2)	UAE	Sukuk Al-Ijarah	1,021	1	9.2	Abu Dhabi Commercial Bank, Barclays Capital, Credit Suisse Securities (Europe), Dubai Islamic Bank, First Gulf Bank, Lehman Brothers International (Europe), National Bank of Abu Dhabi, Noor Islamic Bank
4	Khazanah Nasional	Malaysia	Sukuk Musharakah	840	4	7.5	CIMB, AmlInvestment
5	Cagamas	Malaysia	Murabahah MTN	833	4	7.5	HSBC, CIMB, Maybank Investment Bank
6	DEWA Funding	UAE	Sukuk Al-Ijarah	749	1	6.7	Barclays Capital, Citigroup Global Markets, Dubai Islamic Bank, Emirates Bank International
7	Penerbangan Malaysia	Malaysia	Murabahah MTN	444	1	4.0	CIMB, AmlInvestment
8	Danga Capital	Malaysia	Sukuk Musharakah	411	1	3.7	CIMB, AmlInvestment
9	PLUS SPV	Malaysia	Sukuk Musharakah MTN	385	2	3.5	CIMB
10	Rantau Abang Capital	Malaysia	Sukuk Musharakah	381	1	3.4	CIMB
11	Islamic Republic of Pakistan	Pakistan	Sukuk	350	3	3.1	Standard Chartered (Pakistan), Dubai Islamic Bank Pakistan
12	MRCB Southern Link	Malaysia	Sukuk Istisna	320	2	2.9	HSBC, CIMB, RHB Investment Bank
13	Tamweel Sukuk	UAE	Sukuk	299	1	2.7	Standard Chartered, Dubai Islamic Bank, Badr Al Islami
14	RIM City	Malaysia	Bai Bithaman Ajil MTN	277	2	2.5	CIMB
15	Seafield Capital	Malaysia	Musyarakah MTN	269	1	2.4	CIMB
16	Purple Island	Saudi Arabia	Sukuk Mudarabah	267	1	2.4	HSBC
17	Saudi Hollandi Bank	Saudi Arabia	Sukuk	207	1	1.9	Saudi Hollandi Bank
18	Projek Lintasan Shah Alam	Malaysia	Sukuk Ijarah	174	4	1.6	RHB Islamic Bank
19	Jimah Energy Ventures Holdings	Malaysia	Istisna MTN	149	2	1.3	AmMerchant Bank, Bank Muamalat Malaysia, RHB Investment Bank, MIMB Investment Bank, Bank Muamalat Malaysia, Aminvestment
20	Malaysia Debt Ventures	Malaysia	Murabahah MTN	145	1	1.3	Bank Islam Malaysia, RHB Investment Bank, CIMB
Total				11,146	80	100.0	

TOP ISSUERS OF ISLAMIC BONDS							FEB 2009 – MAY 2009
	Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager
1	Republic of Indonesia	Indonesia	Sukuk Ijarah	650	1	21.9	Barclays Capital , HSBC, Standard Chartered
2	Danga Capital	Malaysia	Sukuk Musharakah	444	1	14.9	CIMB, AmlInvestment
3	Penerbangan Malaysia	Malaysia	Murabahah MTN	411	1	13.8	CIMB, AmlInvestment
4	Seafield Capital	Malaysia	Musharakah MTN	269	1	9.0	CIMB
5	Cagamas	Malaysia	Murabahah MTN	253	2	8.5	CIMB, HSBC, Maybank Investment Bank
6	Khazanah Nasional	Malaysia	Sukuk Musharakah	199	1	6.7	CIMB, Maybank Investment Bank
7	Islamic Republic of Pakistan	Pakistan	Sukuk	190	1	6.4	Standard Chartered (Pakistan), Dubai Islamic Bank Pakistan
8	PLUS SPV	Malaysia	Sukuk Musharakah MTN	151	1	5.1	CIMB
9	Pinnacle Tower	Malaysia	Sukuk Musharakah MTN	99	1	3.3	Maybank Investment Bank, AmlInvestment
10	Putrajaya Holdings	Malaysia	Musharakah MTN	82	1	2.8	Commerce International, Maybank Investment Bank, AmlInvestment
11	Jimah Energy Ventures Holdings	Malaysia	Istisna MTN	60	1	2.0	AmMerchant Bank, Bank Muamalat Malaysia, RHB Investment Bank, MIMB Investment Bank, Aminvestment
12	Projek Lintasan Shah Alam	Malaysia	Sukuk Ijarah	29	2	1.0	RHB Islamic Bank
13	Dawama	Malaysia	Sukuk Musharakah MTN	29	1	1.0	MIMB Investment Bank
14	Tadamun Services	Malaysia	Sukuk Musharakah	27	1	0.9	CIMB, Standard Chartered, RHB Capital
15	TH Group	Malaysia	Sukuk Ijarah	24	1	0.8	Commerce International
16	Matahari Putra Prima	Indonesia	Sukuk Ijarah	20	1	0.7	Ciptadana Sekuritas, HSBC Securities Indonesia, Indo Premier Securities
17	TH Plantations	Malaysia	Murabahah MTN	14	1	0.5	BIMB Holdings, Maybank Investment Bank
18	Tesco Stores (Malaysia)	Malaysia	Sukuk	11	1	0.4	CIMB, Standard Chartered
19	Berlian Laju Tanker	Indonesia	Sukuk Ijarah	10	1	0.3	Andalan Artha Advisindo, Danatama Makmur
Total				2,973	21	100.0	

ARE YOUR DEALS LISTED HERE?

If you feel that the information within these tables is inaccurate, you may contact the following directly:

Jennifer Cheung (Media Relations)
Email: Jennifer.Cheung@Dealogic.com
Telephone: +852 2804 1223



ISLAMIC BONDS				MAY 2008 – MAY 2009
	Manager or Group	Amt US\$ m	Iss.	%
1	CIMB	2,872	34	25.8
2	HSBC	996	11	8.9
3	AmInvestment	891	16	8.0
4	Standard Chartered	643	10	5.8
5	Barclays Capital	531	3	4.8
6	Maybank Investment	470	13	4.2
7	Dubai Islamic Bank	415	3	3.7
8	Citigroup	406	2	3.6
9	RHB Capital	400	11	3.6
10	Noor Islamic	346	2	3.1
11	National Bank of Abu Dhabi	346	2	3.1
12	First Gulf Bank	346	2	3.1
13	Abu Dhabi Commercial Bank	346	2	3.1
14	Saudi Hollandi Bank	207	1	1.9
15	(Persero) Danareksa	204	3	1.8
16	Trimegah Securities	193	2	1.7
17	Emirates NBD	187	1	1.7
18	BIMB Holdings	178	4	1.6
19	Dubai Islamic Bank Pakistan	175	3	1.6
20	Bank Mandiri	171	1	1.5
Total		11,146	80	100.0

ISLAMIC BONDS				FEBRUARY 2009 – MAY 2009
	Manager or Group	Amt US\$ m	Iss.	%
1	CIMB	886	11	29.8
2	AmInvestment	530	6	17.8
3	Standard Chartered	410	5	13.8
4	HSBC	366	4	12.3
5	Maybank Investment Bank	268	6	9.0
6	Barclays Capital	217	1	7.3
7	Dubai Islamic Bank Pakistan	95	1	3.2
8	BIMB Holdings	83	2	2.8
9	RHB Capital	44	3	1.5
10	EON Bank	44	2	1.5
11	Bank Muamalat Malaysia	15	1	0.5
12	Indo Premier Securities	7	1	0.2
13	Danatama Makmur	5	1	0.2
14	Andalan Artha Advisindo	5	1	0.2
Total		2,973	21	100.0

ISLAMIC BONDS BY COUNTRY				MAY 2008 – MAY 2009
	Amt US\$ m	Iss.	%	
Malaysia	5,749	59	52.0	
UAE	3,163	4	28.0	
Indonesia	1,375	10	12.0	
Saudi Arabia	473	2	4.0	
Pakistan	386	5	3.0	
Total	11,146	80	100.0	

ISLAMIC BONDS BY COUNTRY				FEBRUARY 2009 – MAY 2009
	Amt US\$ m	Iss.	%	
Malaysia	2,104	17	71.0	
Indonesia	679	3	23.0	
Pakistan	190	1	6.0	
Total	2,973	21	100.0	

ISLAMIC BONDS BY CURRENCY				MAY 2008 – MAY 2009
	Amt US\$ m	Iss.	%	
Malaysian ringgit	5,749	59	51.6	
UAE dirham	3,163	4	28.4	
Indonesian rupiah	725	9	6.5	
US dollar	650	1	5.8	
Saudi Arabian riyal	473	2	4.2	
Pakistan rupee	386	5	3.5	
Total	11,146	80	100.0	

ISLAMIC BONDS BY CURRENCY				FEBRUARY 2009 – MAY 2009
	Amt US\$ m	Iss.	%	
Malaysian ringgit	2,104	17	71.0	
US dollar	650	1	22.0	
Pakistan rupee	190	1	6.0	
Total	2,973	21	100.0	

For all enquiries regarding the above information, please contact:



Jennifer Cheung (Media Relations)

Email: Jennifer.Cheung@Dealogic.com

Phone: +852 2804 1223; Fax: +852 2529 4377

ALL DATA AS OF THE 27th MAY 2009

SUKUK MANAGERS		(12 months)		MAY 2008 - MAY 2009	
	Manager	Manager Commitment (in US\$)	Issues	Market Share %	
1	Malaysia (Government)	20,187,393,520	217	58.1	
2	CIMB	4,269,899,831	149	12.3	
3	Malaysian Industrial Development Finance	1,235,102,240	312	3.6	
4	AMMB Holdings	1,186,967,648	103	3.4	
5	HSBC Banking Group	889,400,758	53	2.6	
6	Malayan Banking	853,071,318	123	2.5	
7	UAE (Government)	722,026,696	6	2.1	
8	RHB Banking Group	677,038,624	61	1.9	
9	Standard Chartered Bank	592,796,988	15	1.7	
10	OCBC Bank	499,148,220	60	1.4	
11	Affin Holdings	441,510,508	54	1.3	
12	Barclays Bank	435,500,000	3	1.3	
13	Citigroup	403,863,190	4	1.2	
14	Cagamas	362,010,224	30	1.0	
15	Indonesia (Government)	328,472,647	7	0.9	
16	Danareksa Sekuritas	243,379,971	7	0.7	
17	Hong Leong Financial Group	240,204,432	16	0.7	
18	Trimegah Securities	216,532,738	5	0.6	
19	OSK Holdings	171,067,582	20	0.5	
20	Bukhary Capital	170,792,164	19	0.5	

SUKUK MANAGERS		(3 months)		FEBRUARY 2009 - MAY 2009	
	Manager	Manager Commitment (in US\$)	Issues	Market Share %	
1	Malaysia (Government)	4,883,588,867	59	50.3	
2	CIMB	1,218,184,881	47	12.5	
3	HSBC Banking Group	555,811,883	17	5.7	
4	Standard Chartered Bank	468,151,902	6	4.8	
5	AMMB Holdings	459,682,003	26	4.7	
6	Barclays Bank	435,500,000	3	4.5	
7	Malayan Banking	296,257,001	35	3.1	
8	Malaysian Industrial Development Finance	275,704,150	74	2.8	
9	RHB Banking Group	251,428,168	24	2.6	
10	Indonesia (Government)	171,399,368	4	1.8	
11	Affin Holdings	128,620,103	17	1.3	
12	EON Capital	79,801,253	34	0.8	
13	Cagamas	70,272,574	11	0.7	
14	Citigroup	42,849,842	1	0.4	
15	Danareksa Sekuritas	42,849,842	1	0.4	
16	Anugerah Securindo Indah	42,849,842	1	0.4	
17	Andalan Artha Advisindo Sekuritas	42,849,842	1	0.4	
18	Reliance Securities	42,849,842	1	0.4	
19=	Trimegah Securities	42,849,842	1	0.4	
19=	OSK Holdings	39,750,144	5	0.4	

SUKUK ISSUERS		(12 months)		MAY 2008 - MAY 2009	
	Issuer	Issuer Commitment (in US\$)	Issues	Market Share %	
1	Bank Negara Malaysia	12,862,010,221	189	31.1	
2	Malaysia (Government)	5,366,269,165	22	13.0	
3	Bank Indonesia	2,645,777,932	52	6.4	
4	Khazanah Nasional	1,845,542,306	5	4.5	
5	Indonesia (Government)	1,300,000,000	2	3.1	
6	Perusahaan Penerbit SBSN Indonesia	1,133,270,382	4	2.7	
7	Sun Finance	1,093,979,842	3	2.6	
8	Cagamas	1,070,414,537	31	2.6	
9	Aldar Properties	1,021,520,022	1	2.5	
10	DEWA Funding	871,697,085	1	2.1	
11	Syarikat Prasarana Negara	567,859,171	3	1.4	
12	PLUS SPV	511,073,254	13	1.2	
13=	Rantau Abang Capital	511,073,254	2	1.2	
13=	Danga Capital	454,287,337	2	1.1	
15	ESSO Malaysia	425,894,378	12	1.0	
16	Penerangan Malaysia	425,894,378	1	1.0	
17	Pakistan (Government)	348,311,445	3	0.8	
18	Malakoff	340,715,503	2	0.8	
19	Tamweel Sukuk	299,645,873	1	0.7	
20	Bumiputra Commerce Holdings	298,126,065	3	0.7	

SUKUK ISSUERS		(3 months)		FEBRUARY 2009 - MAY 2009	
	Issuer	Issuer Commitment (in US\$)	Issues	Market Share %	
1	Bank Negara Malaysia	2,782,509,938	49	26.3	
2	Indonesia (Government)	1,300,000,000	2	12.3	
3	Malaysia (Government)	1,277,683,135	6	12.1	
4	Bank Indonesia	930,254,210	13	8.8	
5	Khazanah Nasional	709,823,964	2	6.7	
6	Danga Capital	454,287,337	2	4.3	
7	Penerangan Malaysia	425,894,378	1	4.0	
8	Cagamas	281,090,290	11	2.7	
9	Seafield Capital	269,733,106	9	2.5	
10	ESSO Malaysia	212,947,189	5	2.0	
11	PLUS SPV	211,527,541	6	2.0	
12=	Pakistan (Government)	191,682,301	1	1.8	
12=	Malakoff	170,357,751	1	1.6	
14=	Perusahaan Penerbit SBSN Indonesia	144,599,100	1	1.4	
15	Pinnacle Tower	113,571,834	7	1.1	
16	Putrajaya Holdings	85,178,876	3	0.8	
17	Jimah Energy Ventures	73,821,692	5	0.7	
18	Oilcorp	59,625,213	9	0.6	
19	Hubline	52,526,973	5	0.5	
20	Central Bank of Bahrain	45,104,802	3	0.4	

Islamic Sukuk league tables reflect Shariah compliant bonds showing evidence of ownership of assets or their earnings. These results include (but are not limited to) the following securities/assets: Sukuk Salam, Sukuk Mudarabah, Sukuk Ijarah, Sukuk Murabahah, Sukuk Istisna and Sukuk Musharakah.

For more information please contact:

Aimee Webster

Telephone: +1-646-223-6816

Email: aimee.webster@thomsonreuters.com

ALL DATA AS OF THE 27th MAY 2009

LOAN MANDATED LEAD ARRANGERS			MAY 2008 - MAY 2009		
	Lender	Pro Rata (\$)	Full Credit (\$)	Deals	Market Share
1	Dubai Islamic Bank	1,627,938,649	5,960,407,011	7	9.7%
2	Standard Chartered Bank	1,029,661,546	6,001,375,701	9	6.2%
3	Noor Islamic Bank	939,107,406	5,898,031,310	9	5.6%
4	HSBC	862,619,511	7,115,597,556	6	5.2%
5	Calyon	824,286,178	6,975,597,556	4	4.9%
6	Samba Financial	784,686,178	3,971,597,556	4	4.7%
7	Mashreqbank	758,584,615	3,954,770,283	6	4.5%
8	Royal Bank of Scotland	640,530,303	6,875,000,000	4	3.8%
9	Commercial Bank of Qatar	625,673,181	4,900,714,391	4	3.7%
10	Emirates Bank	594,094,879	4,169,375,701	7	3.6%
11	Al Hilal Bank	504,863,636	2,974,000,000	2	3.0%
12	National Bank of Abu Dhabi	481,865,770	2,961,247,310	4	2.9%
13	Qatar National Bank	450,000,000	2,775,000,000	2	2.7%
14	BNP Paribas	430,833,333	3,380,000,000	4	2.6%
15	Citi	398,489,712	3,240,741,391	4	2.4%
16	Union National Bank	371,063,667	687,866,000	4	2.2%
17	Al Rajhi Banking & Investment Corp	361,786,178	2,225,597,556	2	2.2%
18	National Commercial Bank	320,119,511	1,600,597,556	1	1.9%
19	Masraf Al Rayan	312,500,000	2,500,000,000	1	1.9%
20	Al Khalij Commercial Bank	296,506,515	2,300,714,391	2	1.8%
21	Deutsche Bank	225,013,500	2,400,027,000	2	1.3%
22	Barclays Bank	204,400,000	2,522,000,000	2	1.2%
23=	First Gulf Bank	179,766,849	1,847,225,701	2	1.1%
23=	Abu Dhabi Islamic Bank	179,766,849	1,847,225,701	2	1.1%
25	WestLB	177,000,000	785,000,000	2	1.1%
26	Qatar Islamic Bank	173,476,212	840,714,391	2	1.0%
27=	Brunei Investment & Commercial Bank	168,333,333	505,000,000	1	1.0%
27=	Fortis Bank	168,333,333	505,000,000	1	1.0%
29	Commercial Bank of Dubai	166,721,970	1,682,150,000	2	1.0%
30	Development Bank of Singapore	166,666,667	500,000,000	1	1.0%
31=	Arab Banking Corp	150,000,000	350,000,000	2	0.9%
31=	UBS	150,000,000	2,250,000,000	1	0.9%
31=	JP Morgan	150,000,000	2,250,000,000	1	0.9%
31=	Morgan Stanley	150,000,000	2,250,000,000	1	0.9%
31=	Dubai Bank	150,000,000	2,250,000,000	1	0.9%
36	Qatar International Islamic Bank	137,500,000	275,000,000	1	0.8%
37=	Commerzbank	136,363,636	1,500,000,000	1	0.8%
37=	Standard Bank	136,363,636	1,500,000,000	1	0.8%
37=	Abu Dhabi Commercial Bank	136,363,636	1,500,000,000	1	0.8%
40	Industrial & Commercial Bank of China	127,000,000	635,000,000	1	0.8%
41	National Bank of Bahrain	125,000,000	250,000,000	1	0.7%
42	Gulf International Bank	63,516,667	193,700,000	2	0.4%
43	China Construction Bank	54,400,000	272,000,000	1	0.3%
44	Kuwait Finance House	51,666,667	155,000,000	1	0.3%
45	Islamic Bank of Asia	50,000,000	150,000,000	1	0.3%
46=	Arab African International Bank	43,403,213	347,225,701	1	0.3%
46=	Ajman Bank	43,403,213	347,225,701	1	0.3%

LOAN BOOKRUNNERS		(12 Months)		MAY 2008 - MAY 2009	
	Lender	Pro Rata (US\$)	Full Credit (US\$)	Deals	Market Share %
1	HSBC	1,695,298,778	6,390,597,556	4	11.5
2	Calyon	1,581,548,778	4,725,597,556	3	10.8
3	Noor Islamic Bank	1,403,677,103	5,748,031,310	8	9.6
4	Citigroup	1,145,727,891	3,240,741,391	4	7.8
5	Standard Chartered	1,121,362,851	5,042,225,701	6	7.6
6	Dubai Islamic Bank	827,177,103	4,604,031,310	4	5.6
7	BNP Paribas	702,500,000	2,655,000,000	2	4.8
8	Qatar National Bank	625,000,000	2,500,000,000	1	4.3
9	Al Hilal Bank	618,500,000	2,974,000,000	2	4.2
10	Mashreqbank	539,863,042	713,475,892	3	3.7
11	Samba Financial Group	524,750,000	2,099,000,000	2	3.6
12	Royal Bank of Scotland	500,000,000	3,750,000,000	2	3.4
13	Emirates Bank	377,000,000	1,135,000,000	2	2.6
14	Union National Bank	283,200,000	283,200,000	1	1.9
15=	First Gulf Bank	250,000,000	1,500,000,000	1	1.7
15=	Standard Bank Group	250,000,000	1,500,000,000	1	1.7
15=	National Bank of Bahrain	250,000,000	250,000,000	1	1.7
15=	Al Khalij Commercial Bank	250,000,000	1,500,000,000	1	1.7
15=	Dubai Bank	250,000,000	2,250,000,000	1	1.7
15=	JP Morgan	250,000,000	2,250,000,000	1	1.7
15=	Barclays Bank	250,000,000	2,250,000,000	1	1.7

ISLAMIC LOANS RAISED		(12 Months)		MAY 2008 - MAY 2009			
	Borrower	Country	Islamic Loan Amount (US\$)				
1	Qatari Diar Real Estate Investment	Qatar	2,500,000,000				
2	Investment Corp of Dubai	UAE	2,250,000,000				
3	Saudi Electricity	Saudi Arabia	1,600,597,556				
4	Dubai Financial	UAE	1,500,000,000				
5	Dubai Electricity & Water Authority	UAE	1,474,000,000				
6	Borse Dubai	UAE	827,000,000				
7	Al-Faisal Holding	Qatar	800,714,391				
8	Dubai Department of Civil Aviation	UAE	635,000,000				
9	Saudi Arabian Mining	Saudi Arabia	625,000,000				
10	Brunei Gas Carriers	Brunei	505,000,000				
11	Enoc Supply & Trading	UAE	500,000,000				
12	Al Ghurair Centre	UAE	347,225,701				
13	Dubai Holding	UAE	300,000,000				
14	Arkan Building Materials	UAE	283,200,000				
15	Qatar Real Estate Investment	Qatar	275,000,000				
16	Emirates Group	UAE	272,000,000				
17	Bahrain Mumtalakat Holding	Bahrain	250,000,000				
18	Seven Tides	UAE	245,031,310				
19	Barwa Real Estate	Qatar	190,580,000				
20	Al Jaber Group	UAE	184,100,191				



THOMSON REUTERS

LEAGUE TABLES

www.islamicfinancenews.com

ALL DATA AS OF THE 27th MAY 2009

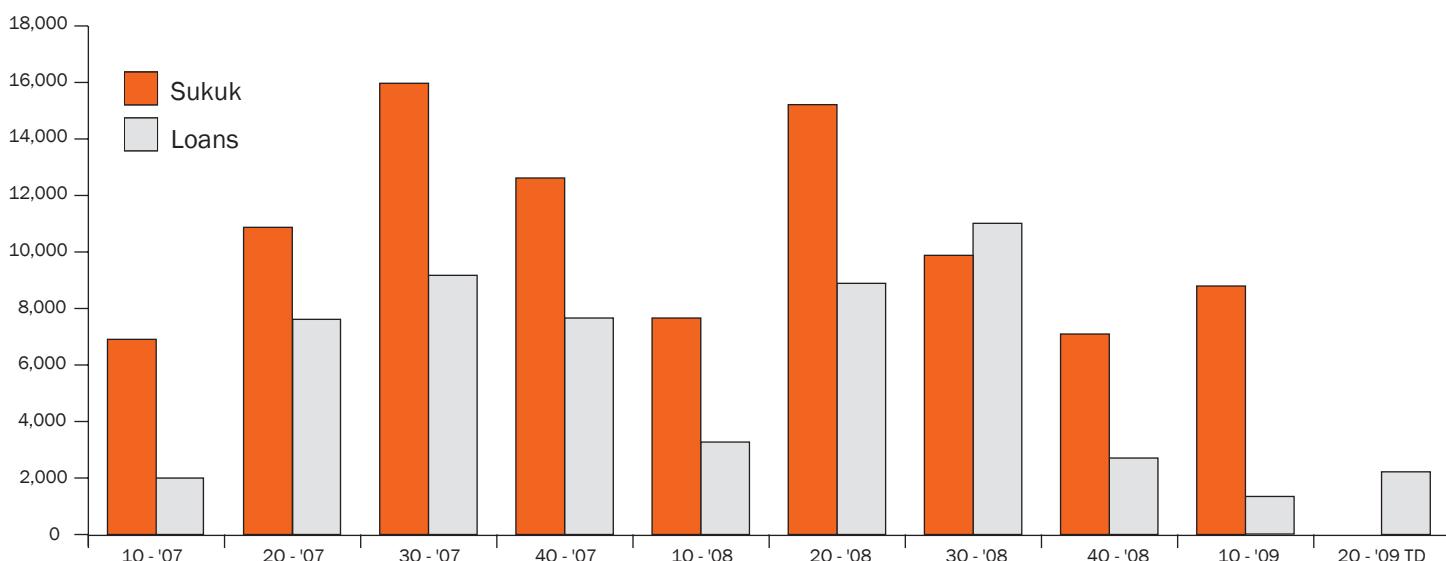
SUKUK BY COUNTRY	(12 Months)	MAY 2008 - MAY 2009
Country	Volume Issued	Volume Outstanding
Malaysia	31,509,840,999	17,939,367,405
Indonesia	3,988,235,013	1,669,251,046
Cayman Islands	1,443,748,297	1,443,748,297
Jersey	1,093,979,842	1,093,979,842
UAE	1,021,520,022	1,021,520,022
Eurobond	650,000,000	650,000,000
US	650,000,000	650,000,000
Pakistan	368,323,952	368,323,952
Bahrain	305,120,722	127,354,736
Saudi Arabia	206,666,667	206,666,667
Singapore	67,944,014	67,944,014

LOANS BY COUNTRY	(12 Months)	MAY 2008 - MAY 2009
Country	Volume (US\$)	Market Share(%)
UAE	9,418,250,202	56.4%
Qatar	3,766,294,391	22.5%
Saudi Arabia	2,225,597,556	13.3%
Brunei	505,000,000	3.0%
Kuwait	405,000,000	2.4%
Bahrain	343,700,000	2.1%
Turkey	40,000,000	0.2%

SUKUK BY INDUSTRY	(12 Months)	MAY 2008 - MAY 2009
Industry	Volume Issued	Volume Outstanding
Sovereign	22,785,037,907	11,003,790,510
Other financial	10,034,209,342	8,431,568,797
Agency	3,098,063,114	3,041,277,197
Manufacturing	2,222,527,513	787,630,296
Service company	1,029,154,768	629,097,982
Transportation	910,257,752	698,730,211
Energy company	549,403,748	166,098,807
Banks	293,721,995	293,721,995
Consumer goods	155,566,081	80,324,741
Electric power	131,469,109	105,915,446
Gas distribution	95,968,200	-

LOANS BY INDUSTRY	(12 Months)	MAY 2008 - MAY 2009
Industry	Volume (US\$)	Market Share(%)
Financial services	3,502,850,000	21.0
Utilities	3,074,597,556	18.4
Real estate	3,030,000,000	18.1
Government	2,885,000,000	17.3
Construction	1,025,427,501	6.1
Business services	950,741,391	5.7
General manufacturing	625,000,000	3.7
Oil and gas	551,000,000	3.3
Retail and Supermarkets	387,225,701	2.3
Telecommunications	300,000,000	1.8
Transportation	272,000,000	1.6
Healthcare	100,000,000	0.6

GLOBAL ISLAMIC VOLUME SUKUK/LOANS (US\$ IN MILLIONS)



THOMSON REUTERS

For more information please contact:

Aimee Webster
Telephone: +1-646-223-6816
Email: aimee.webster@thomsonreuters.com

EVENTS DIARY 2009

DATE	EVENT	VENUE	ORGANIZER
June			
4 th	Istanbul IFN Roadshow	Istanbul	Islamic Finance events
11 th - 12 th	International Islamic Business and Finance Summit 2009	Kazan	IFC Linova
29 th - 30 th	5 th International Islamic Finance Forum Asia 2009	Kuala Lumpur	Informa
July			
2 nd - 3 rd	2009 London Sukuk Summit	London	ICG Events
8 th	1 st World Islamic Banking Conference-European Summit	London	MEGA Events
August			
3 rd - 5 th	IFN Asia Forum 2009 Issuers & Investors	Kuala Lumpur	Islamic Finance events
September			
16 th	UK IFN Roadshow	UK	Islamic Finance events
October			
6 th	Japan IFN Roadshow	Japan	Islamic Finance events
12 th - 13 th	5 th Middle East Insurance Forum	Bahrain	MEGA Events
20 th	Brunei IFN Roadshow	Brunei	Islamic Finance events
November			
3 rd	India IFN Roadshow	India	Islamic Finance events
3 rd	4 th World Islamic Infrastructure Finance Conference	Doha	MEGA Events
5 th	Pakistan IFN Roadshow	Pakistan	Islamic Finance events
	3 rd World Islamic Infrastructure Finance Conference	Qatar	MEGA Events
	Islamic Investment World Middle East 2009	Middle East	Terrapinn
December			
6 th - 8 th	16 th World Islamic Banking Conference	Bahrain	MEGA Events

Islamic Finance news team

Published By:
 21/F, Menara Park, 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur, Malaysia
 Tel: +603 2162 7800 Fax: +603 2162 7810

EDITORIAL TEAM

Managing Editor	S.Sivaselvam Sivaselvam@REDmoneyGroup.com
Editor	Raphael Wong Raphael.Wong@REDmoneyGroup.com
Senior Copy Editor	Mary Zachariah Mary.Zachariah@REDmoneyGroup.com
Copy Editor	Sasikala Thiagaraja Sasikala@REDmoneyGroup.com
Senior Writer	Elmira Azlan Elmira.Azlan@REDmoneyGroup.com
Staff Writer	Nazneen Abdul Halim Nazneen.Halim@REDmoneyGroup.com
Senior Correspondent	Jennifer Jacobs Jennifer.Jacobs@REDmoneyGroup.com
Correspondents	Kamal Bairamov, Shirene Shan
Features Editor	Shabnam Mokhtar Shabnam.Mokhtar@REDmoneyGroup.com
Forum Editor	Christina Morgan Christina.Morgan@REDmoneyGroup.com
Publishing Manager	Melisa Idris Melisa.Idris@REDmoneyGroup.com
Production Manager	Hasnani Aspari Hasnani.Aspari@REDmoneyGroup.com
Production Executives	Muhammad Najib Abdul Rahim Najib.AbdulRahim@REDmoneyGroup.com Yazid Yahya Yazid.Yahya@REDmoneyGroup.com

SALES TEAM

New Business Manager	Charles Philip Charles.Philip@REDmoneyGroup.com Tel: +603 2162 7800 x 13
Head of Subscriptions	Musfaizal Mustafa Musfaizal.Mustafa@REDmoneyGroup.com Tel: +603 2162 7800 x 24
Subscriptions Sales Executives	Nadjmuddean Mohd Ris Mohammed.Nadjmuddean@REDmoneyGroup.com Tel: +603 2162 7800 x 38 Sheikh Mohd Rasyidien Sheikh Razman Rasyidien.Razman@REDmoneyGroup.com Tel: +603 2162 7800 x 29

MARKETING TEAM

Marketing Manager	Deepa Kaliperumal Deepa.Kaliperumal@REDmoneyGroup.com
Administration & Marketing Assistant	Dhana Dorasamy Dhana@REDmoneyGroup.com
Financial Controller	Faizah Hassan Faizah.Hassan@REDmoneyGroup.com
Deputy Publisher & Director	Geraldine Chan Geraldine.Chan@REDmoneyGroup.com
Managing Director	Andrew Tebbutt Andrew.Tebbutt@REDmoneyGroup.com
Managing Director & Publisher	Andrew Morgan Andrew.Morgan@REDmoneyGroup.com

Individual Subscription Rate: US\$675/Year
 Company-Wide Subscription Rate: US\$2,950/Year

DISCLAIMER

All rights reserved. No part of this publication may be reproduced, duplicated or copied by any means without the prior consent of the holder of the copyright, requests for which should be addressed to the publisher. While every care is taken in the preparation of this publication, no responsibility can be accepted for any errors, however caused.

Company Index

Company	Page	Company	Page	Company	Page	Company	Page
AAOIFI	8, 16, 18, 23	CIMB	5, 8	i-VCAP	6, 18	RBS	30
ABC Group	30	CIMB Investment Bank	7, 8	Jabal Omar Development	9	RBS Islamic Banking	14
ABG	31, 10	Credit Agricole Group	7, 14	JIB	10	RBT-Mutual Benefit Association	14
ADM	30	Credit Suisse	31	John Wiley & Sons	24	RHB Bank	8, 8
ADNIF	30	Dawood Family Takafu	13	Jovian Capital	24	RichWeb	8
Asha & Shamsi	25	Devaar Development	9	KFH	11	RIMANS Organization for Asia and the Pacific	14
AIG	13	DGS	11	KFM	5	S&P	4, 15, 29
AIG Commercial Insurance	13	DIFC	9	Korea Investment & Securities	7	Sakana Holistic Housing Solutions	10
Alman Bank	12	DMCC	11	Lafarge Malayan Cement	15	SAMA	14
Allen & Overy	12	Dubai Bank	11	LARIBA	26	Saudi Stock Exchange	11
Al-Rajhi Bank	29	Dubai Holding	17	Limitless Holding	26	Seafield Capital	15
Al-Rajhi Financial Services Company	29	Dubai Inc	17	Madani Securities	26	Shamil Bank	10
Arab Bank	29	Dubai Public Prosecution	10	Malayan Banking	14	Sharmelit.org	27
Assef Hamzah & Partners	29	Economic World	17	Malaysian Re	14	SICU Capital	30
ATM	29	Economic Advisory Council	17	MARC	15	Sonejgar	29
Bahrain Securities	20	ELITE	15	Maybank Investment Bank	26	Standard Chartered	29
Bahrain Central Bank	21	Emirates NBD	30	Meezan Bank	26	Swiss Re	30
Bakrieland Development	6	Emirates Transport	12	MIA	8, 16	Syarikat Takaful Malaysia	13
Bank Islam Malaysia	13	EON Bank	16	MNRB Holdings	27	Takaful khlas	13, 14
Bank Muamalat Indonesia	13	Ernst & Young	16	Mohamed Ridza & Co	5, 8, 29	Tazkia Group	13
Bank Rakyat	29	FBI	16	Moody's	30	Tengku Azizan Investment Authority	11
Bank Syariah Indonesia Syariah	29	Federal Reserve Board	13	Morgan Stanley	30	Tharaad Holding	11
Bank Syariah Mandiri	8	Finam Investment	9	M-Trex	15	Tharawat Investment House	11
Bank Syariah Mega Indonesia	8	Fitch	29	Nasdaq Dubai	11	Thomas More Law Center	13
Bank Albaraka D'Algérie	3	FOM	21	National Committee on Islamic Banking	6	TIA Technology	25
Barclays Capital	29, 30	FSB	16	NBAD	10	TNB	24
BMB Holdings	12	FTSE	17	NCB Capital	11	Treasury of The World Bank	24
BMB Securities	13	Hong Leong Bank	8	New York International	11	TS	15
BISB	11	HSBC	8, 11, 29, 31	ONE	38	TWAM	4
BOME	26	HwangDBS Investment Management	8, 16	PAC Total Solutions	38	TWPG	4
BMO Mellon Wealth Management	8	IASB	16	Path Solutions	38	UAE Central Bank	17
Boubyan Bank	30	IFC	20	Penang Investment Authority	11	UMI Mandiri	17
BPA	12	IFSB	21	Perusahaan Penerbit SBSN Indonesia 1	9	Unicom Investment Bank	4
Bursa Malaysia	5, 18	IMF	21	PUB Binaan	9	Waaha Bank	33
CAAM Group	14	INCEIF	20	Ostar Foundation	16	Wethaq Takaful Insurance	15
Capital Markets Authority	12	Investment Dar	10, 12, 15	Ram Ratings	15		
CBK		Istanbul Stock Exchange	18	Rasuna Epicentrum	15		
				RBI	16		

Country Index

Country	Title	Page	Country	Title	Page	Country	Title	Page
Algeria	ABG's Algerian unit posts hefty profit	3		Bank Syariah Mandiri still on a roll	7		ELITE redeems US\$230 million BalIDS	15
Bahrain	Sakana to issue US\$50 million Sukuk	10		Call for Shariah currency trade swaps	8		MARC downgrades M-Trex	15
	Tharawat launches its first fund	11		Termsheet — Government of Indonesia's Sukuk	29		Sector Report — ETFs in Malaysia:	
	Islamic securities market set to grow	11	Jordan	JIB's profit rises in spite of downturn	10		How they fare	18
Canada	S&P launches new Islamic index	4	Korea	Korea confident of Sukuk issue soon	7		Meet The Head — Eric Loo	28
GCC Global	Jovian, UM to launch Islamic product	4	Kuwait	Dar mulls capital hike	10	Morocco	IDB loan for power plant	9
	'Islamic banks more attractive'	12		Daif files complaint against CBK	12	Pakistan	Customized bancaria Takaful	14
	IFRS for Islamic finance?	8	Libya	Takaful firm on watch	15	Philippines	'Go for Takaful'	14
	Flight to quality seen for Sukuk market	9	Malaysia	Wahda implements IMAL	3	Russia	'Islamic banks stronger than US banks'	9
	Sukuk begs to differ	9		Two-thirds fall in profit for BIMB	13	Saudi Arabia	Jabal Omar picks Al Rajhi	9
	IFN Reports — AAOIFI or IFRS?	16		Takaful Ikhlas eyes 63% contributions hike	13	Al-Noor up a third in two months	11	
	IFN Reports — Sukuk the comeback kid?	16		MNRB revenue up by 20%	14	Senegal	Setting the stage for Shariah finance	3
	Market Report — Dow Jones Islamic Market Indexes in May: It all relies on the East	21		Asian Sukuk 'a draw'	5	UAE	SALAMA, CAAM offer Islamic funds	14
	Focus — Expanding financial frontiers — Part 1	23		Ezdan eyes Malaysia to list iREIT	5		RichWeb launches online fund finder	9
	Focus — The fate of Tawarruq going forward	25		Bursa opens new division	5		Ex-minister claims trial to larceny	9
	Forum — The International Council of Fiqh Academy recently resolved that the simultaneous use of classic Tawarruq and Reversed Tawarruq were not permissible despite it being a popular structure within the Islamic financial industry, particularly in the Middle East. What effect will this resolution have on the industry?	26		Another Islamic SWF for Malaysia?	6		ADNIF aims 25% profit increase	10
India	'Islamic banking perfect for India'	6		i-VCAP to launch 4 funds	6		Ajman Bank outsources card services	11
Indonesia	Bakrieland to issue US\$29 million Sukuk	6		Bank Rakyat projects gain	6		DMCC to bring Islamic gold home	11
				Zeti dismisses Moody's review	8		New product for government employees	11
				HwangDBS launches ALIMAN Sukuk Fund	8		Bank financing for bus firm	12
				FTSE roundtable on Islamic equities	8		IFN Reports — Making the tough calls	17
				'AAAS' for Musyarakah One Capital	15		BMIB upbeat on Islamic finance sector	8
				TNB outlook stable	15		'Anti-Islamic finance' suit to go on	13
				Lafarge reaffirmed 'A1/P1'	15		US boost for Shariah compliant investments	4

Islamic Finance news

Yes! I would like to subscribe to:

INDIVIDUAL SUBSCRIPTION

- 1 Year at US\$675 nett
 2 Years at US\$1,200 nett

COMPANY WIDE SUBSCRIPTION

- 1 Year at US\$2,950 nett
 2 Years at US\$5,100 nett

(Max: 10 Individual Subscriptions)

YOUR DETAILS

Full Name

(First Name)	(Surname)
--------------	-----------

Company Name

Job Title

--	--

Address

--

Postal/Zip

Country

--	--

Work Email

--

Telephone

Fax

--	--

The information you provide will be safeguarded by REDmoney, whose subsidiaries may use it to keep you informed of relevant products & services.

TO INITIATE YOUR SUBSCRIPTION, RETURN FAX TO +603 2162 7810

Payment can be made in US\$ or RM by:

- Credit Card
 Check
 Telegraphic Transfer (T/T)

Please send your T/T advice with your subscription form to us either by post or fax. A confirmation will be sent once payment is received. Please note that subscription is not confirmed until payment has been made in full.

Each subscription will receive:

- 50 issues of *Islamic Finance news* available every Friday
- Exclusive login details for each subscriber
- Unlimited access to the archived library of all past issues
- All additional supplements, guides and reports (Not IFN Research)

Islamic Finance news **ROADSHOW**

2009

Following the success of the inaugural *Islamic Finance news* roadshow last year, which attracted more than 2,000 delegates, we are pleased to once again host the second edition beginning March 2009.

The *Islamic Finance news* Roadshow is a series of one-day events comprising plenary sessions, presentations and keynote addresses targeted at the developing markets for Shariah finance across the globe. These are be practitioner-led, with participation from some of the world's most renowned Shariah scholars. Surely this combination is one that's too irresistible to ignore.

The free-to-attend events enjoy the cooperation of the respective local regulators. This year, 11 key developing Islamic financial markets have been finalized for the roadshow, with seven return trips and four new locations added. View the list for a location near you.

Coming up....



Don't miss this opportunity to meet the Islamic finance industry's leading practitioners and scholars.

For more information and to register, visit:

www.IslamicFinanceEvents.com