

# Islamic Finance *news*

A **RED**money Product

Vol 7 Issue 36 8<sup>th</sup> September 2010

The World's Global Islamic Finance News Provider

## Islamic Finance *news*

Register now - It's free

ALERTS

## Alternative thinking

Lately Islamic finance is increasingly being recommended as an antidote to the conventional financial system and the distress that has come with the global economic crisis.

The crisis did much to strengthen the case for alternative investment approaches including Islamic finance.

Shariah compliant products have been pushed to the fore because their lack of exposure to the financial sector has had a positive effect on post-credit crunch returns, according to Scottish Widows Investment Partnership.

As a risk sharing, non-speculative system, Islamic finance is also being touted as the provider of reasonable routes to bailout financially distressed companies, especially those looking to restructure debt.

Even if this is so, an effective and facilitative legislative framework needs to exist for the Islamic finance market to make this bid a reality, as put forward by Al Ruwayeh & Partners about the situation in Kuwait.

Offshore jurisdictions are one example where the above structure exists. The best regulated and more mature ones already provide for rules and corporate governance required by the Islamic Financial Services Board minus, however, the Shariah specific requirements. Read about this in the report by Argyl Investment Services, the investment management firm that launched the World

Shariah Funds, a Guernsey based suite of Shariah compliant investments.

Circumstances in Morocco are different. The development of Islamic finance has been slow and gradual not for want of structure, but rather a lack of compelling need, given that there is no shortage of financing in the Moroccan economy.

Our IFN report on Qatar reveals that the scene is set to recover sooner than expected in the country. This is indicated by the latest agreement signed between Qatar Islamic Bank, Aqar Real Estate investment and Al-Futtaim Group to construct a mega retail mall to the tune of US\$1.63 billion, the largest deal so far since the financial crisis.

Qatar also features prominently in two other IFN reports. In the first, recent developments in France may see the first French Sukuk being issued sooner than expected. Currently Qatari investments alone into France is US\$1.42 billion.

In the second, Qatar National Bank is poised to be the controlling stakeholder in Indonesia's Bank Kesawan, in a market that is seen to be underperforming.

The Takaful industry in Malaysia is looking to expand abroad with the granting of four licenses to joint ventures between Malaysian and foreign banks, as explained in the fourth IFN report. ☺

### HAVE YOU VOTED YET?



**VOTE NOW!**

Complete Form on the Last Page

### In this issue

IFN Rapid .....	2
Islamic Finance News .....	3
Takaful News .....	9
Rating News .....	10
<b>IFN Reports:</b>	
Malaysia to tap foreign markets with Takaful .....	11
Qatar to recover soon .....	11
Islamic banking to grow in Indonesia .....	12
Moving closer towards Sukuk.....	12
<b>Articles:</b>	
Can Islamic Finance Bailout Kuwaiti Companies? .....	13
Serving Islamic Retail Investors Better.....	15
Islamic Finance in Asset Management .....	17
Islamic Finance in Morocco: Expectations and Challenges .....	19
<b>Meet the Head .....</b>	<b>21</b>
<i>Mufaddal Idris Khumri, Head, Islamic banking division of Abu Dhabi Commercial Bank, ADCB Meethaq - Islamic window</i>	
<b>Termsheet.....</b>	<b>22</b>
<i>Sukuk Ijarah PLN V 2010</i>	
<b>Moves .....</b>	<b>23</b>
<b>Deal Tracker .....</b>	<b>24</b>
<b>Eurekahedge Funds Tables .....</b>	<b>25</b>
<b>S&amp;P Shariah Indexes .....</b>	<b>26</b>
<b>Dow Jones Shariah Indexes .....</b>	<b>27</b>
<b>Dealogic League Tables.....</b>	<b>28</b>
<b>Thomson Reuters League Tables.....</b>	<b>31</b>
<b>FTSE Shariah Indexes .....</b>	<b>34</b>
<b>Events Diary.....</b>	<b>35</b>
<b>Company Index .....</b>	<b>36</b>
<b>Subscription Form .....</b>	<b>36</b>

Discovering innovation in the everyday. It's what sets us apart.

► Best Islamic Finance House 2009 - Finance Asia ► Best Islamic Bank in Asia 2009 - Euromoney ► Best Sukuk Deal 2009 - Euromoney  
► Best Islamic Retail Bank 2009 - The Asset ► Most Innovative in Islamic Finance 2009 - The Banker

For more information, please visit [www.cimbislamic.com](http://www.cimbislamic.com)



## NEWS

- **Al Baraka Egypt** plans to hike capital to US\$175.2 million
- **Stanbic Bank** charts new customers for its Shariah scheme
- **Nigerian Stock Exchange** seeks foreign investors
- Sudan postpones sale of US\$300 million Sukuk until 2011
- **Malaysia Airports Holdings** issues 10-year US\$318.8 million notes
- **Bank Muamalat Indonesia** partners **Al Ijarah Indonesia Finance** to offer Islamic financing
- Indonesia plans to sell US\$222 million Sukuk to **Islamic Haj**
- **ISRA** choose regulators to issue permits to Shariah scholars
- **The Securities and Exchange Commission of Thailand** plans to introduce Sukuk laws
- **Qatar National Bank** is standby buyer for **Bank Kesawan's** rights offer
- **KFH-Malaysia** offers Personal Financing-i Hajj for Muslim pilgrimages
- **HSBC Amanah** provides US\$33 million Murabahah financing to **Krakatau Steel**
- **UBL Fund Managers** sign deeds with **Central Depository Company of Pakistan**
- **Bank Permata Syariah** assets reach US\$173.2 million
- Low awareness in Islamic banking in Indonesia
- **Westports Malaysia** uses from US\$257 million Sukuk proceeds for expansion
- **KFH-Malaysia** forms strategic alliances for Islamic banking
- **Maybank** aims to grow Islamic banking share to 33% by 2015
- **Affin Holdings** cancels plan standalone unit
- State of Kelantan's Shariah currency get warm response in Malaysia
- **European Finance House** rebrands as **QIB (UK)**
- Qatar's investment in France is at US\$1.4 billion
- Deutsche Bank climbs to second spot on bond sales

- Market capitalization of equity markets in 28 **OIC** countries at US\$1.86 trillion
- M&A activities slide 15% in the first half of 2010
- Gulf banks heads for recovery with improvement in assets expected in 2011
- Regulating Shariah scholars has limited merit as Islamic law permits difference of opinion
- Islamic exchange traded funds set to grow
- Islamic finance must diversify to realize its full potential
- Equity funds in GCC posts 9% fall due to market conditions
- Bright opportunities await investors in Asia and Latin America
- **Al khaliji al islami** introduces iMAL banking system
- **National Bank of Kuwait** named one of the world's safest banks
- **Emirates Islamic Bank** offers Intaleq vehicle financing in partnership with **Al Habtoor Motors**
- **Dubai Sukuk Centre** to make profit distribution for Sukuk
- **Millenium Private Equity** turns to Islamic financing for venture capital in Europe
- **Dubai International Financial Centre** debates cost cuts to tap African and South Asian companies
- **QIB, Al-Futtaim Group** and **Aqar Real Estate Investment** seal deal for multipurpose complex
- **Al Salam Bank-Bahrain** provides US\$59 million Shariah facility

## TAKAFUL

- **Bank Negara Malaysia** awards Family Takaful licenses to four joint venture firms
- **Etiqa Takaful** forecasts US\$382,994 in accident plan premiums for first year
- **AMMB Holdings** plans to start its Takaful business in June 2011
- **ING, Public Bank** and **Public Islamic Bank** to set up joint venture Family Takaful
- **Takaful Ikhlas** targets US\$1.28 million in sales for Hajj plan before April 2011

- Takaful has potential to develop in GCC, says **Solidarity Group Holding**

## RATINGS

- **MARC** affirms Danajamin's 'AAA' insurer financial strength rating with stable outlook
- Suncity fully redeems its US\$79.5 million redeemable bank-guaranteed serial bonds
- **RAM** reaffirms long- and short-term financial institution ratings at 'A2' and 'P1' for **HwangDBS Investment Bank**
- **RAM** reaffirms **Standard Chartered Bank Malaysia's** Islamic payment notes rating at 'AAA'
- **RAM** reaffirms **Sabah Ports'** US\$24 million Bai Bithaman Ajil and US\$22 million Murabahah notes facility
- **RAM** reaffirms long- and short-term ratings of 'BBB1' and 'P2' for **Formis'** US\$24 million Murabahah notes
- **MARC** continues to monitor progress on **Kesturi's** US\$250 million Sukuk Istisnah
- **Moody's** revises outlook on the long term local currency deposit ratings for five banks in Pakistan to negative
- **RAM** reaffirms 'AA1(s)' rating of **Sarawak Power Generation's** US\$69 million Serial Sukuk Musharakah
- **RAM** reaffirms respective 'AA2(s)' and 'P1' ratings of **Pharmaniaga's** Islamic notes

## MOVES

- Daryl Bowden is head of sales trading for Europe at **Macquarie Securities Group**
- **BNY Mellon** hires head of global product management and business manager for EMEA
- **Societe Generale Corporate and Investment Banking** hires John Craven as head of professional client relationships for exchange-traded products
- Tushar Morzaria is appointed CEO of **JP Morgan Chase & Co**
- Olivier Gougeon is South Asia's CEO for **Societe Generale**
- **HSBC** appoints Sunil Veetil as head of global payments and cash management in Korea
- **Credit Suisse** appoints James Hong as chief executive to its private banking unit in Hong Kong

**Disclaimer:** Islamic Finance news invites leading practitioners and academics to contribute short reports each week. Whilst we have used our best endeavors and efforts to ensure the accuracy of the contents we do not hold out or represent that the respective opinions are accurate and therefore shall not be held responsible for any inaccuracies. Contents and copyright remain with REDmoney.

## AFRICA

### Capital increase

**EGYPT:** Al Baraka Egypt is planning to gradually increase its capital to EGP1 billion (US\$175.2 million) over the next five years due to steady growth of the bank, said Ashraf Al Ghamrawi, its vice chairman and CEO.

The paid up capital of Al Baraka Egypt stood at EGP500 million (US\$88 million) at the end of June 2010.

Al Baraka Egypt is also considering launching a real estate fund with a capital of EGP50 million (US\$8.8 million) at year end. <sup>(f)</sup>

### Warm response

**TANZANIA:** Stanbic Bank Tanzania (Stanbic Bank) has gained 5000 new customers for its Shariah compliant banking scheme since July 2010.

Bashir Awale, managing director of Stanbic Bank said the bank plans to double the number of customers it receives per week from the present 50 for the Shariah compliant banking scheme.

Stanbic Bank is the first bank in Africa to start Shariah banking services. <sup>(f)</sup>

### Keeping busy

**NIGERIA:** The Nigerian Stock Exchange is seeking foreign investors as part of its plan to demutualize the bourse and introduce new products including Islamic investments, said Arunma Oteh, director general of Securities and Exchange Commission of Nigeria.

Oteh said the bourse will consider selling stakes to overseas investors, including foreign exchange operators.

She also said developing markets for Islamic finance, corporate bonds and exchange-traded funds will help attract foreign investment into the country. <sup>(f)</sup>

### Sale of Sukuk delayed

**SUDAN:** The sale of US\$300 million Islamic bonds originally planned for 2008 has been put off until next year after global markets recover from the economic crisis, said Sabir al-Hassan, the central bank governor.

Sabir said the country is waiting for the right environment as the markets are still affected by the financial crisis.

However, he added that the sale of the Sukuk may still take place this year if conditions improve.

Sudan is seeking buyers for the Sukuk from the Gulf region, because US economic sanctions have denied the country access to other international markets.

The country is on the US list of state sponsors of terrorism and has been subjected to US economic sanctions since 1997. <sup>(f)</sup>

## ASIA

### Airport issues notes

**MALAYSIA:** Malaysia Airports Holdings issued its first tranche issuance of a 10-year RM1 billion (US\$318.8 million) Islamic medium term notes (MTN) program at a yield of 4.55% which attracted more than RM9.9 billion (US\$3.2 billion) in offerings from investors.

Proceeds raised from the notes will be used to finance developments of a new low cost carrier terminal and refinance the company's borrowings.

*continued...*

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 USD117 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** 

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

continued...

The Islamic MTN carries an 'AAA' rating by RAM Rating Services. (f)

## Partners in auto financing

**INDONESIA:** Bank Muamalat Indonesia (BMI) has teamed with Al Ijarah Indonesia Finance (ALIF) to offer Murabahah based Islamic vehicle financing called AutoMuamalat.

The first phase of this program saw BMI providing an IDR250 billion (US\$27.7 million) financing to the project. BMI will contribute 95% financing for all its joint projects with ALIF. (f)

## Fund through private placement in September

**INDONESIA:** Indonesia is planning to sell IDR2 trillion (US\$222 million) Sukuk to Islamic Haj Fund through a private placement in September this year.

According to Dahlan Siamat, director in charge of Sukuk at the Indonesian government's debt office, the government has targeted to sell IDR4.6 trillion (US\$510.9 million) Sukuk in private placement this year and have already sold IDR2.9 trillion (US\$322.1 million). (f)

## Permit for Shariah scholars

**MALAYSIA:** International Shariah Research Academy for Islamic Finance (ISRA) is planning to choose a board of regulators by year end to issue permits to qualified scholars to sit on Shariah boards, according to Aznan Hasan, president of the oversight committee in ISRA.

Kaleem Iqbal, senior executive vice president at Al Baraka Islamic (Pakistan), said the industry needs a body that could certify and standardize Islamic products in the market. (f)

## Sukuk law in the making

**THAILAND:** The Securities and Exchange Commission of Thailand (SEC) is planning to introduce the country's new regulations to govern the issuance of Sukuk, said Thirachai Phuvanatnaranubala, secretary general of SEC.

"The rules to pave the way for Islamic Sukuk bonds will be issued in October this year," said Phuvanatnaranubala. He added that the SEC is currently drafting licensing rules for municipal authorities to issue and offer bonds to local investors, in preparation for the launch of the inaugural Thai Sukuk.

Phuvanatnaranubala explained that the long-awaited launch will be part of Thailand's moves to liberalize and expand its relatively small debt market. (f)

## QNB to buy Kesawan

**INDONESIA:** Qatar National Bank (QNB) and Indonesia's Bank Kesawan has signed a letter of intent to make QNB the standby buyer for Bank Kesawan's planned rights offer and the potential controlling shareholder of the latter.

Bank Kesawan is expected to issue the rights offer by the first quarter of 2011. It has a network of 33 branches in Indonesia and total assets worth IDR2.3 trillion (US\$255 million). (f)

(Also see IFN Report on page 12)

## Pilgrimage product

**MALAYSIA:** KFH has introduced a Personal Financing-i Hajj and Umrah product designed for its Muslim customers to facilitate their religious pilgrimages.

A maximum financing limit of RM100, 000 (US\$39, 198) will enable customers and

their family to perform the pilgrimage with options to include a Takaful premium and personal expenditures. (f)

## Murabahah for steel producer

**INDONESIA:** HSBC Amanah has provided a US\$33 million Murabahah financing facility to state-owned Krakatau Steel to finance its purchasing of raw material.

This is the second time that HSBC Amanah is providing a Murabahah financing facility to Krakatau Steel, following its first collaboration with the steel manufacturer in 2007 for its US\$50 million Murabahah syndication.

According to Sukandar, finance director of Krakatau Steel, the Murabahah financing facility is part of Krakatau Steel's plan to diversify its funding sources. (f)

## Islamic income fund

**PAKISTAN:** UBL Fund Managers has signed trust deeds of its Shariah compliant income funds, UBL Islamic Savings Fund with Central Depository Company of Pakistan.

UBL Islamic Savings Fund will invest in government issued Sukuk and Islamic bank deposits.

The fund will be open for public subscription after approval from the Securities and Exchange Commission of Pakistan.

UBL Fund Managers is a subsidiary of United Bank. (f)

## Assets climb 4%

**INDONESIA:** Bank Permata Syariah's (BPS) assets to date have reached IDR1.56 trillion (US\$173.2 million), an increase of 4% from IDR1.49 trillion (US\$165.4 million) in 2009.

continued...

## NEW SERVICE

# Islamic Finance news

We're not just a Weekly  
but also a **Daily** news provider

Register now for  RSS Feeds on [www.islamicfinancenews.com](http://www.islamicfinancenews.com)



*continued...*

BPS's first half net profit amounted to IDR59 billion (US\$6.6 million), an increase of 100% from 2009 of IDR29 billion (US\$3.2 million).

The increase in net profit margins derived from Murabahah and rental IMBT is IDR68 million (US\$7,549), an increase of 72% from IDR39.5 million (US\$4,385) last year.

Third party funds grew 31% from IDR866.2 billion (US\$96.2 million) in 2009 to IDR1.1 trillion (US\$122.1 million) in 2010, while the capital adequacy ratio reached 12.1%.<sup>(f)</sup>

## Still a long way to go

**INDONESIA:** Islamic banking is still an underperformer in Indonesia, despite a huge Muslim population.

According to the Economist Intelligence Unit and Boston Consulting Group, Indonesia has a total of 119 million potential customers for Islamic banking products. However, its market size has only reached 2.2%, as compared to Malaysia (19.9%) and Brunei (36%).

Mulya Siregar, director of Islamic banking at Bank Indonesia, the central bank of Indonesia, attributed this problem to the lack of public awareness on Islamic banking in the country.

He added that in a recent survey on Islamic banking in Indonesia, only 11% of the 5,000 respondents understand the functions of Islamic banking.

The central bank, Bank Indonesia has projected growth of 33% to 35% for Islamic banking business in Indonesia by year end.<sup>(f)</sup>

## Port expansion

**MALAYSIA:** Westports Malaysia will be using proceeds from the issuance of the RM800 million (US\$257 million) Sukuk Musharakah medium term notes program in 2008 to invest in expansion.

Ruben Gnanalingam, executive director of Westports said, "Islamic financing gives better deals (and) there is a shared involvement of risks and rewards".

Gnanalingam said that the company will be investing between RM3 billion (US\$964 million) and RM4 billion (US\$ 1.28 billion)

over the next 15 years on expansion, including the wharf, facilities and equipment.<sup>(f)</sup>

## Islamic banking deals

**JAPAN:** Kuwait Finance House (Malaysia) is in discussion with institutions in Japan to form strategic alliances to finalize several Islamic banking deals.

KFH Malaysia is also interested in purchasing stakes in Islamic banks from Hong Kong, Thailand, India and Indonesia.<sup>(f)</sup>

## One third market share

**MALAYSIA:** Maybank aims to grow its Asean share of total Islamic financing from 24% in March 2010 to 33% by 2015, said Abdul Wahid Omar, its CEO.

Abdul Wahid added that this growth will first be driven by Malaysian business, followed by Indonesia, where the bank is seeking to increase its share in Islamic financing from 1% to 3% by 2015.<sup>(f)</sup>

## Standalone Islamic unit off

**MALAYSIA:** Affin Holdings (Affin) has called off its plans to position its Islamic subsidiary, Affin Islamic Bank as a standalone unit. Affin said the decision was made after taking into account the business model and corporate structure of its banking subsidiaries Affin Bank, Affin Investment and Affin Islamic Bank in the immediate to medium term.

The banking group added that its commercial banking business, both conventional and Islamic, will be placed under Affin Bank.<sup>(f)</sup>

## Good response for dinar

**MALAYSIA:** The Islamic gold dinars and silver dirhams which were introduced in the state of Kelantan on August 2010 have received a warm response among Malaysians.

According to Umar Ibrahim Vadillo, CEO of Kelantan Golden Trade, the first batch of gold dinar and silver dirhams worth RM2 million (US\$625,000) was sold out in less than a month.

He added that Kelantan Golden Trade anticipates sales of the gold dinars and silver dirhams to hit RM60 million (US\$19 million) to RM70 million (US\$22 million) by the end of 2010.<sup>(f)</sup>

## EUROPE

### EFH rebrands

**LONDON:** Qatar Islamic Bank's (QIB) subsidiary, European Finance House (EFH) will undergo a rebranding campaign as QIB (UK).

This move is to bring EFH under QIB's identity as one of the region's established Islamic banking institution.<sup>(f)</sup>

### Qatar looks into France

**FRANCE:** Qatar's investment in France is at EUR1.1 billion (US\$1.4 billion) while Islamic banking in the country grew by 29% last year, according to a senior official from the French Agency for Foreign Investment in the Middle East.

The assets of Barwa Real Estate Company in France alone is estimated at EUR300 million (US\$384.9 million) while transport and energy are the two main sectors of investment for Qatar in France, said the official.

The official added that an MoU will be signed between the two countries to encourage Qatar's investment in France.<sup>(f)</sup>

### Moving up the ladder

**GERMANY:** Deutsche Bank has climbed to second ranking on bond sales in the Middle

*continued...*

- Latest News
- Deal Flows
- People Moves
- New Entrants
- Competition
- New Products

**Islamic Finance news**  
lets you know first

**SUBSCRIBE NOW!**

For more information email  
[subs@islamicfinancenews.com](mailto:subs@islamicfinancenews.com)

*continued...*

East and North Africa, from its 17<sup>th</sup> position in 2008.

The upgraded position was attributed to the bank's role as a principal paying agent and trustee for the US\$3.5 billion Sukuk offering by Ports Customs and Free Zones Corporation in 2006, which was then the world's biggest Islamic bond offering. <sup>(f)</sup>

## GLOBAL

### OIC equity share low

**GLOBAL:** The market capitalization of equity markets in 28 Organization of Islamic Conference (OIC) countries stands at US\$1.86 trillion. This is a low figure compared to other leading markets, according to Islamic International Rating Agency and Dinar Standard.

The 28 OIC countries garnered a total of 1582 global Sukuk issues outstanding registered at US\$137 billion as of June 2010. From this figure, 88% Sukuk issues were not listed.

As of June 2010, there were 504 Islamic mutual funds globally with total assets under management of US\$31 billion in OIC countries. The challenge to this sector is its small fund size as 80% of funds are less than US\$50 million. <sup>(f)</sup>

### M&A activities fall

**GLOBAL:** Merger and acquisition (M&A) activities dropped 15% to US\$18.5 billion in the MENA region for the first half of 2010 as compared to the same period last year, according to Ernst & Young.

However, M&A activities recorded deals of US\$12 billion in the second quarter, an 85% increase as compared to the first quarter as value of deals in the second quarter was higher.

Egypt ranked the highest in deal value for the first half of 2010 with US\$624 million which is equivalent to 28% of the total disclosed deal value in MENA. <sup>(f)</sup>

### Gulf banks recovering

**GLOBAL:** Gulf banks are heading towards recovery after allocating more than US\$20 billion for loans and investments. However,

improvement in assets quality can only be expected in 2011, according to Standard & Poor's (S&P).

S&P added that government support and good capitalization levels of regional banks were positive factors which would help recovery. However, outlook remains negative on most financiers in the UAE due to its operating environment. <sup>(f)</sup>

### Certification limited in merit

**GLOBAL:** The view that regulating Shariah advisors will lead to greater uniformity in the fatwas that are passed has limited merit, said Amjad Hussain, partner at law firm Eversheds.

"This view has limited merit because Shariah law does permit a difference of opinions among rightly guided scholars," he added. Amjad was responding to the move to introduce a universal qualification and standard for Shariah advisors.

However, he added that any debate on Shariah scholar education should help the industry to focus on the objectives of Islamic finance. <sup>(f)</sup>

### Islamic ETFs growing

**GLOBAL:** There is much indication for growth in exchange traded funds (ETFs) said iShares vice president Robert Broadwell.

"From a Gulf perspective, we have seen interest in Shariah compliant ETFs by Islamic banks in their asset management, treasury and wealth management departments," he added.

Broadwell also said that private clients' advisors in conventional banks include Shariah compliant ETFs in client portfolios combined with actively managed funds and structured products.

He is optimistic that Shariah compliant ETFs will become a familiar tool among practitioners of professional asset and wealth management that is keeping with the foundations of Shariah. <sup>(f)</sup>

### Getting things right

**GLOBAL:** The Islamic finance industry, which makes up 5% of the global financial industry, must diversify and further regulate to realize its full potential, according to analysts.

Hajjaj Bukhdur, a Kuwait based economist, attributes the small market share to a lack of sufficient management and regulation, as the industry has enough products to meet investors' demand and expand rapidly.

Hajjaj said the industry will continue to expand with the bulk of the growth coming from Islamic units of leading global banks rather than from new and independent Islamic financial institutions. <sup>(f)</sup>

### Poor performance

**GLOBAL:** Equity funds registered for sale in the GCC recorded a 9% drop in the second quarter of 2010, as compared to the 16.31% gain in the same period for 2009 due to difficult market conditions in the Middle East, according to a report by Lipper.

In the same period, total Shariah compliant funds stand at 211 in the GCC. <sup>(f)</sup>

### New wealth opportunities

**GLOBAL:** There are good buying opportunities for Islamic investors looking to profit from growth in the Asian and Latin American emerging markets.

Noripah Kamso, CEO of CIMB-Principal Asset Management said this indicates that "World power is moving to the East, Asia and emerging markets."

CIMB-Principal Asset Management is jointly owned by CIMB and Principal Global Investors. <sup>(f)</sup>

## MIDDLE EAST

### iMAL deployment

**QATAR:** Al khaliji al islami has deployed the iMAL enterprise banking and investment system by Path Solutions.

Khalid Mahdi Al Ahbabi, head of al khaliji al islami said the system will benefit the bank as operations can be processed in real time. <sup>(f)</sup>

### Safe bank

**KUWAIT:** National Bank of Kuwait (NBK) has been named one of the world's safest banks in 2010 by Global Finance.

*continued...*

continued...

NBK ranked number 28 on the list and is the only Middle East bank to be enlisted. NBK maintained its same position last year, beating Deutsche Bank, JPMorgan Chase, Lloyds Banking Group, Societe Generale and Wells Fargo.

NBK was named a safe bank as it succeeded in attaining profits growth and shareholders equity plus retaining highest long term credit. (F)

## Automobile financing

**UAE:** Emirates Islamic Bank is offering its Intaleq vehicle finance promotion for the bank's customers to purchase a new Mitsubishi automobile through Al Habtoor

Motors.

The bank will offer a competitive profit rate along with a 50% reduction on the processing fee. The offer also includes an installment holiday of 90 days, a maximum tenor of 72 months, and the option for Islamic insurance. (F)

## Profit distributed soon

**UAE:** Dubai Sukuk Centre, a subsidiary of DIFC Investments, will make a three month periodic profit distribution on time to the investors of the DIFC Investment's US\$1.25 billion Mudarabah Sukuk which was launched in June 2007.

According to Dubai Sukuk Centre, the periodic profit distribution is worth US\$2.88 million and covers the period from the 14<sup>th</sup>

June to the 13<sup>th</sup> September 2010. (F)

## Capital venture plan

**UAE:** Millennium Private Equity (MPE) plans to use Islamic financing for venture capital in Europe, after purchasing the first corporate Sukuk worth US\$10 million in the UK by International Innovative Technologies.

MPE is looking at transactions in Europe to take advantage of tightened regulations by European banks, which are encouraging European firms to diversify their financing sources.

The private equity firm is a Dubai government-linked investment company, jointly owned by United Gulf Bank and Dubai Islamic Bank. It manages financing in the energy, telecommunications, media, technology and infrastructure



**GLOBAL ISLAMIC FINANCE FORUM**

# Islamic Finance: Opportunities for Tomorrow

25<sup>th</sup> - 28<sup>th</sup> October 2010, Kuala Lumpur

Hosted by:



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

In support of the MIFC initiative:




Featuring:



**IFN 2010**  
Issuers & Investors  
ASIA FORUM

The Global Islamic Finance Forum (GIFF) 2010, themed "Islamic Finance: Opportunities for Tomorrow", will be held in Kuala Lumpur from 25<sup>th</sup> – 28<sup>th</sup> October 2010.

GIFF 2010 is a high-level multi-track event that brings together regulators, scholars and financial industry players who are key drivers in shaping Islamic finance globally. This event is organised in collaboration with the Association of Islamic Banking Institutions Malaysia (AIBIM), Malaysian Takaful Association (MTA), the International Shariah Research Academy for Islamic Finance (ISRA) and the REDmoney Group.

- Yang Amat Berhormat (YAB) Dato' Sri Mohd Najib Tun Abdul Razak – Prime Minister of Malaysia
- Ahmad Nazir Che Yen – Treasury CIMB Islamic
- Alfred Yip – Chief Investment Officer, HSBC Global Asset Management
- Dato' Muhammad Ibrahim – Deputy Governor, Bank Negara Malaysia
- Dato' Sri Nazir Tun Abdul Razak – CEO CIMB Group

- Nik Norishky Thani – Islamic Finance Specialist, Bank Negara Malaysia
- Yazit Yusuff – Head of Islamic Banking, OSK Investment Bank
- Yvonne Phe – Chief Investment Officer, AmBank Group
- Badlisyah Abdul Ghani – Chief Executive Officer, CIMB Islamic
- Mukhtar Hussain – Global CEO, HSBC Amanah

**Lead Media Partners**




**Media Partners**










For more information or to register please visit [www.giff2010.com](http://www.giff2010.com)

sectors. (2)

## Targeting Asia and Africa

**UAE:** Dubai International Financial Centre (DIFC) is reaching out to African and South Asian companies to utilize its centre and is debating cost cuts as it seeks to become an active business hub in the Gulf.

Companies from China, India and Malaysia are currently in the process of joining the DIFC.

According to Abdulla Mohammed Al Awar, CEO of DIFC, the company is looking at the cost of doing business and not just merely profit from rents.

Abdulla Mohammed added that the DIFC will conduct road shows and client visits in Africa and South Asia to attract new companies to the centre. (2)

### JV for largest complex

**QATAR:** Qatar Islamic Bank (QIB), Al-Futtaim Group and Aqar Real Estate Investment have signed a QAR6 billion (US\$1.65 billion) joint venture agreement to construct an entertainment and retail complex in Doha.

The project which will be the country's largest multipurpose complex includes a retail center, an entertainment park and two hotels.

Construction will start in early 2011. The first phase is scheduled for completion in the first quarter of 2012 and remaining two phases by 2015.

Al-Futtaim Group is a UAE based company involved in automotive, electronics, engineering, retail, financial services and real estate. (2)

(Also see IFN Report on page 11)

## Islamic property financing

**BAHRAIN:** Al Salam Bank-Bahrain has provided a GBP38 million (US\$59 million) via a Shariah compliant mezzanine facility to refinance a commercial property in Canary Wharf, UK.

The commercial property is leased to a multinational financial institution, with an unexpired term of 17.5 years, is on a repairing and insuring basis. (2)

## IFN 2010

### Issuers & Investors ASIA FORUM

Now in its 5<sup>th</sup> year, the IFN 2010 *Issuers & Investors* Asia Forum, is categorically recognized as the industry's leading and largest annual event

1,197 unique delegates attended in 2009. In 2010 we're expecting even more senior industry practitioners from around the world to attend the industry's largest and most respected event.

More sessions, more topics, more speakers, more coverage guaranteed

---

Lead Sponsors



AmIslamic  
Capital Markets



BNP PARIBAS  
INVESTMENT PARTNERS



BNP PARIBAS  
NAJMAH



CIMB ISLAMIC



بنك ايلاف  
ELAF BANK



HSBC  
The world's local bank



Amanah  
Islamic Finance Group



HSBC AMANAH  
Takaful



ธนาคารอิสลาม  
BANK OF THAILAND  
بنك التحويلات الإسلامية



OSK Investment Bank

---

Associate Sponsors



Al Rajhi Bank  
صرف الراجحي



BANK ISLAM



Dow Jones Indexes  
A CME Group Company



VCAP  
Management



Maybank  
Investment Bank

---

Research Partner



بيت التمويل الكويتي  
Kuwait Finance House

---

UK Pavilion Sponsors

supported by



UK  
TRADE &  
INVESTMENT



Aberdeen



ALLEN & OVERY



BLME



BANK OF LONDON  
AND THE MIDDLE EAST



CLIFFORD  
CHANCE



DDCAP Limited



EIIB  
EUROPEAN ISLAMIC INVESTMENT BANK PLC  
بنك الاستثمار الإسلامي الأوروبي



Gatehouse Bank



Herbert Smith



IFAAS  
INTERNATIONAL FINANCE ASSOCIATION



NORTON ROSE



PRICEWATERHOUSECOOPERS



QIB  
UK



th trowers & hamlins

---

Corporate Gift Sponsor



Cagamas

---

Booth Sponsors



ABLEAGE  
RAAKIN



AIF  
ASIAN INSTITUTE OF FINANCE



arsa  
ARABIAN REAL ESTATE ASSOCIATION



بيت التمويل الكويتي  
Kuwait Finance House



Labuan IBFC  
International Business and Financial Centre, Malaysia



OCBC Al-Amin



path  
solutions



TRASSET

---

Technology Sponsor



HID

---

Lead Takaful Sponsors



ACR  
ACR ReTakaful SEA



MNRB  
Retakaful

---

Takaful Associates



Munich RE



PRUDENTIAL BSN  
TAKAFUL



Swiss Re



IKHLAS

For sponsorship opportunities: Please contact  
Natasha.Francis@REDmoneygroup.com or +603-2162-7800 ext 65

## ASIA

### Four Family Takaful JVs

**MALAYSIA:** Bank Negara Malaysia (BNM), has awarded four joint venture companies with licences to operate Family Takaful in the country.

The four joint venture companies are American International Assurance (70%) and Alliance Bank Malaysia (30%); AMMB Holdings (70%) and Friends Provident Group UK (30%); ING Management Holdings (Malaysia) (60%), Public Bank (20%) and Public Islamic Bank (20%); and The Great Eastern Life Assurance Company (70%) and Koperasi Angkatan Tentera Malaysia (30%).

According to BNM, the new Family Takaful operators will enhance the development of the Family Takaful industry in Malaysia, especially in microTakaful, medical and retirement products. They will also help to strengthen Malaysia's position as an international Islamic financial center.

The central bank had initially planned to grant only two Family Takaful licenses, but decided to raise this to four due to growth potential in the Takaful sector, Malaysia's economic recovery and the strength of the applicants. ☺

(Also see IFN Report on page 11)

### New plan forecast

**MALAYSIA:** Etiqa Takaful forecasts RM1.2 million (US\$382,994) in premiums for

operations in the first year of its new Takaful Personal Accident plan.

The Takaful provider teamed up with mobile service operator DiGi Telecommunications for this offering.

The plan allows DiGi subscribers to sign up for the Takaful offering with a choice of either RM50, 000 (US\$15,952) coverage for a premium of RM3 (US\$0.96) monthly, or a RM100, 000 (US\$31,903) coverage for a premium RM6 (US\$1.91) per month. ☺

### Takaful commencement

**MALAYSIA:** AMMB Holdings has planned to start its Takaful business in June 2011, according to Cheah Tek Kuang, managing director for the group.

AMMB Holdings, which holds a 70% stake in its joint venture with the UK's Friends Provident Group, recently received a license under the Takaful Act 1984 from the central bank, Bank Negara Malaysia. ☺

### New Takaful player

**MALAYSIA:** ING Management Holdings (ING), Public Bank and Public Islamic Bank will set up a joint venture for a Family Takaful business to be fully operational in the first half of 2011.

ING has a 60% stake in the venture, while Public Bank and Public Islamic Bank have an equity participation of 20% each.

The companies recently received approval for a joint venture Takaful license from the central bank, Bank Negara Malaysia. ☺

### Hajj plan goals

**MALAYSIA:** Takaful Ikhlas has set a target of 7,000 participants with RM4 million (US\$1.28 million) in sales for its Hajj plan before April 2011. So far, 3,000 applications have been received, reaching RM1.4 million (US\$449,294) since the launch of the plan in April 2010, said Syed Moheeb Syed Kamarulzaman, its president and CEO.

Syed Moheeb was speaking at the signing of an MoU with six badal hajj service operators, to provide an additional service to the Ikhlas Hajj Savings Takaful plan, to meet the needs of Muslims intending to perform the Haj. ☺

## MIDDLE EAST

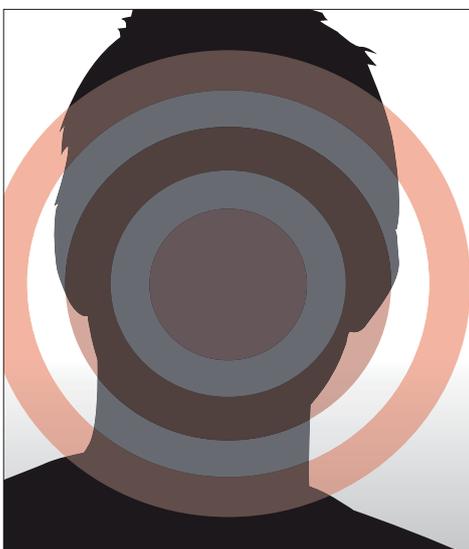
### Growing prospects

**BAHRAIN:** The insurance industry across the GCC region is continuing to grow, with the Takaful market leading the expansion with an expected growth of 10% a year, according to Ashraf Bseisu, CEO of Solidarity Group Holding.

He attributed this to the wariness of Muslims of conventional insurance in the GCC compared to other countries.

He also said that insurance accounts for only 1% of gross domestic products in the GCC, as opposed to other countries where insurance accounts for 5% to 7.5% of people's spending.

"Saudi Arabia is set for major expansion, because the country is now making medical insurance compulsory," Ashraf added. ☺



- Are you an expert in your field?
- Would you like to be read by 20,000+ industry professionals?

**Islamic Finance news** publishes contributed articles from leading industry experts every week. These may follow a predetermined editorial agenda or are perhaps more time sensitive. Either way, our readers are eager to learn and develop their industry knowledge. So, are you interested?

If yes, then contact: Sasikala Thiagaraja on +603 2162 7800 ext 34 of email her on [sasikala@redmoneygroup.com](mailto:sasikala@redmoneygroup.com)

## ASIA

### Danajamin stands tall



**MALAYSIA:** Malaysian Rating Corporation (MARC) affirmed its 'AAA' insurer financial strength rating

on Danajamin Nasional (Danajamin) with a stable outlook.

The rating action reflects Danajamin's status as Malaysia's sole financial guarantee insurer and its position as a government sponsored firm. (f)

### Bonds redeemed



**MALAYSIA:** Sunway City (Suncity) has fully redeemed its RM250 million (US\$79.5 million) redeemable bank-guaranteed serial bonds on the

20<sup>th</sup> August 2010. In view of this, RAM Rating Services (RAM) has no rating obligation on the bonds.

RAM previously rated series 1 and 3 of the BG Bonds at 'AAA (bg)' while the ratings on series 2 and 4 was 'AA2 (bg)'.

RAM will continue to monitor 'A2/P2' ratings on Suncity's RM500 million (US\$159 million) Murabahah commercial papers/medium-term notes program (2007/2022). The long term rating has a stable outlook. (f)

### Presence reaffirms ratings



**MALAYSIA:** RAM Rating Services reaffirmed HwangDBS Investment Bank's long- and short-term

financial institution ratings at 'A2' and 'P1', with stable outlook on the long-term rating.

The ratings reflect the bank's strong retail presence in the stock broking field. (f)

### Ratings confirmed



**MALAYSIA:** RAM Rating Services (RAM) reaffirmed ratings on Standard Chartered Bank Malaysia's

'AAA' RM186.2 million (US\$59.75 million) Islamic payment notes.

RAM also reaffirmed the bank's long- and short-term financial institution ratings, at 'AAA' and 'P1'. All long term ratings outlook is stable. (f)

### Leaning on significance



**MALAYSIA:** RAM Rating Services has reaffirmed the respective 'AA3' and 'AA3'/ 'P1' ratings of Sabah

Ports' RM80 million (US\$24 million) Bai Bithaman Ajil and RM70 million (US\$22 million) Murabahah underwritten Islamic medium term notes facility.

Both long-term ratings carry a stable outlook.

The reaffirmation is based on Sabah Ports' strategic role in the development of Sabah's economy.

Sabah Ports is a subsidiary of Sabah based Suria Capital Holdings. (f)

### Stellar reputation



**MALAYSIA:** RAM Rating Services has reaffirmed the respective long- and short-term ratings of 'BBB1'

and 'P2' for Formis Resources' RM80 million (US\$24 million) Murabahah underwritten Islamic medium term notes facility.

The stable outlook on the long-term ratings has been maintained.

The ratings are attributed to Formis' track record in the Malaysian information, communication and technology industry and its healthy balance sheet.

Formis is a Malaysia based technology provider. (f)

### Monitoring progress



**MALAYSIA:** Malaysian Rating Corporation (MARC) continues to monitor progress on Konsortium Lebuhraya Utara-Timur (Kesturi) refinancing of its RM780 million (US\$250 million) Sukuk Istinah.

According to MARC, the monitoring will take place despite the certainty that financial closure for the refinancing of the Sukuk will occur by mid October 2010, allowing MARC to conclude that refinancing risk for the Sukuk is manageable.

MARC's last rating action on Kesturi's RM780 million (US\$250 million) Sukuk Istinah was implemented on the 18<sup>th</sup> January 2010 when MARC affirmed its 'A+ID' rating on the Sukuk and revised Kesturi's rating outlook to developing from stable. (f)

### Five banks affected



**PAKISTAN:** Moody's Investors Service (Moody's) has revised its outlook on the long term local currency deposit ratings for five banks in Pakistan from stable to negative.

Moody's also revised the financial strength ratings of the banks — Allied Bank 'D-/ Ba3'; Habib Bank 'D-/ Ba3'; MCB Bank 'D/ Ba2'; National Bank of Pakistan 'D/ Ba2' and United Bank 'D-/ Ba3'.

Moody's affirmed foreign currency deposit ratings of 'B3/ Not-Prime' assigned to these banks. These ratings are constrained by Pakistan's country ceiling of 'B3' on foreign currency deposit ratings.

The outlook changes were prompted by the economic challenges arising from floods that affected Pakistan. (f)

### Grades maintained



**MALAYSIA:** RAM Rating Services (RAM) has reaffirmed the 'AA1(s)' rating of power producer

Sarawak Power Generation's RM215 million (US\$69 million) Serial Sukuk Musharakah.

The long term rating has a stable outlook.

The rating is based on the support from its parent company, Syarikat SESCO.

RAM has also maintained the credit profile of Sarawak Power Generation, due to its strong business profile. (f)

### Healthy ratings



**MALAYSIA:** RAM Rating Services has reaffirmed the respective 'AA2(s)' and 'P1' ratings of Pharmaniaga's

RM60 million (US\$18 million) Islamic medium term notes program and RM40 million (US\$12 million) Islamic commercial papers program. The long term rating has a stable outlook.

Pharmaniaga's ratings are based on its exclusive rights to purchase, store and distribute certain pharmaceutical and medical products to government hospitals under the agreement with the government. (f)

## Malaysia to tap foreign markets with Takaful

Late last week, the central bank, Bank Negara Malaysia (BNM) issued four new family Takaful licenses in its efforts to liberalize the financial services sector. Although these licenses would increase the number of Family Takaful operators from eight to 12, BNM expects the new entries to bring in business from overseas instead of tapping purely the domestic market.

During the first quarter of 2010, BNM announced plans to issue two new family Takaful licenses, but issued four instead after receiving numerous applications that indicated positive contribution to Malaysia's economy and social development.

Although the Malaysian Takaful industry commands 10.4% market share in terms of contributions and 8.26% in terms of assets, BNM believes that overseas business could bring in more wealth. The country is preparing to benefit from future Islamic finance solutions demand and to support the Malaysia International Islamic Finance Center's (MIFIC) initiative, a senior official at BNM told *Islamic Finance news*. This anticipated demand is expected to start with more countries recovering from the financial crisis and increased trust on Islamic banking.

In finding suitable Takaful operators, BNM considered a wide range of eligibility criteria for applicants. The financial soundness, track record, expertise, business plans and contribution they would make towards the financial sector development in the country are some of the main features which were measured.

The first joint Takaful license was issued to American International Assurance and Alliance Bank Malaysia. These two companies hold 70% and 30% stakes consecutively in the venture. The second license was issued to AMMB Holdings and Friends Provident Group of UK who also hold 70% and 30% stake consecutively. AMMB Holdings is hoping to launch its Takaful business in June 2011.

The third license was issued to a joint venture between ING Management Holdings (60%), Public Bank (20%) and Public Islamic Bank (20%). The last license was given to Great Eastern Life Assurance (Malaysia) and Koperasi Angkatan Tentera Malaysia, with 70% and 30% shareholdings respectively.

During the last five years the Malaysian Takaful industry has experienced a healthy growth. The total Takaful industry income has increased from RM1.23 million (US\$394,000) in 2005 to RM3.36 million (US\$1.076 million) in 2009. Azli Munani, executive secretary of the Malaysian Takaful Association told *Islamic Finance news* that the Takaful industry could double its growth with these new entrants. Last year, the Family Takaful sector reported a RM3.36 million (US\$1.07 million) income compared to RM1.23 million (US\$394,000) reported in 2005, an increase of 173%.

Zainudin Ishak, CEO of HSBC Amanah Takaful believes the domestic Takaful market would expand to provide more room for the bank assurance industry.

However, Syed Moheeb Syed Kamarulzaman, president and CEO of Takaful Ikhlas told *Islamic Finance news* that attracting foreign business using the new Family Takaful companies would be difficult in the short term. Although the new licenses can establish businesses abroad, the regulation and financial controls in the respective nations would delay the wealth transfer. However, the spinoff for re-Takaful companies in Malaysia would be immediate, confirmed Syed Moheeb.

The insurance and Takaful sectors have recorded a higher capital adequacy ratio of 230% in 2009 compared to 187.6% reported in 2008. The total net premium for insurers and Takaful operators increased by 8.2% last year. New business premiums for Life and Family Takaful businesses have recorded an increase of 5.4% amounting to RM9.9 billion (US\$3.12 billion) in 2009 compared to RM9.4 billion (US\$3 billion) in 2008. In 2009, the Family Takaful sector increased its income from RM2.84 million (US\$909,500) by RM422,000 (US\$135,000) to RM3.36 million (US\$1.07 million).<sup>(f)</sup>

## Qatar to recover soon

A tripartite agreement was signed between Al-Futtaim Group, Qatar Islamic Bank (QIB), and Aqar Real Estate Investment Company a few days ago. The deal is to construct a mega retail and leisure mall with an investment of AED6 billion (US\$1.63 billion), the largest infrastructure development project in the Middle East since the Dubai and global financial crises.

The proposed mall will have a full retail center, an entertainment park and two hotels within an area located on the northern highway linking the Doha international airport and proposed Bahrain causeway. Construction will start early next year and the first phase is to be completed in 2012. The entire development project is scheduled for completion in 2015.

David D'Souza, director of public relations at Al-Futtaim told *Islamic Finance news* that this project is the best evidence to explain stability and economic growth in Qatar. Salah Jaidah, the CEO of QIB believes that the project amplifies Qatar's development in the Middle East.

All three companies tied up in this agreement are held by Bawabat Al-Shamal, one of the largest family owned enterprises in the region. The entire project is a measure taken to cater to Qatar's diversified financial position, the country's rapidly expanding population and to absorb the highly disposable income in the region. This landmark construction has received government approval and is in line with Qatar's 2030 vision. The agreement was overseen by Shariah investment bank QInvest.

In contrast, Barwa Real Estate Company last month halted its planned property development projects to develop Doha and Al Khor with a total of investment of US\$9.2 billion. This decision was taken in view of improvements needed in the country's property development market. The planned Al Khor project was to build 24,000 houses and 250,000sqm of office spaces in partnership with Kuwait based Imtiaz Investment Company. The other project was to develop apartments and office spaces in Doha.

Bassam Adel Rizk, head of business development at First Finance Company confirmed with *Islamic Finance news* that the Qatar market has not fully recovered from the financial crisis. Qatar's real estate sector experienced a considerable drop in demand in 2008, which impacted residential rentals to decline by 20% - 30% in 2009. Although not as exposed to the financial crisis as Dubai, property prices in Qatar could decline further by 10% to 15% in the next few months, and any market corrections will only take place in 2011.

Syed Hasan, general manager of corporate banking at Al Rayan Investment told *Islamic Finance news* that there is possibility that the property market in Qatar would stable by year end.

Qatar is the world's largest exporter of liquefied natural gas, its prime source of income. In efforts to strengthen the economy, the

government has increased the natural gas production in addition to plant expansions made early this year. These projects are expected to improve the economy and have some impact on the real estate market. In addition to these long term development programs, the government spent 6.5% of the country's GDP to maintain stability in the financial sector stability last year. (2)

## Islamic banking to grow in Indonesia

A letter of intent was signed between Qatar National Bank (QNB) and Indonesia's Bank Kesawan last week. This agreement has enabled QNB to act as the standby buyer for a controlling stake in Bank Kesawan during the planned rights offer slated for the first quarter of 2011. Although the rights offer is yet to gain approval from the Indonesian regulators and shareholders, a due diligence process is currently underway.

Bank Kesawan in response to *Islamic Finance news* stated that QNB would use its Islamic arm to increase the Islamic banking penetration in Indonesia, and leverage on its experience. QNB has its operations in 24 countries including Europe, the Middle East, North Africa and Asia.

Bank Kesawan, on the other hand provides no Islamic banking product to date. Founded in 1913, Bank Kesawan provides commercial banking services in Indonesia using a network of 33 branches. After 98 years in service, it has total assets exceeding IDR2.3 trillion (US\$256 million). The potential match would see Bank Kesawan's first foray into the Shariah industry and QNB's first entry into Indonesia.

As the largest Muslim country in the world with 119 million people, the Islamic banking and finance industry in Indonesia is underperforming. Compared with other neighboring countries such as Malaysia and Brunei, Islamic finance in Indonesia has a maximum market share of 2.2%, according to the Economic Intelligence Unit and Boston Consulting Group. Malaysia's share is 19.9% while Brunei enjoys a higher rate of 36%.

Mulya Siregar, director of Islamic banking at Bank Indonesia, believes that low public awareness on Shariah compliant financing may be one of the key reasons that keeps customers away from Islamic banking. He added that a recent survey shows that only 11% in a sample of 5,000 people actually understand the functions of Islamic banking.

In Qatar, the banking and finance sector has started to perform well emerging relatively unaffected from both the Dubai and global financial crises. Many local banks in the country have posted profits during the first and the second quarters of this year displaying strong profiles. As a result of this healthy performance, the total provisions of Qatar banks have improved by 4.6% reaching QAR6.38 billion (US\$1.75 billion) during the six months ended in June 2010. The bank financing has also increased to QAR262.2 billion (US\$72 billion) recording a year-on-year growth of 30% in July this year.

Mahin Dissanayake, associate director financial institutions of Fitch Ratings (Dubai) told *Islamic Finance news* that Qatar has developed a strong macro economy and the state income continues to increase. The increasing revenue base has enabled the local banks to expand within Qatar and other regions.

Riding this growth wave, QNB has increased its net profits by 30.8% reporting QAR2.7 billion (US\$ 742 million) during the six months ended the 30<sup>th</sup> June 2010. The total assets have also increased by 26.5%

from QAR38.9 billion (US\$10.7 billion) in June 2009 to QAR186 billion (US\$51.1 billion) in June 2010. (2)

## Moving closer towards Sukuk

In July this year, France amended provisions made earlier on the 25<sup>th</sup> February 2009 relating to Sukuk and Murabahah transactions. These changes will facilitate the introduction of the two structures as well as Ijarah and Istisnah structures in the country. The amendments also pave the way for France's first Sukuk issuance as well as the licensing of the first full-fledged Islamic bank.

Christian Lagarde, France's minister of economy believes that it is a new beginning for Shariah compliant financing in France. The proposed legal changes will clear the double stamp duty, taxation of capital gains on property, fiscal treatment of foreign beneficiaries, provide tax relief on yields from Sukuk, and streamline regulations that govern estate agents.

According to a French-based asset management firm, the proposed legal changes would support the country's Islamic banking and finance system in a meaningful way. He believes that the French government has identified the potential of Shariah compliant finance and how it could help the economy. Additional investments from the Islamic finance industry could provide more liquidity, credibility, and legitimacy to France, according to Moody's Investor Services.

The amendments made highlight the national agenda to build the country's Islamic financial system that may successfully position France as the Islamic banking and finance hub in Europe. This could be an easy target for the French with neighboring UK on an uphill struggle to sustain Shariah compliant finance, despite having US\$19 billion worth of Islamic banking and finance assets. France is a new entrant to Shariah compliant finance in Europe that started to catch-up since 2007.

The Paris Financial Markets organization, Paris EUROPLACE, in response to *Islamic Finance news* stated that it is working with Shariah scholars to develop a structure that complies with both Shariah and French laws.

Although France has an estimated Muslim population of 10 million compared to the two million in the UK, the Shariah compliant banking and finance is yet to take off the ground in the country. However, French financial institutions including Societe Generale, BNP Paribas, Union de Banques Arabes Et Francaises, and Banque Credit Agricole have been conducting Shariah compliant financial transactions on a regular basis for the last 10 years. These transactions have increased the focus on all ethnicities in France interested in ethical financial products in addition to the Muslims.

France has also recently become a key investment domicile for the Middle East, which accounts for 14% of the inward foreign investments in the country. Qatar alone has invested EUR1.1 billion (US\$1.42 billion) in France. In a report by Paris EUROPLACE in 2008, the Islamic finance potential in France is estimated at EUR100 billion (US\$128 billion).

France is the fifth largest exporter in the world in the fields of energy, raw material, construction and infrastructure. These industries have also increased the possibilities for Sukuk issuance from France. (2)

# Can Islamic Finance Bailout Kuwaiti Companies?

By Hossam Abdullah

Kuwait has been a pioneer in the development and integration of Islamic finance, dating back to 1977 when the first Islamic bank, Kuwait Finance House, was established. Currently, Islamic finance institutions in Kuwait consist of six Islamic banks (including licensed Kuwaiti branches of banks originating from other countries) out of a total 21 licensed banks nationwide.

Among Kuwaiti wealth management firms, 51 out of a total 100 are putatively Shariah compliant investment companies. However, in contrast with these impressive statistics, the legislative framework for Islamic finance in Kuwait has yet to parallel the development seen on the ground in the sector.

Yet there have been a few noteworthy legislative developments in recent years. In 2007 and 2009 respectively, the Kuwait Ministry of Commerce and Industry passed Order No. 388 of 2007, amending Executive Regulation No 113 of 1992, (executive bylaw of the Decree Law 31 of 1990 for the Regulation of Securities Law and Investment Funds), to promulgate issuance of Sukuk by adding the word "Sukuk" to conventional bonds. Thus it did not meet the market expectation of a set of new Sukuk regulations. The Financial Stability Amiri Decree No 2 of 2009, allowing issuance of convertible Sukuk by distressed financial institutions that fail to secure equity finance through rights offerings. Furthermore, the Central Bank of Kuwait has been active in issuing guidelines and directives that regulate the operation of Islamic institutions.

However despite the lack of thorough facilitative legislation, Islamic finance in Kuwait has continued to grow, with an increasing number of creative transactions totaling in the billions of US dollars. These transactions range from simple Murabahah, Ijarah, Musharakah, Mudarabah, Istisnah, Wakalah to more sophisticated Sukuk programs, convertible Sukuk, securitization and Islamic derivatives. Recently, there is an increasing demand to use Islamic finance structures to bailout distressed companies which is discussed below.

## Restructuring Islamic Debts

### 1) Shariah structuring principles

As a result of the international financial crisis, many Kuwaiti institutions have encountered liquidity issues, triggering a need for corporate debt restructurings. Therefore, Islamic finance structures are now seriously considered alternatives in raising capital for distressed companies.

Unfortunately, the absence of a thorough legislative framework has left the Kuwaiti Islamic finance market with no other option than to continue to use traditional contract law techniques and general civil law principles to structure corporate debts undertakings to best address the ethical mandates of Islamic finance.

The civil law system has made it easier to apply these Islamic ethical mandates which constitutes a part of the system such as clarity of rights and obligations; avoidance of gharar (uncertainty); prohibition on shifting obligations of natural parties to counterparties; avoidance of interest based income; linking proceeds to the purpose for which the funding is used; and supporting transaction with real underlying assets.

If given the choice, most creditors would prefer to enter into out-of-court restructurings with struggling debtors as opposed to going through court procedures to force a bankruptcy. This presumption is no less true in Kuwait due to the fact that the process of liquidation or bankruptcy in Kuwaiti can take an average of 4.5 years, with an average recovery rate of 34.5%.

**“There is an increasing demand to use Islamic finance structures to bailout distressed companies which is discussed below”**

### 2) Shariah rules versus legal recharacterization risk

In any hypothetical out-of-court restructuring, foreign creditors of a Kuwaiti institution would generally prefer using English law, especially in any restructuring involving syndicated Islamic debts which were originally governed by English law and venue. However, the enforceability of the Shariah in purely secular jurisdictions is still unclear.

In 2004, the English Court of Appeal refused to enforce the Shariah as a choice of law in *Shamil Bank of Bahrain EC v Beximco Pharmaceutical and Others*. In 2009, the English Court of Appeal declared in *The Investment Dar Company v Blom Development Bank* that a standard commonly used Wakalah agreement did not comply with Shariah.

One might imagine that all of this legal wrangling and potential uncertainty might lead Islamic investors in Kuwait to seek to place their transaction under the jurisdiction of nations with Courts that are familiar with the Shariah rules and principles (such as those in Kuwait).

However, this may also proved to be a risky option for foreign creditors given the recharacterization risk applicable to Islamic finance transactions in civil law jurisdictions such as Kuwait.

In civil law jurisdictions that have either inherited or been heavily influenced by the French code de napoleon, recharacterization risk has long been recognized. Simply put, this risk is whether a court will deem that a transaction is "false or untrue"; where a transaction appears to be in compliance with local laws but, in reality, contains a hidden, unapparent and different transaction intended by the parties.

Hypothetically, a civil court might view the circumstances of a particular transaction and decide that a Murabahah taking the form of a purchase of commodities for a spot price followed by a sale of same commodities for a deferred price is actually a conventional loan made for interest and not a true sale transaction followed by a purchase transaction.

A more serious example would be if a borrower officially transfers and registers assets to a creditor under a sale contract and leases back

*continued...*

## Can Islamic Finance Bailout Kuwaiti Companies? (continued)

such assets with an option to purchase them at the end of the lease term. Such transaction might be viewed as a Shariah compliant while the court recharacterizes the whole structure and simply consider it a finance transaction used property title as a security.

In Kuwait, out-of-court Shariah compliant restructurings are generally effectuated by the parties entering into new financing arrangements, backed by quality assets, after satisfaction of significant due diligence. These arrangements can take the form of a new Murabahah facility secured by a pledge over the assets of the debtor or a Sukuk issuance backed by such assets.

In both cases, creditors prefer to use a bankruptcy remote structure, transferring the underlying assets from the debtor to a newly established special purpose vehicle (SPV) or an investment fund. Repayment to creditors is always restructured to be made from proceeds generated from the operation of the underlying assets or from a scheduled asset sale.

If certain sale ratio or other financial targets are not achieved, creditors will often have an option to convert the restructured debt to equity which is not always a preferred option given that converting debt to equity would lead to subordination.

In many cases, legal advisors to the creditors will recommend that the transaction be made in an offshore jurisdiction to implement all or part of the restructuring due to restrictions in local Kuwaiti laws.

An example of such restrictions include that, a Kuwaiti issuer may not issue Sukuk in excess of its paid-up capital which will relegate offshore

jurisdiction to issue Sukuk by orphan SPVs to be guaranteed by the Kuwaiti debtor.

In addition, Kuwaiti law does not provide for the concept of authorized capital in an entity's equity capitalization. This means that every time a Kuwaiti company wants to issue new shares it must seek regulatory and shareholders approval.

Further, mandatory conversion of Sukuk and classes of shares are not regulated in Kuwait, other than under the Financial Stability Amiri Decree which is applicable only to banks and investment companies.

For all of these reasons intrinsic to the Kuwaiti system as well as the distinct features of Islamic finance, the development of Islamic finance in Kuwait requires a robust, interactive and sound regulatory as well as legal framework in Kuwait which has yet to mature enough compared to more emerged and developed markets. ☹

**Hossam Abdullah, Partner (corporate, banking and finance)  
ASAR Legal**

**Al Ruwayeh & Partners**

**Email: [hossam@asarlegal.com](mailto:hossam@asarlegal.com)**

*Hossam has over 16 years extensive legal experience in corporate, banking and finance sectors, with emphasis on structuring and handling Islamic finance transactions, debt and equity, capital markets, investment funds, and mergers and acquisitions. He also has an in-depth knowledge of Shariah principles and has worked on leading Islamic and conventional transactions not only in Kuwait but also the GCC region and the US.*

## Voting is now open for the 6<sup>th</sup> Annual Islamic Finance news Service Providers Poll.



**CLOSING DATE:  
30th September 2010**

- Most Outstanding Standard Setting Body
- Best Islamic Consultancy
- Best Islamic Fund Manager
- Best Islamic Wealth Management Provider
- Best Takaful Provider
- Best ReTakaful Provider
- Best Interbroker for Islamic Transactions
- Best Islamic Index Provider
- Best Islamic Research Firm
- Best Law Firm in Islamic Finance
- Best Islamic Ratings Agency
- Best Shariah Advisory Firm
- Best Islamic Technology Provider
- Best Recruitment Agency for Islamic Finance

**Vote today at [www.islamicfinancenews.com](http://www.islamicfinancenews.com)**

## Serving Islamic Retail Investors Better

By Stuart Place

As the manager of the recently launched World Shariah Funds, it seems a good moment to pause, consider and share some observations about setting up new funds in the current climate and an efficient route to meeting the regulatory requirements that provides the greatest comfort to investors in a less certain world.

Let us start with some hard data taken from the Ernst & Young 2010 Islamic Funds and Investment Report. Firstly, from this source, the table below gives the number of new Islamic funds launched and liquidated globally:

Year	Launched	Liquidated
2007	173	11
2008	78	19
2009	29	27

A slowing down of new launches is only to be expected following the choppy, uncertain markets that have resulted from the outset of the international credit crunch in 2007. As this crisis affected all markets indiscriminately (whether Islamic-dominated or not) the trend of Shariah fund launches is not dissimilar to patterns in new funds globally. The trend in liquidations is, regrettably, also consistent with the patterns of the 'secular' fund market over the same period.

Given the relatively superior performance of Shariah equity indices over these years, and the apparently high demand for products (according to Moody's in June this year, growing at 20% per year), the casual observer should be surprised that new launches have diminished so much, and that previous launches are being wound down.

As is commonly known outside Islamic circles, one of the prohibitions under Shariah management is excessive, irresponsible and speculative financing and borrowing. Shariah compliant long-only equity funds have been able to demonstrate notable outperformance over equivalent but secular funds that held financial stocks over the last three years.

Although the events from 2007 will not be exactly replicable, this outperformance has provided empirical evidence that in periods of credit wariness the Islamic investment model is likely to be much more robust than their competitors.

As a result of better performance and growing demand, it would appear that the environment for Shariah launches is benign and we should be seeing more, not fewer, launches at this juncture. One explanation is that much of the potential demand is from the retail market, which is being poorly served at present.

Another data set extracted from Ernst & Young's report shows another clear trend in the split between institutional and retail funds in the Shariah sector:

Year	Institutional funds	Retail funds
2006	45%	55%
2007	57%	43%
2008	68%	32%
2009	67%	33%

The implication of these numbers is that, in common with other fund sectors, the smaller Islamic investor is being offered less product choice than institutions.

In a number of developed jurisdictions, attempts by regulators at reforming the provision of, and advice upon, all suitable products for the retail market (such as the UK Retail Distribution Review) appear ironically to be creating barriers to entry. These barriers will actually disenfranchise those with smaller amounts to save in any other vehicle than a bank account or governmental schemes.

For fund promoters and financial advisors, who would otherwise act as collection points for volumes of smaller investments, new ways need to be found in product design and in approval by compliance departments. Shariah compliant funds have some natural and integral aspects that could help this process, provided they were better understood.

**“The trend in liquidations is, regrettably, also consistent with the patterns of the ‘secular’ fund market over the same period”**

Understanding among the general public (Muslim or otherwise) of Islamic finance today seems only to extend to a superficial knowledge of Quranic prohibitions and the need for Shariah boards. There is much more to the requirements placed on Shariah funds than this. In fact an enormous body of guidance is available that fits perfectly with the regulations of mature offshore jurisdictions.

Investor protection, whether for the sophisticated or retail customer, is woven into every aspect of Shariah fund management when this combination is in place. The convergence of good practice across the Islamic world in addition to good management, regulation and a forward-looking methodology gives new fund launches today a good advantage if properly deployed.

The guiding principles for various aspects of Shariah finance have been collated and published by the Islamic Financial Services Board (IFSB). The IFSB has the benefit of much improvement in corporate governance and the best of financial regulation that has developed in secular jurisdictions over recent decades.

It is noticeable that, with the exception of a need for a Shariah board, and the prohibitions on certain investments, the IFSB's guiding principles are very familiar to anyone operating in a highly regulated financial centre, where investor protection is covered by statute and regulated by an independent body.

Without repeating too much detail on best practices available on the IFSB website, the corporate governance code, for example, is split into five parts, which could be summarized as follows:

*continued...*

## Serving Islamic Retail Investors Better (continued)

1. Good governance standards (such as documenting precise terms of reference for Shariah boards, record keeping, alignment of incentives and such);
2. Competence, and a spread of experience, ideally in different forms of Islamic jurisprudence;
3. Board and Shariah board independence;
4. Confidentiality, and the prevention of abusing privileged information;
5. Consistency of professionalism, which enhances the integrity of the product under review.

In the process of launching and adopting new procedures for the World Shariah Funds, we have found no conflict between the regulations that apply in Guernsey and meeting the criteria such as those above. Indeed, as the Channel Islands run an internationally recognized exchange, the Channel Islands Stock Exchange, the listing criteria imply that these standards and more are already being met, with only a requirement for Shariah compliance processes and contracts to be added.

Lest this piece appear overly simplistic with regard to the convergence of compliance standards between different philosophical bases, it is probably worth highlighting certain differences that apply to a Shariah fund versus secular funds. Again, using the guiding principles of the IFSB as our directive, the entire purpose of the Shariah funds must be in pursuit of social responsibility and moderation.

This includes, for example, the fact that performance fees should not be an incentive to take excessive risks as they would create an inequality of outcome between the manager and the investor, and may create a speculative motive for the manager. While this should be implicit in all funds, Islamic or otherwise, under IFSB guidelines this has to be an explicit factor of the fund's day-to-day management.

In summary, the best regulated and more mature offshore jurisdictions already provide for licensees, who follow the rules and corporate governance principles required by the IFSB and Islamic investors, as all but the Shariah-specific requirements are already hard-wired into every financial services entity.

With sufficient investor protection already in place, the next task is to educate distribution channels as to its robustness. With the final after shocks of the first phase of the international debt crisis still to be felt, the climate has to be right for new launches to meet investor demand. ☺

**Stuart Place**  
Director

Argyll Investment Services

Email: [stuart.place@argyllinvestment.com](mailto:stuart.place@argyllinvestment.com)

*Stuart Place has worked in offshore finance since 1989 after graduating from the University of Manchester. Besides establishing Argyll Investment Services, Stuart has held a number of directorships in the investment funds sector. As a past chairman of the Guernsey Investment Managers' and Stockbrokers' Association, he contributes to reviews of Guernsey regulation and legislation.*

## EXPANDING THE REALMS OF ISLAMIC FINANCE

Register to secure your FREE seat now!

Designed to generate ideas and fresh views to help you develop new or alternative ways to improve your business, these roadshows aim to explore and analyze the latest developments in the Canada, United Kingdom and France Islamic financial markets.

**Islamic Finance news**  
**ROADSHOW**  
2010

**CANADA**

University of Toronto  
9<sup>th</sup> November 2010

**Islamic Finance news**  
**ROADSHOW**  
2010

**UNITED KINGDOM**

Norton Rose  
12<sup>th</sup> November 2010

**Islamic Finance news**  
**ROADSHOW**  
2010

**FRANCE**

Dauphine University, Paris  
15<sup>th</sup> November 2010

- Session One:  
What is Islamic Finance and Where are We Now?
- Session Two:  
Canada and the Islamic Financial Markets
- Session Three:  
Islamic Products: What Can and Can't be Done?
- Session Four:  
Issuing and Investing in the Islamic Financial Markets
- Session Five:  
Closing Round-table

**REGISTER NOW** at [www.IFNroadshow.com](http://www.IFNroadshow.com)

 **REDmoney events**

# Islamic Finance in Asset Management

By Johnny Russell and Scott Dakers

**Asset management is a dynamic and adaptable industry, where new products are continually in development to meet the needs of an increasingly diversified client base. But it seems to have only recently awoken to the rising demand for Shariah compliant investments. Companies that conform to Shariah investing values are poised to benefit from the transformation the sector is undergoing.**

Since the equity market correction and start of the global economic slowdown, many companies with above-average debt levels have significantly underperformed. Despite quantitative easing efforts and refinancing of many western banks, it will be some time before the market readily accepts high debt levels again.

Before the credit crunch, there was a strong investor preference for highly indebted cyclical companies — and many high quality stocks with more reliable earnings were overlooked. Post credit crunch, markets are arguably even more complex and volatile. Now, those managers with the strongest stock-picking skills and most rigorous investment approaches will be able to identify the best opportunities among those stocks which were previously disregarded. The change to investor preferences bodes well for the future of Islamic finance, because of the importance it places on the avoidance of debt.

World markets have rebounded strongly from their March 2009 lows, but the increase in the provision of credit is not solely responsible for the improvement — the drivers of the rebound are many and varied. Urbanisation and the increase in wealth in emerging economies have already put pressure on worldwide commodity prices and will continue to do so. This has had a powerful effect on many stocks, particularly those in the mining and energy sectors. We hold Apache, a north American oil and natural gas company that is among the firms affected.

Although the financial crisis has had a devastating effect on world markets, it did much to strengthen the case for alternative investment approaches, including Islamic finance. In the UK, advisors tend to pay close attention to performance histories as part of their investment selection process. This tendency has created strong publicity for Shariah compliant products — which suddenly find themselves pushed to the fore because their lack of exposure to the financial sector has had such a positive effect on post-credit crunch returns. Organizations such as the Islamic Finance Council UK (IFC UK) are also working to advocate the Shariah compliant options that are available. Educating the advisory marketplace is essential in promoting Islamic funds and products to the market. For that reason, Scottish Widows Investment Partnership (SWIP) became a member of the IFC UK in 2009.

SWIP anticipated the rise in demand for Shariah compliant investments and decided to invest in the expertise and support needed to develop such a product, launching our Islamic SICAV back in 2006.

Our equity investment philosophy is simple: we pride ourselves in identifying stocks that are trading below their long term intrinsic values and then integrate these investment ideas into concentrated equity portfolios. We believe this approach gives our clients the best chance of above average returns. Since its inception, SWIP's Islamic SICAV

has outperformed the Dow Jones Islamic Market index — an indication of the value of our careful investment process and thorough approach to stock-picking. For all of our global equity products, we adopt a team system when it comes to identifying prospects.

As part of our global equity product range, the Islamic SICAV is subject to this same process. Once the best investment ideas have been selected, however, we then filter out any stocks which do not comply with Shariah principles. The Dow Jones Islamic Market index is a crucial part of our refining routine. We chose this index because it has a number of benefits over its rivals, one of these being its broader universe of over 2,000 global companies. This makes it more suitable for a global mandate. Dow Jones' rigorous screening process gives us confidence that the stocks included in the index meet with Shariah investing standards.

Companies outside this index, though, are another matter. For them, we rely on industry specialists such as Fyshe Crestar, the Islamic finance specialists. At our request, Fyshe Crestar will screen an individual stock and provide us with a recommendation on whether it is suitable for inclusion in the fund. It also carries out quarterly audits of our holdings.

But the ultimate sanction on compliance is provided by the fund's board of Islamic scholars. They include Sheik Nizam Yaquby, Dr Muhammed Imran Ashraf Usmani, Mufti Abdul Kadir Barkatullah and Mufti Muhammad Nurullah Shikder. The board meets four times a year and provides our investors with assurance that the fund is free from non-compliant income and stocks. The members of the board have issued a fatwa approving all of the stocks in the Dow Jones Islamic index and those currently held by the fund.

Over the last two years, we have submitted around 60 off-benchmark stocks to the board for consideration. Just over half of them have been approved. Discussion between the managers and the board is a regular occurrence. The importance of this part of the process is highlighted by those stocks that have successfully cleared the preliminary screening stages, but after consideration by the board are deemed non-compliant.

The comparison website Moneysupermarket.com is an example of this type of stock: it passed both SWIP's own examination and Fyshe Crestar's tests, because its debt ratios are in line with Islamic investment ideology. But the board rejected the company because a significant proportion of its revenue comes from financial companies.

As investment managers, the opportunity to enter into such discussion is both interesting and valuable. It also allows us to develop our understanding of the ethical requirements of an Islamic fund. Our investment process already includes debate and challenge, increasing the scope of this only provides us with greater opportunity to add value for our clients.

Working with the scholars also provides a decisive level of pragmatism that may be absent in more standard structures. Back in 2008, an issue arose after a small number of stocks dropped out of the Dow

*continued...*

## Islamic Finance in Asset Management (continued)

Jones Islamic index, but remained in the fund. We asked the scholars how best to proceed. They based their guidance on the fact that the stocks had been purchased in good faith while they were still compliant. Their recommendation was to sell the stocks in a timeframe that would preserve value for our investors.

When it comes to assessing the performance of Shariah compliant funds (particularly in comparison to their global peers operating under a wider mandate) there are a few noteworthy matters to consider. For example, it's unsurprising that the majority of Islamic indices underperformed in the lead up to the credit crunch in late 2008: many of the financial services companies that outperformed during this period are deemed to be non-compliant with Shariah principles.

The SWIP Islamic SICAV currently contains between 40 and 50 stocks. A concentrated portfolio, constructed in line with our incredibly rigorous research and investment process, provides the best possibility of significant outperformance. If the fund becomes too heavily exposed to a particular sector, we seek appropriate alternatives. Clearly, the fund will always have a comparatively low exposure to the financials sector. Companies like Cybersource will always be well placed to benefit from the changes that the sector is undergoing.

Cybersource is a US provider of electronic payment and risk management products chiefly for e-commerce transactions. The management of e-commerce transactions is extremely complicated, encompassing as it does issues such as fraud, taxation, export control and payment methods.

Islamic finance products are drawing the market's attention. In our case, the strong past performance of the SWIP Islamic SICAV, combined with current market conditions, continues to generate strong fund flows. Our outlook for the fund, and for the wider universe of Islamic finance products, is extremely positive. 

*Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions. Past performance is not a guide to the future.*

**Johnny Russell**  
*Investment director – international equities*  
*Scottish Widows Investment Partnership*

**Scott Dakers**  
*Head of product solutions – investment solutions*  
*Scottish Widows Investment Partnership*

*Johnny Russell joined SWIP in 2002 and is responsible for managing SWIP's Islamic offerings. Johnny holds an MA (Hons) in economics from the University of Edinburgh, and is a member of Institute of Investment Management and Research and the Institute of Chartered Accountants of Scotland.*

*Scott Dakers is head of product solutions within SWIP's Investment Solutions team. Dakers has been at SWIP for over five years and has 25 years experience in the industry.*



ACCREDITED TRAINING PROVIDER

# Islamic Finance Qualification (IFQ) Preparation & Review Course

A 3-day intensive preparation course to effectively prepare you for the IFQ assessment  
29<sup>th</sup> November – 1<sup>st</sup> December 2010  
KUALA LUMPUR



Visit [Islamicfinancetraining.com/qualifications.asp](http://Islamicfinancetraining.com/qualifications.asp) today or call +603 2162 7800 for more information

# Islamic Finance in Morocco: Expectations and Challenges

By Nouredine Sefiani

While facing many challenges, the development of Islamic finance in Morocco has created a lot of expectations from many quarters, religious and secular. Facts reveal a multifaceted story with the political, religious, economic and cultural aspects interacting with each other. There are at least three main aspects to take into account: evolution, compliance and socio-economic.

## The evolution facet

In this regard some dates and achievements are important.

### A. The dates

In 1913, the law that was enacted regarding contracts called Dahir on obligations and contracts was for the most part inspired from Shariah.

In 1985, Wafa Bank had prepared a whole set of Islamic products to be launched with a marketing campaign. In the last minute, it was notified that it is not authorized to do so by the central bank, Bank Al-Maghrib (BAM). In 1986 Kuwait Finance House, Dallah Al Baraka and Qatar Islamic Bank were denied authorizations to open Islamic banks in Morocco. From 1986 to 2002 more requests were made to open Islamic banks bringing the total to 10 financial institutions not getting the necessary approbation.

In 2006, three events happened which pushed forward the whole process. The first is the publication in February of the banking law which contained Article 9 drafted in such a way that it permits banks to provide other products besides the current offering thus opening the way for ethical products to be introduced.

The second event was the admission of BAM as an observer member to Islamic Financial Services Board (IFSB). Finally, 2006 was marked by the fatwa given by Sheikh Yusuf Qardawi from Al Azhar University, on the basis of a request by Moroccan citizens. This was quite unusual, because fatwas regarding Morocco are usually requested to and given by Moroccan scholars.

The content of the fatwa was even more unusual, because it allowed Moroccan Muslims when they have a compelling and absolute need for credit to use riba based banks in the absence of Shariah compliant ones. Not only did this fatwa create controversy both from religious and political circles but it also had another important side effect. Namely, to pinpoint that there are no Shariah compliant financial institutions in Morocco while requests for them are in great demand. This showed the need for an urgent introduction of ethical financial products in the country.

In 2007, BAM issued a circular letter dated the 13<sup>th</sup> September which allowed banks to market three alternative products: Ijarah, Murabahah and Musharakah.

In 2009 double payment of property registration taxes was suppressed on real estate "alternative" products. Finally starting from the 1<sup>st</sup> January 2010, the VAT rate for those products is no longer 20% but 10%, the same as for conventional products.

### B. The achievements

As mentioned, In 2007 BAM authorized three products: Ijarah, Murabahah and Musharakah. Three banks are currently offering

all or some of these products: Attijariwafabank, BMCE and Banque Populaire. BAM in cooperation with the professional association of Moroccan bankers is currently studying the introduction of two more products: Salam and Istisnah; and in cooperation with the insurance department of the ministry of finance is preparing a draft on a standard Takaful contract.

In July 2010, Attijariwafabank created a subsidiary, called Dar Assafaa with a capital of MAD50 million (US\$5.8 million), which is a special structure dedicated to market only "alternative" products. It should be noted however that Musharakah is being offered only by Attijariwafabank in a fund called Cap Al Moucharaka. Moreover ethical products in Morocco face also some difficulties on the religious front.

**“There are no Shariah compliant financial institutions in Morocco while requests for them are in great demand”**

## The compliance facet

Since the introduction of the new products in 2007, many observations were made regarding their compliance with Shariah which can be listed as follows:

- BAM labelled the products as "alternative" and forbade the banks to call them Islamic or to market them as being "halal"
- For the time being those products are covered through regular insurance and not with Takaful contracts
- The "alternative" products are presented as being "in line" and not as "complying with" AAOIFI standards. In this regard Article 15 of the BAM circular letter dated the 13<sup>th</sup> September 2007 mentioned is rather vague. It states: "Credit institutions offering such products have to make sure by any means of their conformity with international standards in this field"
- None of the Moroccan banks has a Shariah board
- The institutions offering "alternative" products are riba based banks. Even DarAssafaa is originally financed by Attijariwafabank
- In case of temporary default or delay in payment the client has to pay penalty fees and none of the banks mention that those extra payments will be paid back to a charity
- BAM is only an observer member at IFSB. It is not a member of AAOIFI
- Sale and acquisition contracts are tripartite contracts, with selling and buying happening at the same time in the same document. This contravenes a fatwa from the International Islamic Fiqh Academy (a subsidiary of OIC) according to which a bank cannot sell goods it doesn't own yet and that it has the obligation to guarantee its client of any damage occurring before delivery.

This is only a shortlist of questions that need answers and *continued...*

## Islamic Finance in Morocco: Expectations and Challenges (continued)

improvements. The socio-economic aspect for its part is in the same situation.

### The socio-economic facet

Moroccan political parties, public opinion and decision makers are still debating to what extent Islamic financial products should be authorized. This situation has of course an impact on the final results of the sector.

#### A. The debate

Both those in favor of expanding Islamic finance in Morocco and those opposing it have their arguments; however some of the real reasons pertaining to the case are hardly made public.

The case made by those in favour runs as follows: Only 30% of the Moroccan population have access to banking services. Many people for religious reasons do not wish to use conventional banking, thus there are plenty of opportunities for increasing banking access if Islamic banks are opened. In 2007, member of parliament, Boulif of the Party of Justice and Development estimated that an amount of more than MAD30 billion (US\$3.6 billion) is hoard money, frozen instead of being recycled in the economy because people avoid using riba based banks.

According to the same MP and Sheikh Mohamed Zahl, economic lobbies are opposing the expansion of Islamic finance in Morocco for fear of a massive transfer of funds and business transactions from the conventional sector to ethical banking.

Another argument in favour of Islamic finance is the fact that banks and individuals from the Gulf are willing to recycle excess liquidities in a culturally similar and politically friendly country like Morocco. This is only if Islamic banks are allowed, and if Shariah compliant financing is used, thus financing an important part of the Moroccan economy.

Those opposing a rapid introduction of Islamic banking stress the fact that in comparison with Gulf countries Morocco has always practiced a tolerant Islam and there is less demand for rigid rules affecting the existing banking system in a needlessly adverse way. Conventional banking has been practised and fully accepted for a long time. It is part of the system, thus the expansion of conventional credit has always been a two digit story (15% to 20% per year). This proves that people are not reluctant to use it. Religion should not be misused by labelling a financial product as being Islamic which might suggest that products offered by other institutions are non-Islamic thus creating unfair competition.

Moreover, according Standard & Poor's Ratings Services in 2008, the opening of Islamic banks for retail, might attract in a massive way a lot of people who are religiously motivated but with very low income. This could put burden and more risks on those banks instead of increasing their profits.

Finally the slow development of Islamic finance can also be explained by the fact that people marketing those products have not been trained enough about this niche market. Moreover, banks offering "alternative" products have been adopting a very timid marketing strategy.

It should be noted however that two more arguments are thought of,

and never made public. The first one is that many secular parties are of the opinion that the development of Islamic finance might give a boost to financing Islamic parties. The second one is that the hoarding of money mentioned before is an incentive for the creation of parallel financial circuits which could be used also by all kinds of law breaking people and which constitute a security threat.

**“Moroccan political parties, public opinion and decision makers are still debating to what extent Islamic financial products should be authorized”**

All those elements explain the poor results achieved so far.

#### B. The results

Figures of outstanding loans for "alternative" products are MAD498 million (US\$57million) in 2008 and MAD600 million (US\$70million) in 2009.

It is expected that the figure of MAD1 billion (US\$116 million) which is very low indeed will be achieved only in 2011.

As far as financing from the Islamic Development Bank is concerned, Morocco has obtained US\$3.5 billion of loans from 1978 till now. The last credit was approved on the 12<sup>th</sup> August 2010 for an amount of US\$200 million for Jorf Lasfar port expansion.

Finally, project financing for the private sector has been quite modest as well, with no comprehensive figures available. However, a few projects could be mentioned like the ones financed by Bahrain's Gulf Finance House namely an equestrian city near Marrakech for US\$1.4 billion and a luxury seaside leisure complex near Tangiers.

These are the facts regarding Islamic finance in Morocco. On their basis one conclusion seems obvious namely that the development of Islamic finance has been gradual and extremely slow. On their basis also and as far as the prospects are concerned, it is fair to state that as long as there is no compelling need and no shortages in financing the Moroccan economy, it is reasonable to assume that the same trend will continue. That is, from time to time and in a very pragmatic and limited way there may be the introduction of one or two new "alternative" products.

However it should be noted that traditional western friends of Morocco, the main source of its financing so far are having financial difficulties which do not seem to be disappearing quickly. If shortages appear in financing, then the need to revert on a bigger scale to the Gulf friends of Morocco will become necessary in view of the many and important projects in Morocco. Then major and sweeping new regulations to attract Islamic finance will then be the urgent order of the day.<sup>(2)</sup>

**Noureddine Sefiani**  
Senior consultant  
Islamic Finance Navigator

## Islamic Finance news talks to leading players in the industry



**Name:** Mufaddal Idris Khumri  
**Position:** Head, Islamic banking division  
**Company:** Abu Dhabi Commercial Bank, ADCB Meethaq – Islamic window  
**Based:** Abu Dhabi, UAE  
**Age:** 37  
**Nationality:** Indian

the service front, a majority of our Islamic customers subscribe to internet banking, mobile options and telephone banking.

### What are the strengths of your business?

The strength of our business lies in the three design principles that remain the hallmark for ADCB Meethaq:

- Shariah compliance: Every product offered is supported by a fatwa signed by our independent Shariah supervisory board.
- Flexibility of choice: Nothing is imposed and customers can pick the accounts/products that works best for them.
- Maximum convenience and easy access: Customers are able to use all the same distribution and service channels that ADCB conventional customers are used to. Moreover, it is our distribution franchisees that provide us with the competitive edge. A well oiled branch machinery, sales team and diligent relationship managers remain our key success factors.

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

In 1997, I started off with ICICI bank in India, and to their Middle East office in 2002. In 2004, I joined Abu Dhabi Commercial Bank (ADCB) and in 2006 the bank decided to set up an Islamic window. Our full-fledged proposition as an Islamic window, ADCB Meethaq, was launched in 2008.

### What does your role involve?

I lead a team of dedicated professionals who work with me across a range of activities. Our singular endeavor is to increase the share of Islamic business. To this extent our roles are that of ambassadors within the bank offering Islamic product alternatives to retail, corporate and treasury customers.

### What is your greatest achievement to date?

After much consideration we consciously decided to implement Islamic banking as a product stream, as it gives us the same infrastructure and exactly the same customer experience in conventional banking, yet it is Shariah compliant. Our back office had to be 100% transparent, with no manipulation, pooling or mixing of funds or products. This required a huge amount of investment. Firstly, in a whole new separate core banking system that segregates customer's funds, all the way from their accounts to the bank's balance sheet and a paper trail to ensure compliance. Documentation is absolutely separate for each system. It is only the point of contact which is singular, ensuring continuity and quality of service. The strategy has produced good results, judicious usage of existing manpower resources, as incremental business has been mobilized at marginal cost.

### Which of your products / services deliver the best results?

All our products across retail, small and medium enterprises (SMEs), corporate and treasury aim at achieving wealth that is created by sustained human effort through real economic activities.

We have achieved considerable success across our retail and SMEs portfolio, both on the liabilities and asset front. Additionally, our corporate and treasury products have witnessed decent take off. On

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

Passion and focus accompanied by an unquestioned faith in our attempt to deliver a credible Islamic option is what keeps us going each day. On the human capital front, perseverance, commitment, discipline, team work and integrity of approach have mattered a lot in our success.

### What are the obstacles faced in running your business today?

I would rather term them as interesting day to day challenges. The challenge is to acquire genuine new to bank Islamic business and not grow by cannibalizing the conventional business.

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

As Islamic banking gains critical mass, regulatory norms, risk assessment and governance will play a critical part. Islamic windows of conventional banks might become history as demand for pure Islamic players offering genuine Islamic products will increase and become mandatory. There will be more emphasis on ethics and social values rather than legalistic mechanics and modified contracts. Product innovation with credible allocation of credit and risk will become the hallmark of innovation. Islamic banks will focus on community banking, microfinance, socially responsible investment, and assist in the flow of credit to deserving economies and poorer segments. A lot of developing countries globally should benefit from these activities.

The next five years will see many individuals and institutions with ephemeral gains in sight and malaise being forced out of business.

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

I wish to see more executive powers granted to the Shariah supervisory board members. They should be incorporated into the board of directors of Islamic institutions to empower them, increase accountability and stop operational malpractice. ☹

## SUMMARY OF TERMS & CONDITIONS

Sukuk Ijarah PLN V 2010

IDR500 billion  
(US\$55.6 million)



8<sup>th</sup> July 2010

<b>Obligor/Issuer</b>	Perusahaan Listrik Negara
<b>Tenor</b>	Tranche A : Five years Tranche B : 12 years
<b>Return</b>	Tranche A : Equivalent 9.70% Tranche B: Equivalent 10.40%
<b>Payment</b>	Quarterly; 30/360
<b>Maturity Date</b>	Tranche A : 8 <sup>th</sup> July 2015 Tranche B : 8 <sup>th</sup> July 2022
<b>Arranger/Dealer/ Underwriters</b>	Danareksa Sekuritas Mandiri Sekuritas Trimegah Securities
<b>Trustee</b>	Bank CIMB Niaga
<b>Legal Counsel</b>	Marsinih Martoatmodjo Iskandar Kusdihardjo Law Office
<b>Governing Law</b>	Republic of Indonesia
<b>Purpose of issuance</b>	Financing of investment in electricity network distribution
<b>Principal activities</b>	Generates, distributes and transmits electricity
<b>Rating</b>	'idAA+sy' – Pefindo

The Q&A was conducted with Danareksa Sekuritas:

- Why did you use this particular Islamic structure?**  
This Islamic structure was used to extend investor base.
- What will this capital be used for?**  
The capital will be used for financing of investment in electricity network distribution.
- What were the challenges faced and how were they resolved?**  
The Shariah investors were looking for a short term tenor. So Perusahaan Listrik Negara issued two tranches Sukuk, which consisted of five and 12 years tenor.
- Geographically speaking, where did the investors come from?**  
Most of the investors came from Indonesia, with only one foreign investor from Singapore.
- Was this deal rated?**  
This deal was rated by Pefindo with 'idAA+sy' (double A plus Shariah; with a stable outlook) 

### Next Forum Question

**Did Kazakhstan make the right choice to opt for a US\$500 million Sukuk issuance instead of a Eurobond? Will this become a reality, and if so, what are the factors that may hinder the issuance?**

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 Monday, 13<sup>th</sup> September 2010.

## MACQUARIE SECURITIES GROUP

**AUSTRALIA:** Macquarie Securities Group has appointed Daryl Bowden as head of sales trading for Europe.

Prior to his appointment, Bowden was joint chief executive for Europe and Asia in the equities division for Icap. <sup>(f)</sup>

## BNY MELLON

**US:** BNY Mellon Broker-Dealer Services has hired John Vinci as head of global product management and strategy. The firm also appointed Andrew Demko as business manager for EMEA.

Prior to this appointment, Vinci headed the group's New York relationship management group while Demko was the head of global sales within BNY Mellon Broker-Dealer Services. <sup>(f)</sup>

## SOCIETE GENERALE CORPORATE AND INVESTMENT BANKING

**UK:** John Craven has joined Societe Generale Corporate and Investment Banking as head of professional client relationships for exchange-traded products.

Prior to this, Craven was the head of retail structured products and capital markets for EMEA at Merrill Lynch. <sup>(f)</sup>

## JP MORGAN CHASE & CO

**US:** Tushar Morzaria succeeds Paul Compton as the new CEO of JP Morgan Chase & Co (JP Morgan). Morzaria joined JP Morgan in 2004, and was previously the firm's controller of investment banking.

Pete Cherasia, JP Morgan's head of technology will also take on a new role as head of markets strategies in the firm. <sup>(f)</sup>

## SOCIETE GENERALE

**SINGAPORE:** Olivier Gougeon has been appointed as CEO for Societe Generale in South Asia, replacing Pierre-F Baer. Gougeon will be based in Singapore.

Prior to this appointment, Gougeon was the

global head of wealth planning and fiduciary services centre of expertise for the bank since 2007. <sup>(f)</sup>

## HSBC

**KOREA:** HSBC has appointed Sunil Veetil as head of global payments and cash management in Korea.

Prior to this appointment, Veetil was HSBC's chief of global payments and cash management in Indonesia. <sup>(f)</sup>

## CREDIT SUISSE

**HONG KONG:** Credit Suisse private banking unit appointed James Hong as its Hong Kong chief executive.

Prior to this, Hong was the chairman of Greater China at UBS global asset management. <sup>(f)</sup>

## PINSENT MASON

**UAE:** Amir Ahmad has joined Pinsent Masons as a senior lawyer for its Islamic finance practice in Dubai.

Amir will be responsible for developing the firm's Islamic finance practice in London and the Gulf. He will also be involved in the financial regulatory and finance projects in the Gulf.

Prior to this, he was attached to DLA Piper in Dubai. <sup>(f)</sup>

## ABU DHABI INVESTMENT AUTHORITY

**UAE:** Abu Dhabi Investment Authority has appointed Ted Chu as its chief economist in Abu Dhabi.

Chu will be responsible for producing regional and international economic analysis and making recommendations based on the research. Prior to his appointment, he was the chief economist at US based General Motors. <sup>(f)</sup>

## KPMG

**UK:** KPMG has appointed James Dimench DeBono as an associate partner in its financial risk management practice.

DeBono will be responsible for establishing a team to support investment managers, funds and other financial institutions.

Prior to his appointment, he was the managing director for the international financial engineering practice at Duff & Phelps. <sup>(f)</sup>

## STEPHENSON HARWOOD

**HONG KONG:** Neil Murray has been appointed as partner in the law firm, heading the real estate finance team.

Murray's experience lies in property finance, acquisition finance, securitization, projects, corporate lending and restructuring. He previously worked at Travers Smith for 25 years. <sup>(f)</sup>

## UBS

**UK:** Ali Khan has been appointed as head of UBS's equity sales team for the MENA region, starting at the end of October.

Khan was formerly the managing director of Arqam Capital. <sup>(f)</sup>

## DBS GROUP HOLDINGS

**SINGAPORE:** Tan Kong Khoon will join DBS Group Holdings (DBS) as the group executive and head of consumer banking on the 1<sup>st</sup> December 2010.

He is currently the head of retail banking and wealth management for ANZ Bank for the Hong Kong and North East Asian region. <sup>(f)</sup>

**Islamic Finance news**

**Too many pieces  
in the puzzle?**

**Let IFN put it together for you...**

**SUBSCRIBE TO IFN TODAY**



[www.IslamicFinanceNews.com](http://www.IslamicFinanceNews.com)

# Deal tracker

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

Another **Islamic Finance news** exclusive

ISSUER	SIZE	INSTRUMENT
Sudan	US\$300 million	Sukuk
Indonesia	IDR2 trillion	Sukuk
Kuveyt Turk Participation Bank	US\$100 million	Sukuk
Finance ministry, Indonesia	US\$650 million	Sukuk
Islamic Development Bank	US\$1 billion	Sukuk
Al Baraka Turkey	US\$250 million	Sukuk
Al Baraka Banking Group	US\$200 million	Sukuk
Asosiasi Baitul Maal wa Tamwil (BMT) se-Indonesia	TBA	Sukuk
Konsortium Lebuhraya Utara-Timur (Kesturi)	RM35 million	Sukuk
South Korea	TBA	Sukuk
Capital Development Authority, Pakistan	PKR20 billion	Sukuk
Bank Muamalat	US\$100 million	Sukuk
Abu Dhabi Ports Company	US\$1 billion	Sukuk
Saudi Electricity Company	TBA	Sukuk
Kazakhstan	US\$300 million	Sukuk
Abu Dhabi Islamic Bank	US\$5 billion	Sukuk
Cagamas	US\$5 billion	Sukuk
AmIslamic Bank	RM3 billion	Senior Sukuk Musharakah
Nakheel	TBA	Sukuk
Sumitomo Corporation	TBA	Sukuk
Nomura Holdings	US\$100 million	Sukuk
State Bank of Pakistan	TBA	Sukuk
Islamic Bank of Thailand	THB5 billion	Sukuk
Trans Thai Malaysia	TBA	Sukuk
Lebanon	TBA	Sukuk
Emirates Integrated Telecommunications	TBA	Sukuk
General Electric Capital	TBA	Sukuk
Cahaya Jauhar, Malaysia	RM114 million	Sukuk
Saudi Home Loans Company	TBA	Sukuk
Dubai	TBA	Sukuk
Pakistan	PKR75 billion	Sukuk and conventional bonds
Ahmed Salem Bugshan Group	US\$100 million	Sukuk

For more details and the full list of deals visit  
[www.islamicfinancenews.com](http://www.islamicfinancenews.com)

## Islamic Finance news

### Advisory Board:

**Mr Daud Abdullah (David Vicary)**  
 Global Leader  
 Global Islamic Finance Group, Deloitte

**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 Siddiqi**  
 Head of Islamic Finance  
 Thomson Reuters

**Mr Dawood Taylor**  
 Regional Senior Executive-Middle East  
 Prudential PLC

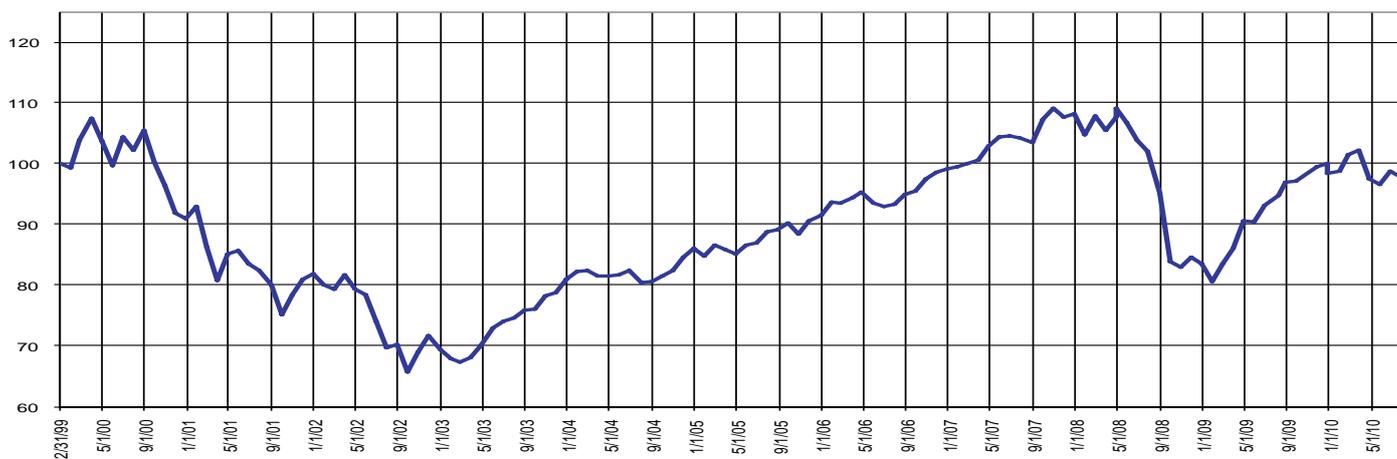
**Mr Abdulkader Thomas**  
 President & CEO  
 SHAPE – Financial Corp

**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 Global Islamic Fund Index



### Monthly Returns for ALL funds (as of the 6<sup>th</sup> September 2010)

FUND	FUND MANAGER	PERFORMANCE MEASURE	FUND DOMICILE
1 DWS Noor Precious Metals Securities - Class A	DWS Noor Islamic	9.23	Ireland
2 Islamic Certificate on the LLB Top 20 Middle East TR Index (EUR)	ABN AMRO Bank	5.06	Netherlands
3 Islamic Absolute Return Certificate on HFR Emirates	ABN AMRO Bank	3.15	Not disclosed
4 Taurus Ethical B	Taurus Asset Management	2.54	India
5 Public Islamic Dividend	Public Mutual	2.41	Malaysia
6 CIMB Islamic DALI Equity Growth	CIMB-Principal Asset Management	2.13	Malaysia
7 PB Islamic Bond	Public Mutual	1.88	Malaysia
8 Public Islamic Select Enterprises	Public Mutual	1.72	Malaysia
9 Public Islamic Equity	Public Mutual	1.58	Malaysia
10 Public Islamic Bond	Public Mutual	1.03	Malaysia
<b>Eurekahedge Islamic Fund Index*</b>		<b>-0.88</b>	

### Monthly returns for Global funds (as of the 6<sup>th</sup> September 2010)

FUND	FUND MANAGER	PERFORMANCE MEASURE	FUND DOMICILE
1 DWS Noor Precious Metals Securities - Class A	DWS Noor Islamic	9.23	Ireland
2 BLME Umbrella Fund Sicav - SIF - Sharia'a \$Income - Class B	Bank of London and The Middle East	0.64	Luxembourg
3 CIMB Islamic Commodities Structured 1	CIMB-Principal Asset Management	0.22	Malaysia
4 Islamic Certificate on Real Estate Capital Protected Dynamic Basket	ABN AMRO Bank	0.18	Not disclosed
5 Watani USD Money Market	National Bank of Kuwait	0.13	Cayman Islands
6 Islamic Certificate on Water Sector Yield Discovery Note	ABN AMRO Bank	0.11	Not disclosed
7 Watani KD Money Market	National Bank of Kuwait	0.11	Cayman Islands
8 Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	0.11	Saudi Arabia
9 Al Rajhi Commodity Mudarabah - EUR	Al Rajhi Bank	0.11	Saudi Arabia
10 Al Rajhi Commodity Mudarabah - SAR	Al Rajhi Bank	0.10	Saudi Arabia
<b>Eurekahedge Global Islamic Fund Index*</b>		<b>-1.18</b>	

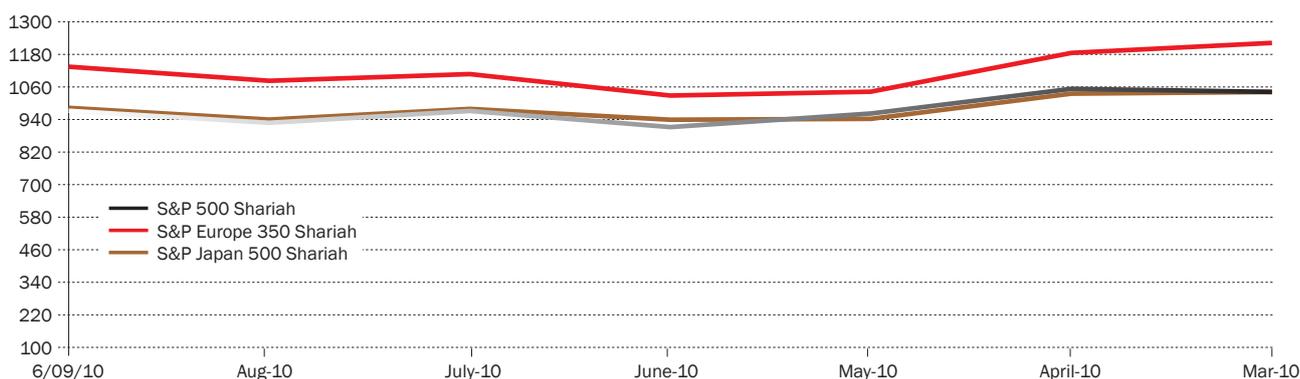
### Contact Eurekahedge

To list your fund or update your fund information: [islamicfunds@eurekahedge.com](mailto:islamicfunds@eurekahedge.com)  
 For further details on Eurekahedge: [information@eurekahedge.com](mailto:information@eurekahedge.com)  
 Tel: +65 6212 0900

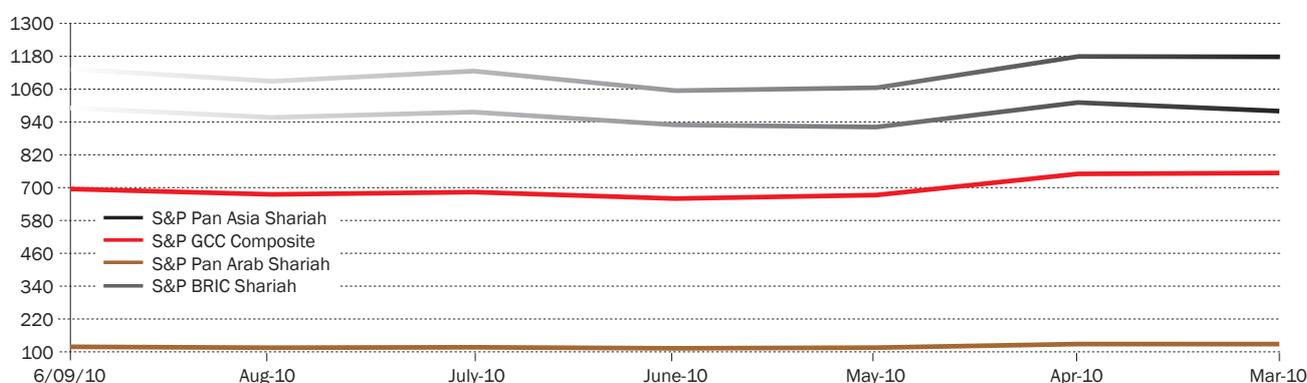
### Disclaimer

Copyright Eurekahedge 2007, All Rights Reserved. You, the user, may freely use the data for internal purposes and may reproduce the index data provided that reference to Eurekahedge is provided in your dissemination and/or reproduction. The information is provided on an "as is" basis and you assume and will bear all risk or associated costs in its use, and neither Islamic Finance news, Eurekahedge nor its affiliates provide any express or implied warranty or representations as to originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for any purpose.

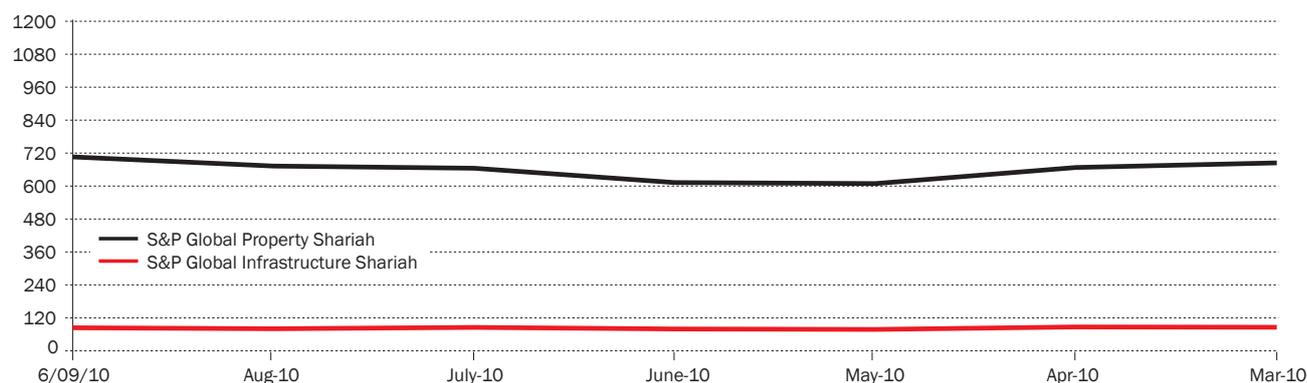
S&P Shariah Indices Price Index Levels



Index Code	Index Name	6/09/10	August-10	July-10	June-10	May-10	Apr-10	Mar-10
SPSHX	S&P 500 Shariah	972.035	927.814	971.473	912.024	962.089	1053.050	1041.681
SPSHEU	S&P Europe 350 Shariah	1134.650	1082.714	1107.409	1028.288	1042.504	1185.474	1222.354
SPSHJU	S&P Japan 500 Shariah	982.922	939.684	979.104	939.209	942.416	1035.333	1041.497



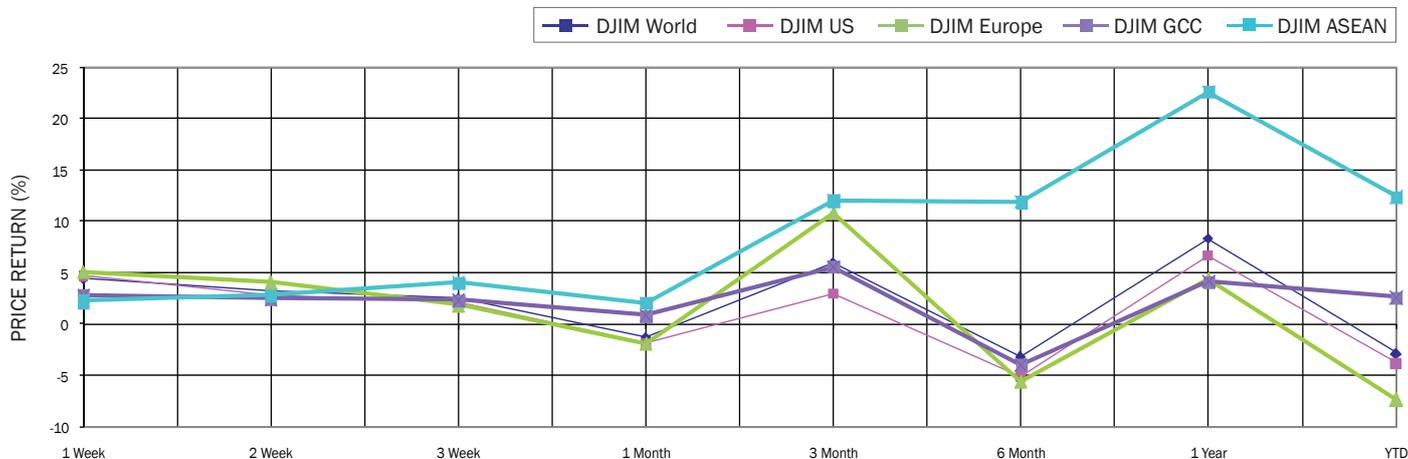
Index Code	Index Name	6/09/10	August-10	July-10	June-10	May-10	Apr-10	Mar-10
SPSHAS	S&P Pan Asia Shariah	991.210	956.455	976.003	929.342	921.335	1010.900	979.563
SPSHG	S&P GCC Composite Shariah	695.040	675.181	683.611	659.910	672.795	750.159	753.479
SPSHPA	S&P Pan Arab Shariah	118.369	115.090	116.617	112.797	115.358	128.364	128.302
SPSHBR	S&P BRIC Shariah	1137.441	1093.125	1130.118	1058.653	1069.475	1183.561	1182.207



Index Code	Index Name	6/09/10	August-10	July-10	June-10	May-10	Apr-10	Mar-10
SPSHGU	S&P Global Property Shariah	706.016	672.740	664.799	612.598	608.951	667.560	684.290
SPSHIF	S&P Global Infrastructure Shariah	83.846	80.314	85.243	79.474	77.86	86.827	85.743

Data as of the 6<sup>th</sup> September 2010

PERFORMANCE OF DJ INDEXES



INDEX	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM World	4.35	3.17	2.44	-1.27	5.97	-3.14	8.31	-2.88
DJIM US	4.67	2.79	2.09	-1.87	2.97	-5.08	6.67	-3.83
DJIM Europe	5.07	4.03	1.81	-1.91	10.83	-5.62	4.27	-7.34
DJIM GCC	2.76	2.43	2.32	0.83	5.56	-3.94	4.11	2.57
DJIM ASEAN	2.29	2.77	4.06	2.07	12.01	11.87	22.59	12.34

\*all performance is cumulative, based on price return and US\$

DESCRIPTIVE STATISTICS	Market Capitalization (US\$ billion)							Component Weight (%)	
	Component number	Full	Float adjusted	Mean	Median	Largest	Smallest	Large	Small
DJIM World	2340	14825.49	11580.49	4.95	1.03	313.19	0.01	2.70	0.00
DJIM US	584	6291.83	5901.95	10.11	2.61	313.19	0.14	5.31	0.00
DJIM Europe	262	2749.52	2182.26	8.33	2.10	130.86	0.09	6.00	0.00
DJIM GCC	114	204.74	86.68	0.76	0.28	9.62	0.03	11.10	0.03
DJIM MENA	158	356.48	99.82	0.63	0.17	11.77	0.02	11.79	0.02
DJIM ASEAN	203	414.45	165.18	0.81	0.18	16.19	0.01	9.80	0.00
DJIM Titans 100	100	6406.29	5655.25	56.55	37.57	313.19	12.81	5.54	0.23
DJIM Asia/Pacific Titans 25	25	1034.03	669.17	26.77	20.66	66.64	12.81	9.96	1.91

For more information, please visit [www.djislamicmarkets.com](http://www.djislamicmarkets.com) or contact

**Anthony Yeung**  
Regional Director  
Hong Kong, China, 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

**Tariq al-Rifai**  
Director  
Islamic Market Indexes  
Tel: +971 4374 8045  
tariq.alrifai@dowjones.com

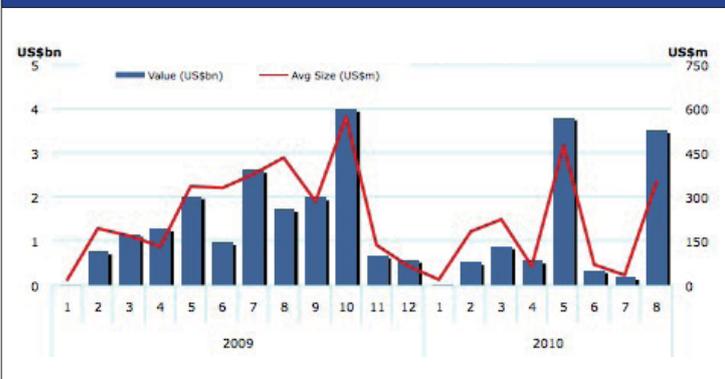
Dow Jones Indexes  
A CME Group Company

TOP 30 ISSUERS OF ISLAMIC BONDS								12 Months
Issuer	Nationality	Instrument	Market	Amt US\$	Iss	%	Managers	
1	Government of Dubai	UAE	Sukuk	Euro market public issue	1,931,000,000	1	11.2	Standard Chartered, UBS, National Bank of Abu Dhabi, Dubai Islamic Bank, Bahrain Islamic Bank, Mitsubishi UFJ Financial Group, Emirates NBD, Al Hilal Bank
2	Saudi Electricity	Saudi Arabia	Sukuk	Domestic market public issue	1,866,000,000	1	10.8	HSBC, Samba Capital
3	Danga Capital	Malaysia	Sukuk Musharakah	Domestic market public issue; Foreign market private placement	1,700,000,000	2	9.8	Standard Chartered, HSBC, OCBC, RHB Capital, CIMB, DBS
4	Celcom Transmission (M)	Malaysia	Issued off MYR4	Domestic market public issue	1,329,000,000	1	7.7	CIMB, Maybank Investment Bank
5	Cagamas	Malaysia	Sukuk Murabahah	Domestic market private placement; Domestic market public issue	1,269,000,000	10	7.3	CIMB, Maybank Investment Bank, HSBC, Cagamas, AmlInvestment, RBS, RHB Capital, Al-Rajhi Banking & Investment, Standard Chartered
6	Malaysia	Malaysia	Sukuk Ijarah	Euro market public issue	1,250,000,000	1	7.2	HSBC, Barclays Capital, CIMB
7	TDIC Sukuk	UAE	Sukuk Ijarah	Euro market public issue	1,000,000,000	1	5.8	Standard Chartered, HSBC, Abu Dhabi Commercial Bank
8	Islamic Development Bank	Saudi Arabia	Sukuk Wakalah	Euro market public issue	850,000,000	1	4.9	Deutsche Bank, BNP Paribas, HSBC, CIMB
9	Sime Darby	Malaysia	Sukuk Musharakah	Domestic market public issue	590,000,000	1	3.4	Public Bank, CIMB, Maybank Investment Bank
10	Syarikat Prasarana Negara	Malaysia	Sukuk Ijarah	Domestic market private placement	573,000,000	1	3.3	CIMB, Maybank Investment Bank
11	GE Capital Sukuk	US	Sukuk	Euro market public issue	498,000,000	1	2.9	Goldman Sachs, KFH National, Bank of Abu Dhabi, Citigroup
12	Dar Al-Arkan International Sukuk	Saudi Arabia	Sukuk	Euro market public issue	446,000,000	1	2.6	Goldman Sachs, Deutsche Bank, Unicorn Investment Bank
13	Pengurusan Aset Air	Malaysia	Sukuk Ijarah	Domestic market private placement	341,000,000	1	2.0	CIMB
14	Malaysia Airports Capital	Malaysia	Sukuk Ijarah	Domestic market public issue	316,000,000	1	1.8	CIMB, Citigroup
15	Projek Lebuhraya Utara Selatan	Malaysia	Sukuk Musharakah	Domestic market private placement	301,000,000	1	1.7	CIMB
16	Khazanah Nasional	Malaysia	Sukuk Musharakah	Domestic market private placement	228,000,000	1	1.3	Standard Chartered, CIMB
17	Saudi Hollandi Bank	Saudi Arabia	Sukuk Mudarabah	Domestic market public issue	193,000,000	1	1.1	Saudi Hollandi Bank, Riyad Bank
18	Islamic Republic of Pakistan	Pakistan	Sukuk	Domestic government debt	174,000,000	1	1.0	Standard Chartered
19	MISC	Malaysia	Sukuk Murabahah	Domestic market public issue	172,000,000	1	1.0	HSBC, CIMB
20	Maju Expressway	Malaysia	Sukuk Musharakah	Domestic market public issue	168,000,000	1	1.0	CIMB
21	Malaysia Debt Ventures	Malaysia	Sukuk Murabahah	Domestic market public issue	158,000,000	1	0.9	Lembaga Tabung Haji, RHB Capital, CIMB
22	Bank Pembangunan Malaysia	Malaysia	Sukuk Murabahah	Domestic market public issue	153,000,000	1	0.9	HSBC, CIMB
23	National Bank of Abu Dhabi	UAE	Sukuk Murabahah	Foreign market public issue	153,000,000	1	0.9	HSBC, Maybank Investment Bank
24	Penerbangan Malaysia	Malaysia	Sukuk Murabahah	Domestic market public issue	148,000,000	2	0.9	Bank Muamalat Malaysia, CIMB, HSBC, AmlInvestment
25	UMW Holdings	Malaysia	Sukuk Musharakah	Domestic market private placement	141,000,000	1	0.8	Maybank Investment Bank
26	Padiberas Nasional	Malaysia	Sukuk Musharakah	Domestic market public issue	127,000,000	1	0.7	Standard Chartered, Bank Muamalat Malaysia
27	Nomura Sukuk	Japan	Sukuk Ijarah	Euro market public issue	100,000,000	1	0.6	KFH
28	Kuveyt Turk Katilim Bankasi	Kuwait	Sukuk Murabahah	Euro market public issue	100,000,000	1	0.6	KFH, Citigroup
29	International Finance	US	Sukuk	Euro market public issue	100,000,000	1	0.6	HSBC, KFH Dubai Islamic Bank, Liquidity Management Centre
30	Gamuda	Malaysia	Sukuk Musharakah	Domestic market private placement	97,000,000	1	0.6	CIMB, AmlInvestment
<b>Total</b>					<b>17,317,000,000</b>	<b>77</b>	<b>100.0</b>	

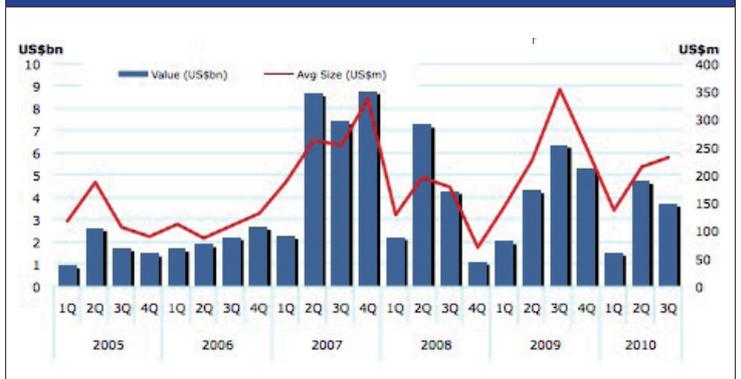
## 20 MOST RECENT GLOBAL ISLAMIC BONDS

Priced	Issuer	Nationality	Instrument	Market	Value US\$	Managers
20 <sup>th</sup> Aug 2010	Malaysia Airports Capital	Malaysia	Sukuk Ijarah	Domestic market public issue	316,000,000	CIMB, Citigroup
18 <sup>th</sup> Aug 2010	Celcom Transmission (M)	Malaysia	Sukuk	Domestic market public issue	1,329,000,000	CIMB, Maybank Investment Bank
18 <sup>th</sup> Aug 2010	Padiberas Nasional	Malaysia	Sukuk Musharakah	Domestic market public issue	127,000,000	Standard Chartered, Bank Muamalat Malaysia
16 <sup>th</sup> Aug 2010	Malaysia Debt Ventures	Malaysia	Sukuk Murabahah	Domestic market public issue	158,000,000	Lembaga Tabung Haji, RHB Capital, CIMB
11 <sup>th</sup> Aug 2010	Cagamas	Malaysia	Sukuk	Domestic market private placement	317,000,000	RBS, RHB Capital, Al-Rajhi Banking & Investment
3 <sup>rd</sup> Aug 2010	Danga Capital	Malaysia	Sukuk Wakalah	Foreign market private placement	1,089,000,000	OCBC, DBS, CIMB
22 <sup>nd</sup> Jun 2010	National Bank of Abu Dhabi	UAE	Sukuk Murabahah	Foreign market public issue	153,000,000	HSBC, Maybank Investment Bank
14 <sup>th</sup> Jun 2010	Maju Expressway	Malaysia	Sukuk Musharakah	Domestic market public issue	168,000,000	CIMB
27 <sup>th</sup> May 2010	Malaysia	Malaysia	Sukuk Ijarah	Euro market public issue	1,250,000,000	HSBC, Barclays Capital, CIMB
24 <sup>th</sup> May 2010	Projek Lebuhraya Utara Selatan	Malaysia	Sukuk Musharakah	Domestic market private placement	301,000,000	CIMB
10 <sup>th</sup> May 2010	Saudi Electricity	Saudi Arabia	Sukuk	Domestic market public issue	1,866,000,000	HSBC, Samba Capital
7 <sup>th</sup> May 2010	Cagamas	Malaysia	Sukuk	Domestic market private placement	314,000,000	AmInvestment
27 <sup>th</sup> Apr 2010	Cagamas	Malaysia	Sukuk	Domestic market private placement	156,000,000	AmInvestment
1 <sup>st</sup> Apr 2010	Bank Pembangunan Malaysia	Malaysia	Sukuk Murabahah	Domestic market public issue	153,000,000	HSBC, CIMB
31 <sup>st</sup> Mar 2010	Danga Capital	Malaysia	Sukuk Wakalah	Foreign market private placement	612,000,000	Standard Chartered, HSBC, OCBC, RHB Capital, CIMB
10 <sup>th</sup> Mar 2010	Khazanah Nasional	Malaysia	Sukuk Musharakah	Domestic market private placement	359,000,000	Standard Chartered, CIMB
11 <sup>th</sup> Feb 2010	Dar Al-Arkan International Sukuk	Saudi Arabia	Sukuk	Euro market public issue	450,000,000	Goldman Sachs, Deutsche Bank, Unicorn Investment Bank
25 <sup>th</sup> Dec 2009	Saudi Hollandi Bank	Saudi Arabia	Sukuk Mudarabah	Domestic market public issue	193,000,000	Saudi Hollandi, Bank Riyad Bank
21 <sup>st</sup> Dec 2009	Cagamas	Malaysia	Sukuk	Domestic market private placement	148,000,000	Cagamas
19 <sup>th</sup> Nov 2009	GE Capital Sukuk	US	Sukuk	Euro market public issue	500,000,000	Goldman Sachs, KFH, National Bank of Abu Dhabi, Citigroup

## GLOBAL ISLAMIC BOND VOLUME BY MONTH



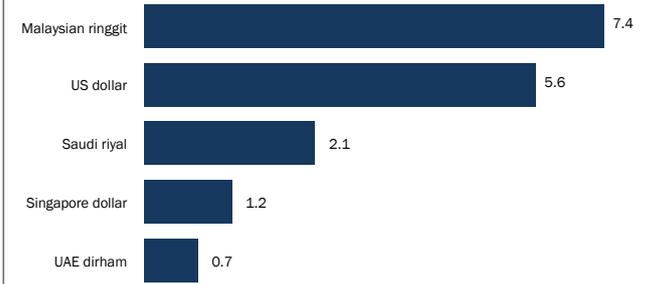
## GLOBAL ISLAMIC BOND VOLUME BY QUARTER



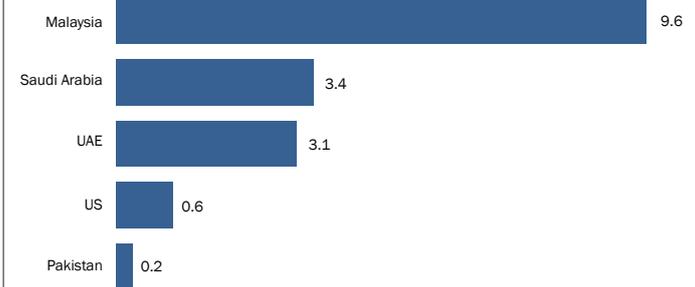
## TOP 30 MANAGERS OF ISLAMIC BONDS 12 Months

Manager	Amt US\$	Iss	%
1 CIMB	4,092,000,000	34	23.6
2 HSBC	2,355,000,000	13	13.6
3 Maybank Investment Bank	1,657,000,000	14	9.6
4 Standard Chartered	1,157,000,000	11	6.7
5 Samba Capital	933,000,000	1	5.4
6 AmInvestment	607,000,000	8	3.5
7 OCBC	500,000,000	3	2.9
8 Barclays Capital	417,000,000	1	2.4
9 KFH	374,000,000	4	2.2
10 DBS	370,000,000	2	2.1
11 Deutsche Bank	361,000,000	2	2.1
12 Abu Dhabi Commercial Bank	333,000,000	1	1.9
13 Dubai Islamic Bank	331,000,000	2	1.9
14 Mitsubishi UFJ Financial Group	324,000,000	2	1.9
15 RHB Capital	317,000,000	4	1.8
16 Citigroup	308,000,000	3	1.8
17 UBS	306,000,000	1	1.8
17 Emirates NBD	306,000,000	1	1.8
19 Goldman Sachs	248,000,000	2	1.4
20 BNP Paribas	213,000,000	1	1.2
21 Bahrain Islamic Bank	208,000,000	1	1.2
22 National Bank of Abu Dhabi	197,000,000	2	1.1
23 Public Bank	197,000,000	1	1.1
24 Unicorn Investment Bank	149,000,000	1	0.9
25 Bank Muamalat Malaysia	148,000,000	3	0.9
26 RBS	106,000,000	1	0.6
26 Al-Rajhi Banking & Investment	106,000,000	1	0.6
28 Cagamas	101,000,000	1	0.6
29 Al Hilal Bank	97,000,000	1	0.6
30 Saudi Hollandi Bank	97,000,000	1	0.6
Subtotal	17,301,000,000	77	100

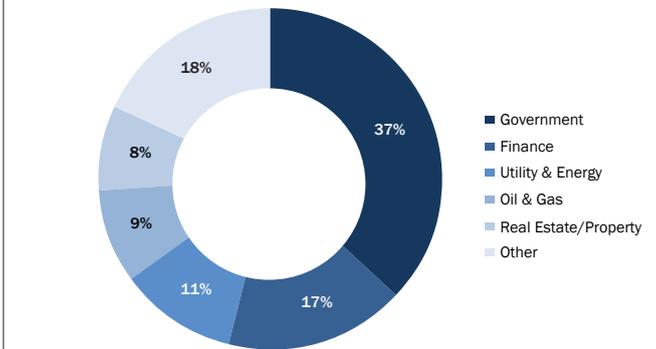
## ISLAMIC BOND VOLUME BY CURRENCY US\$ (BILLION)



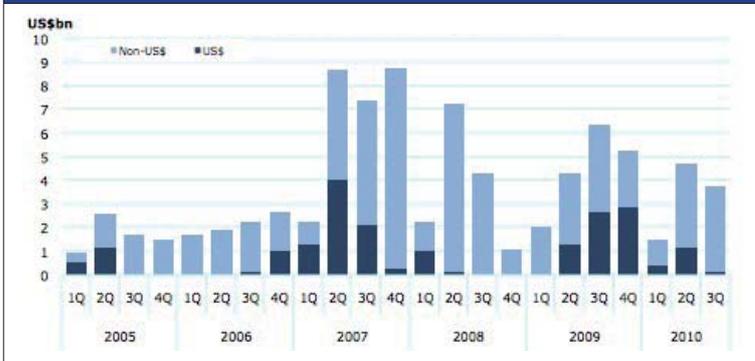
## ISLAMIC BOND VOLUME BY ISSUER NATION US\$ (BILLION) - 12 Months



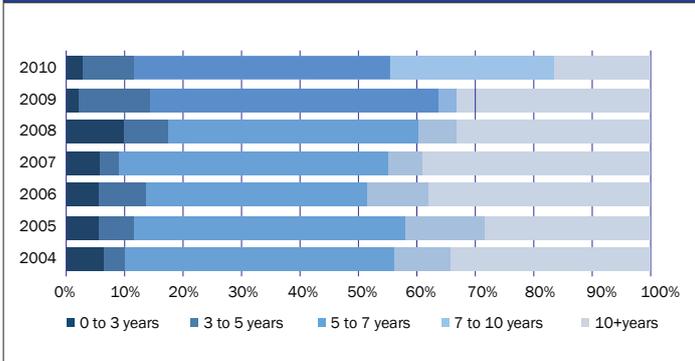
## GLOBAL ISLAMIC BOND VOLUME BY SECTOR - 12 Months



## GLOBAL ISLAMIC BOND VOLUME - US\$ ANALYSIS



## GLOBAL ISLAMIC LOANS - YEARS TO MATURITY (YTD Comparison)



### 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

ALL DATA AS OF THE 4<sup>th</sup> SEPTEMBER 2010

SUKUK MANAGERS		(12 months)	SEP 2009 – SEP 2010	
Manager	Manager Commitment (in US\$)	Issues	Market Share %	
1	Malaysia (Government)	21,535,501,200	94	55.1
2	CIMB	6,055,052,847	88	15.5
3	Malayan Banking	1,622,822,486	90	4.2
4	HSBC Banking Group	1,072,622,065	40	2.7
5	Malaysian Industrial Development Finance	921,223,855	211	2.4
6	RHB Banking Group	919,534,470	34	2.4
7	Standard Chartered	734,306,431	13	1.9
8	AMMB Holdings	698,496,862	56	1.8
9	Dubai Islamic Bank	602,646,875	3	1.5
10=	UBS	482,646,875	2	1.2
10=	Mitsubishi UFJ Financial Group	482,646,875	2	1.2
12	Cagamas	469,116,890	32	1.2
13	Barclays Bank	412,500,000	1	1.1
14	Indonesia (Government)	242,558,020	14	0.6
15	Affin Holdings	220,909,795	21	0.6
16	OCBC Bank	178,823,532	23	0.5
17	EON Capital	171,954,244	71	0.4
18	OSK Holdings	165,480,247	22	0.4
19=	Unicorn Investment Bank	148,500,000	1	0.4
19=	Goldman Sachs & Company	148,500,000	1	0.4

SUKUK MANAGERS		(3 months)	JUNE 2010 - SEP 2010	
Manager	Manager Commitment (in US\$)	Issues	Market Share %	
1	Malaysia (Government)	7,970,776,300	29	67.7
2	CIMB	2,034,017,444	29	17.3
3	Malayan Banking	504,197,297	24	4.3
4	RHB Banking Group	290,129,325	7	2.5
5	Malaysian Industrial Development Finance	229,831,355	48	2.0
6	Cagamas	196,857,760	9	1.7
7	AMMB Holdings	86,715,579	14	0.7
8	RBS	77,507,250	1	0.7
9	HSBC Banking Group	68,218,184	9	0.6
10	EON Capital	54,999,805	16	0.5
11	Kuwait Finance House	50,000,000	1	0.4
12=	Citigroup	50,000,000	1	0.4
12=	Affin Holdings	47,454,810	4	0.4
14	OSK Holdings	34,078,728	5	0.3
15	Hong Leong Financial Group	10,922,135	1	0.1
16	Public Bank	7,813,545	2	0.1
17=	Bumiputera	5,530,950	2	0.0
17=	Asia Sukses Mandiri Sejati	5,530,950	2	0.0
19	Danareksa Sekuritas	5,530,950	2	0.0
20	Erdikha Sekuritas	5,530,950	2	0.0

SUKUK ISSUERS		(12 months)	SEP 2009 – SEP 2010	
Issuer	Issuer Commitment (in US\$)	Issues	Market Share %	
1	BNM Sukuk	13,755,475,600	68	32.0
2	Malaysia (Government)	7,543,314,300	26	17.6
3	Bank Indonesia	3,046,287,060	39	7.1
4	Perusahaan Penerbit SBSN Indonesia	2,232,327,003	10	5.2
5	Dubai DOF Sukuk	1,930,587,500	2	4.5
6	Cagamas	1,649,054,340	33	3.8
7	Celcom Transmission (M)	1,342,937,400	4	3.1
8	Pengurusan Air SPV	1,173,293,540	5	2.7
9	TDIC Sukuk	1,000,000,000	1	2.3
10	ESSO Malaysia	747,297,060	12	1.7
11	Danga Capital	621,408,000	1	1.4
12	Sime Darby	594,088,000	3	1.4
13	Syarikat Prasarana Negara	577,872,000	2	1.3
14	Dar Al-Arkan International Sukuk	450,000,000	1	1.0
15	Khazanah Nasional	367,252,800	1	0.9
16	Malakoff	331,466,000	2	0.8
17	Malaysia Airports Capital	319,747,000	1	0.7
18	Projek Lebuh raya Utara-Selatan	303,767,000	1	0.7
19	MISC	288,936,000	3	0.7
20	Rantau Abang Capital	287,900,000	1	0.7

SUKUK ISSUERS		(3 months)	JUNE 2010 - SEP 2010	
Issuer	Issuer Commitment (in US\$)	Issues	Market Share %	
1	BNM Sukuk	5,377,306,500	25	43.2
2	Malaysia (Government)	2,749,500,300	5	22.1
3	Celcom Transmission (M)	1,342,937,400	4	10.8
4	Cagamas	562,146,830	10	4.5
5	Malaysia Airports Capital	319,747,000	1	2.6
6	Perusahaan Penerbit SBSN Indonesia	319,528,745	1	2.6
7	Pengurusan Air SPV	222,575,500	1	1.8
8	Maju Expressway	172,521,800	11	1.4
9	ESSO Malaysia	166,130,460	4	1.3
10	Malaysia Debt Ventures	159,124,000	2	1.3
11	National Bank Of Abu Dhabi	155,014,500	1	1.2
12	Bank Indonesia	104,674,525	4	0.8
13	KT Turkey Sukuk	100,000,000	1	0.8
14	Hytex Integrated	66,321,988	12	0.5
15	Perusahaan Perseroan (Persero) Perusahaan Listrik Negara	55,309,500	2	0.4
16	Perbadanan Kemajuan Negeri Selangor	50,831,530	3	0.4
17	Hubline	47,454,810	4	0.4
18	MM Vitaoils	42,490,045	15	0.3
19	CJ Capital	35,343,306	10	0.3
20	WCT	31,002,900	1	0.2

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 4<sup>th</sup> SEPTEMBER 2010

LOAN MANDATED LEAD ARRANGERS		SEP 2009 – SEP 2010			
	Lender	Pro Rata (US\$)	Full Credit (US\$)	Deals	Market Share %
1	HSBC	1,518,372,333.40	5,985,989,333.62	5	16.51
2	Standard Chartered	1,142,422,170.70	3,733,106,140.19	6	12.42
3	Qatar Islamic Bank	1,098,538,943.20	1,098,538,943.20	1	11.95
4	Samba Financial	844,786,446.53	4,538,817,559.88	4	9.18
5	Credit Agricole Corporate & Investment Bank	744,789,113.13	4,138,828,226.26	3	8.10
6	National Commercial Bank	699,985,528.84	4,049,221,057.68	3	7.61
7=	Saudi Hollandi	380,500,000.00	2,283,000,000.00	1	4.13
7=	Arab Bank	380,500,000.00	2,283,000,000.00	1	4.13
9	Alinma Bank	319,485,528.84	1,766,221,057.68	2	3.47
10	WestLB	218,232,314.04	291,161,570.19	3	2.37
11	Al Hilal Bank	197,500,999.35	409,001,998.69	2	2.14
12=	Al Rajhi Banking & Investment	187,875,000.00	1,503,000,000.00	1	2.04
12=	Bank of China	187,875,000.00	1,503,000,000.00	1	2.04
14	Abu Dhabi Islamic Bank	183,500,999.35	367,001,998.69	1	1.99
15	Royal Bank of Scotland	175,000,000.00	525,000,000.00	2	1.90
16	Noor Islamic Bank	159,648,190.00	478,944,570.00	2	1.73
17	Masraf Al Rayan	126,666,666.67	460,000,000.00	2	1.37
18=	Riyad Bank	99,997,333.40	399,989,333.62	1	1.08
18=	National Bank	99,997,333.40	399,989,333.62	1	1.08
20	Arab Banking	84,648,190.00	253,944,570.00	1	0.92
21	Citigroup	53,000,000.00	53,000,000.00	2	0.57
22	Development Bank of Singapore	51,666,666.67	260,000,000.00	2	0.56
23=	Sumitomo Mitsui Financial Group	26,666,666.67	160,000,000.00	1	0.29
23=	Malayan Banking	26,666,666.67	160,000,000.00	1	0.29
23=	Bank Islam Malaysia	26,666,666.67	160,000,000.00	1	0.29
26=	CIMB Group Holdings	25,000,000.00	100,000,000.00	1	0.27
26=	Oversea-Chinese Banking	25,000,000.00	100,000,000.00	1	0.27
26=	Mitsubishi UFJ Financial Group	25,000,000.00	100,000,000.00	1	0.27
29=	Kuwait Finance House	18,232,314.04	91,161,570.19	1	0.19
29=	Abu Dhabi Commercial Bank	18,232,314.04	91,161,570.19	1	0.19
29=	Standard Bank	18,232,314.04	91,161,570.19	1	0.19
32=	National Bank of Abu Dhabi	14,000,000.00	42,000,000.00	1	0.15
32=	BNP Paribas	14,000,000.00	42,000,000.00	1	0.15

LOAN BOOKRUNNERS		SEP 2009 – SEP 2010			
	Lender	Pro Rata (US\$)	Full Credit (US\$)	Deals	Market Share %
1	Qatar Islamic Bank	1,098,538,943.20	1,098,538,943.20	1	65.87
2	WestLB	291,161,570.19	291,161,570.19	3	17.45
3=	Noor Islamic Bank	75,000,000.00	225,000,000.00	1	4.49
3=	Royal Bank of Scotland	75,000,000.00	225,000,000.00	1	4.49
5	Standard Chartered Bank	75,000,000.00	225,000,000.00	1	4.49
6	Citigroup	53,000,000.00	53,000,000.00	2	3.17

ISLAMIC LOANS RAISED		(12 Months)	SEP 2009 – SEP 2010
	Borrower	Country	Islamic Loan Amount (US\$)
1	Power & Water Utility Co for Jubail & Yanbu	Saudi Arabia	2,283,000,000
2	Rabigh Independent Power Project	Saudi Arabia	1,503,000,000
3	Qatari Diar Real Estate Investment	Qatar	1,500,000,000
4	Qatari Diar Real Estate Investment	Qatar	1,098,538,943
5	Riyadh Independent Power Plant	Saudi Arabia	616,049,284
6	Etihad Etisalat	Saudi Arabia	399,989,334
7	Emirates Steel Industries	UAE	367,001,999
8	Qatari Diar Real Estate Investment	Qatar	300,000,000
9	Asya Katilim Bankasi	Turkey	253,944,570
10	Dubai International Capital	UAE	225,000,000
11	Qatar Airways	Qatar	160,000,000
12	Emirates Trading Agency	UAE	100,000,000
13	Gulf Finance House	Bahrain	100,000,000
14	Olam International	Singapore	100,000,000
15	Global Investment House	Kuwait	91,161,570
16	Al Jaber Aviation	UAE	42,000,000
17	Ozkan Demir Celik Sanayi	Turkey	40,000,000



ALL DATA AS OF THE 4<sup>th</sup> SEPTEMBER 2010

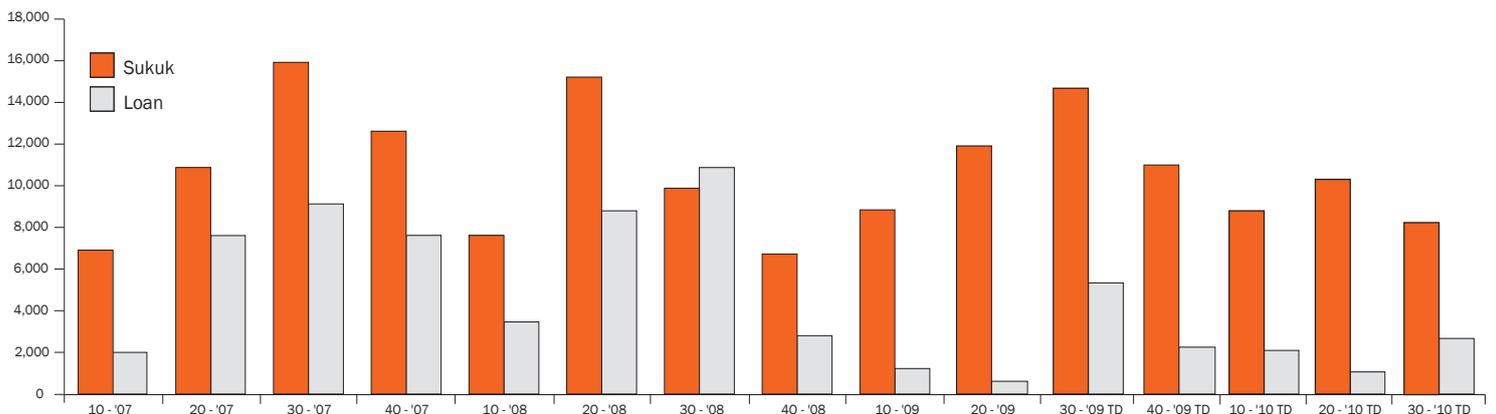
SUKUK BY COUNTRY	(12 Months)	SEP 2009 – SEP 2010
Country	Volume Issued	Volume Outstanding
Malaysia	33,353,509,861	22,515,916,985
Indonesia	5,492,664,082	2,543,405,447
Eurobond	3,030,587,500	3,030,587,500
US	575,000,000	575,000,000
Saudi Arabia	193,328,500	193,328,500
Pakistan	174,265,020	174,265,020
Singapore	92,728,884	92,728,884
Bahrain	42,436,820	26,521,700
Cayman Islands	-	-
UAE	-	-
Jersey	-	-

LOANS BY COUNTRY	(12 Months)	SEP 2009 – SEP 2010
Country	Volume (US\$)	Market Share (%)
Saudi Arabia	4,802,038,618	52.2
Qatar	3,058,538,943	33.3
UAE	734,001,999	8.0
Turkey	306,944,570	3.3
Singapore	100,000,000	1.1
Bahrain	100,000,000	1.1
Kuwait	91,161,570	1.0

SUKUK BY INDUSTRY	(12 Months)	SEP 2009 – SEP 2010
Industry	Volume Issued	Volume Outstanding
Other financial	22,626,335,347	13,749,284,762
Sovereign	10,763,866,380	7,814,607,745
Agency	2,727,555,173	2,668,889,313
Manufacturing	2,103,369,562	1,349,940,619
Telephone	1,364,135,000	1,364,135,000
Transportation	1,169,723,845	998,966,660
Energy company	819,024,045	103,145,410
Banks	435,023,800	435,023,800
Electric power	418,970,597	243,146,597
Service company	417,793,118	316,226,720
Consumer goods	108,387,410	108,387,410

LOANS BY INDUSTRY	(12 Months)	SEP 2009 – SEP 2010
Industry	Volume (US\$)	Market Share(%)
Real estate	2,898,538,943	31.5
Construction	2,383,000,000	25.9
Utilities	2,119,049,284	23.1
Financial services	670,106,140	7.3
General manufacturing	407,001,999	4.4
Telecommunications	399,989,334	4.4
Transportation	160,000,000	1.7
Wholesale	100,000,000	1.1
Aerospace and defense	42,000,000	0.5

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



## FTSE Shariah Global Equity Index Series

The FTSE Shariah All-World Index in August finished the month in negative territory, down 3.3%, with Emerging markets outperforming Developed markets by 1.3% over the period. The best performing region in August was Middle East & Africa, with a performance of 0.2%, followed by Asia Pacific with a performance of -2.6%. Colombia was the best performing country with a performance of 8.3%, with Argentina being the second best performing country finishing the month on 7.4%. Both Greece and Netherlands were the worst performers in August with a performance of -9.5% and -9.4%, respectively.

Index	No. of constituents	Performance based on percentage (%)						
		1 Month	3 Months	6 Months	Year-to-Date	1 Year	3 Years	5 Years
<b>FTSE SHARIAH GLOBAL EQUITY INDEX SERIES</b>								
FTSE Shariah All World Index	1133	-3.25	0.08	-3.95	-7.42	3.04	-16.46	16.77
FTSE Shariah ASEAN Index	58	2.34	11.88	12.96	11.31	21.97	7.06	94.47
FTSE Shariah Asia Pacific ex Japan Index	348	-2.00	5.47	2.46	-3.29	12.00	-5.45	77.85
FTSE Shariah Asia Pacific Index	561	-2.57	2.35	-0.71	-3.85	3.84	-15.54	35.03
FTSE Shariah Dev Asia Pacific ex Japan Index	139	-2.74	6.51	1.48	-3.78	10.62	-1.00	87.70
FTSE Shariah Developed Asia Pacific Index	352	-3.12	1.65	-2.27	-4.28	0.07	-18.34	22.51
FTSE Shariah Developed Europe Index	183	-3.52	3.28	-5.15	-11.65	-1.46	-23.29	14.11
FTSE Shariah Developed ex Japan Index	598	-3.42	-0.16	-4.69	-8.29	2.58	-16.39	13.33
FTSE Shariah Developed ex US Index	572	-2.93	2.38	-3.48	-8.22	0.25	-19.54	20.02
FTSE Shariah Developed Index	811	-3.42	-0.36	-4.74	-7.96	1.59	-17.51	11.81
FTSE Shariah Emerging Index	322	-2.07	3.27	1.91	-3.53	13.39	-8.34	70.32
FTSE Shariah Europe Index	218	-3.51	3.33	-4.64	-11.00	-0.59	-23.84	13.73
FTSE Shariah Eurozone Index	97	-5.51	1.06	-8.19	-16.84	-7.68	-30.76	8.82
FTSE Shariah Japan 100 Index	100	-3.77	-1.38	-5.12	-6.79	-6.03	-27.79	1.77
FTSE Shariah Latin America Index	45	-3.30	0.74	-2.81	-6.73	17.60	6.10	129.65
FTSE Shariah Middle East & Africa Index	41	0.20	2.79	1.74	-2.19	6.42	1.56	68.83
FTSE Shariah Multinational 150 Index	154	-3.78	-0.56	-6.86	-10.22	0.29	-16.49	14.58
FTSE Shariah North America Index	268	-3.54	-2.64	-5.23	-7.23	3.59	-14.25	7.24
FTSE Shariah USA Index	239	-3.91	-2.94	-5.95	-7.73	2.92	-15.28	4.66
<b>FTSE BURSA MALAYSIA INDEX SERIES</b>								
FTSE Bursa Malaysia EMAS Shariah Index	274	3.15	13.31	17.92	20.67	30.14	32.73	110.68
FTSE Bursa Malaysia Hijrah Shariah Index	30	4.73	13.74	17.76	17.37	28.30	41.41	130.15
<b>FTSE DIFX SHARIAH INDEX SERIES</b>								
FTSE DIFX Qatar 10 Shariah Index	10	2.47	5.74	7.07	5.55	7.97	25.15	-
FTSE DIFX Kuwait 15 Shariah Index	15	2.45	7.55	-0.10	6.74	-16.87	-53.78	-
<b>FTSE SGX SHARIAH INDEX SERIES</b>								
FTSE SGX Asia Shariah 100 Index	100	-3.11	1.96	-1.30	-5.09	2.33	-20.89	16.58
<b>FTSE SET INDEX SERIES</b>								
FTSE SET Shariah Index	63	7.02	18.65	26.60	23.20	38.49	23.64	93.81
<b>TSEC TAIWAN INDEX SERIES</b>								
TSEC Taiwan Shariah Index	57	-1.83	4.39	1.85	-6.20	13.25	-5.20	46.22

Source: FTSE Group, total return data in USD as at 31 August 2010

For further information visit [www.ftse.com](http://www.ftse.com), email [info@ftse.com](mailto:info@ftse.com) or call your local FTSE office:

Beijing +8610 6515 9265  
Boston +1 888 747 FTSE(3873)  
Frankfurt +49 (0) 69 1568 5144  
Hong Kong +852 2230 5800

London +44 (0) 20 7866 1810  
Madrid +3491 411 3787  
New York +1 800 747 FTSE(3873)  
Paris +33 (0) 1 5376 8288

San Francisco +1 888 747 FTSE(3783)  
Sydney +61 9293 2866  
Tokyo +81 3 3581 2811



© 2009 FTSE International Limited ("FTSE") ®. All rights reserved. "FTSE®", "FT-SE®" and "Footsie®" are trade marks jointly owned by the London Stock Exchange Plc and The Financial Times Limited and are used by FTSE under licence. "All-World", "All-Share" and "All-Small" and "FTSE4Good" are trade marks of FTSE.

Rights in each index vest in FTSE, the London Stock Exchange Plc, the Financial Times Limited and/or FTSE's relevant partners. Neither FTSE, the London Stock Exchange Plc, the Financial Times Limited nor FTSE's relevant partners makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the indexes and/or the figure at which the said index stands at any particular time on any particular day or otherwise. Each Index is compiled and calculated by FTSE and/or its relevant partners. However, neither FTSE nor the London Stock Exchange Plc nor the Financial Times Limited nor FTSE's relevant partners shall be liable (whether in negligence or otherwise) to any person for any error in any index and neither FTSE nor the London Stock Exchange Plc nor the Financial Times Limited nor FTSE's relevant partners shall be under any obligation to advise any person of any error therein.

## EVENTS DIARY

DATE	EVENT	VENUE	ORGANIZER
September			
20 <sup>th</sup> – 22 <sup>nd</sup>	Sukuk Asia Forum	Jakarta	IQPC Worldwide
October			
4 <sup>th</sup> – 7 <sup>th</sup>	Islamic Finance World Africa 2010	Johannesburg	Terrappin
6 <sup>th</sup>	IFN Roadshow Saudi Arabia	Saudi Arabia	REDmoney events
18 <sup>th</sup> – 22 <sup>nd</sup>	25 <sup>th</sup> East Asian Insurance Congress	Bali, Indonesia	EAIC Organizing Committee
25 <sup>th</sup> – 28 <sup>th</sup>	Global Islamic Finance Forum 2010 (GIFF 2010)	Kuala Lumpur	REDmoney events
26 <sup>th</sup> – 28 <sup>th</sup>	IFN Issuers & Investors Asia Forum 2010	Kuala Lumpur	REDmoney events
November			
9 <sup>th</sup>	IFN Roadshow Canada	Toronto	REDmoney events
10 <sup>th</sup> – 11 <sup>th</sup>	Middle East Life & Family Takaful Summit	Dubai	Asia Insurance Review
12 <sup>th</sup>	IFN Roadshow UK	London	REDmoney events
15 <sup>th</sup>	IFN Roadshow France	Paris	REDmoney events
22 <sup>nd</sup> – 24 <sup>th</sup>	The World Islamic Banking Conference	Bahrain	MEGA Events
December			
1 <sup>st</sup> – 2 <sup>nd</sup>	Annual Conference on Islamic Banking & Finance	Manama	AAOIFI
6 <sup>th</sup>	IFN Roadshow Korea	Seoul	REDmoney events
8 <sup>th</sup>	IFN Roadshow Japan	Tokyo	REDmoney events
8 <sup>th</sup> – 9 <sup>th</sup>	The Saudi Investor Window 2010	Riyadh	UCI International
13 <sup>th</sup>	IFN Roadshow Brunei	Brunei	REDmoney events

### Islamic Finance news team

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

#### EDITORIAL TEAM

<b>Editor</b>	Arfah Hani Abdullah Hani.Abdullah@REDmoneyGroup.com
<b>Deputy Editor</b>	Ashwin Hemmathagama Ashwin@REDmoneyGroup.com
<b>Copy Editor</b>	Roshan Kaur Sandhu Roshan.Kaur@REDmoneyGroup.com
<b>Writers</b>	Nadia Mohamed Akwal Nadia.Akwal@REDmoneyGroup.com  Lai Pei Yee Peiyee.Lai@REDmoneyGroup.com
<b>Correspondents</b>	Kamal Bairamov, Shirene Shan
<b>Features Editor</b>	Shabnam Mokhtar Shabnam.Mokhtar@REDmoneyGroup.com
<b>Forum Editor</b>	Christina Morgan Christina.Morgan@REDmoneyGroup.com
<b>Publications Manager</b>	Sasikala Thiagaraja Sasikala@REDmoneyGroup.com
<b>Production Manager</b>	Hasnani Aspari Hasnani.Aspari@REDmoneyGroup.com
<b>Production Executives</b>	Mohd Hanif Mat Nor Hanif.Nor@REDmoneyGroup.com  Muhammad Najib Abdul Rahim Najib.AbdulRahim@REDmoneyGroup.com  Yazid Yahya Yazid.Yahya@REDmoneyGroup.com

#### SALES TEAM

<b>Group Sales Director</b>	Paul Hue Paul.Hue@REDmoneyGroup.com Tel: +603 2162 7800 x 20
<b>New Business Manager</b>	Charles Philip Charles.Philip@REDmoneyGroup.com Tel: +603 2162 7800 x 13
<b>Head of Subscriptions</b>	Musfaizal Mustafa Musfaizal.Mustafa@REDmoneyGroup.com Tel: +603 2162 7800 x 24
<b>Subscriptions Sales Executives</b>	Jamuna Raja Jamuna.Raja@REDmoneyGroup.com Tel: +603 2162 7800 x 29  Nadjmuddean Mohd Ris Mohammed.Nadjmuddean@REDmoneyGroup.com Tel: +603 2162 7800 x 38

#### MARKETING TEAM

<b>Head of Marketing</b>	Shanice Leong Shanice.Leong@REDmoneyGroup.com
<b>Administration &amp; Marketing Assistant</b>	Dhana Dorasamy Dhana@REDmoneyGroup.com
<b>Financial Controller</b>	Faizah Hassan Faizah.Hassan@REDmoneyGroup.com
<b>Deputy Publisher &amp; Director</b>	Geraldine Chan Geraldine.Chan@REDmoneyGroup.com
<b>Managing Director</b>	Andrew Tebbutt Andrew.Tebbutt@REDmoneyGroup.com
<b>Managing Director &amp; Publisher</b>	Andrew Morgan Andrew.Morgan@REDmoneyGroup.com

Individual Subscription Rate: US\$695/Year  
 Company-Wide Subscription Rate: US\$3,075/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
Abu Dhabi Commercial Bank	21	Deutsche Bank	5		22
Abu Dhabi Investment Authority	23	DIFC	8	Maybank	5
ADCB Meethaq	21	DIFC Investments	7	MCB Bank	10
Affin Bank	5	DiGi Telecommunications	9	MIFC	11
Affin Holdings	5	Dubai Islamic Bank	7	Millennium Private Equity	7
Affin Investment Bank	5	Dubai Sukuk Centre	6	Moody's	10
Affin Islamic Bank	5	Economist Intelligence Unit	5	National Bank of Kuwait	6
Al Azhar University	19	Emirates Islamic Bank	6	National Bank of Pakistan	10
Al Baraka Egypt	3	Ernst & Young	15	Nigerian Stock Exchange	3
Al Baraka Islamic (Pakistan)	4	Etiqa Takaful	9	Organization of Islamic Conference	6
Al Ijarah Indonesia Finance	4	European Finance House	5	Paris Financial Markets Organization	12
Al Khaliji al Islami	6	Fitch Ratings Dubai	12	Path Solutions	6
Al Rayan Investment	11	Friends Provident Group	9, 11	Pefindo	22
Al Ruwayeh & Partners	14	Great Eastern Life Assurance Company	9, 11	Perusahaan Listrik Negara	22
Al Salam Bank-Bahrain	8	Gulf Finance House	20	Pharmaniaga	10
Al-Futtaim Group	8, 11	Habib Bank	10	Pinsent Masons	23
Alliance Bank Malaysia	9	HSBC	23	Ports Customs and Free Zones Corporation	5
Allied Bank	10	HSBC Amanah	4, 11	Principal Global Investors	6
American International Assurance	9	HSBC Amanah Takaful	11	Public Bank	9, 11
AMMB Holdings	9, 11	HwangDBS Investment Bank	10	Public Islamic Bank	9, 11
Amundi Asset Management	12	ICICI Bank of India	21	Qatar Islamic Bank	4, 5, 8, 11, 12, 19
Aqar Real Estate Investment	8, 11	IFSB	15, 19	RAM	10
Argyll Investment Services	12	ING Management Holdings	9, 11	S&P	6, 20
Attijariwafabank	19	Institute of Chartered Accountants of Scotland	18	Sarawak Power Generation	10
Bank Indonesia	5, 12	Institute of Investment Management and Research	18	Scottish Widows Investment Partnership	17, 18
Bank Kesawan	4, 12		18	Securities and Exchange Commission of Thailand	4
Bank Muamalat Indonesia	4	International Innovative Technologies	7	Securities and Exchange Commission of Nigeria	3
Bank Negara Malaysia	9, 11	iShares	6	Shamil Bank of Bahrain	13
Bank Permata Syariah	4	Islamic Development Bank	20	Societe Generale	6, 12, 23
Banque Populaire	19	Islamic Finance Council UK	17	Societe Generale Corporate and Investment Banking	
Barwa Real Estate Company	5, 11	Islamic Finance Navigator	20		23
Bawabat Al-Shamal	11	ISRA	4	Solidarity Group Holding	9
Beximco Pharmaceuticals	13	JPMorgan Chase	6	Stanbic Bank Tanzania	3
Blom Development Bank	13	JPMorgan Chase & Co	23	Standard Chartered Bank Malaysia	10
BNP Paribas	12	Kelantan Golden Trade	5	Stephenson Harwood	23
BNY Mellon Broker-Dealer Services	23	Konsortium Lebuhraya Utara-Timur	10	Sunway City	10
Boston Consulting Group	5, 12	Koperasi Angkatan Tentera Malaysia	9, 11	Suria Capital Holdings	10
Central Bank of Kuwait	12	KPMG	23	Takaful Ikhlas	9, 11
Central Bank of Sudan	3	Krakatau Steel	4	The Investment Dar	13
Channel Islands Stock Exchange	16	Kuwait Finance House	18	Trimegah Securities	22
CIMB	6	Kuwait Finance House Malaysia	4, 5	UBL Fund Managers	4
CIMB-Principal Asset Management	6	Lloyds Banking Group	6	UBS	23
Credit Suisse	23	Macquarie Securities Group	23	Union de Banques Arabes Et Francaises	12
Cybersource	18	Malaysia Airports Holdings	3	United Bank	10
Dallah Al Baraka	19	Malaysian Takaful Association	11	United Gulf Bank	7
Danajamin Nasional	10	Mandiri Sekuritas	22	University of Edinburgh	18
Danareksa Sekuritas	22	MARC	10	Wells Fargo	6
DBS Group Holdings	23	Marsinh Martoatmodjo Iskandar Kusdihardjo Law Office		Westports Malaysia	5

# Islamic Finance news

**Yes! I would like to subscribe to:**

### INDIVIDUAL SUBSCRIPTION

- 1 Year at US\$695 nett  
 2 Years at US\$1,250 nett

### COMPANY WIDE SUBSCRIPTION

- 1 Year at US\$3,075 nett  
 2 Years at US\$5,350 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**

### HOW TO SUBSCRIBE



+603 2162 7800



+603 2162 7810



Subs@IslamicFinanceNews.com



21/F, Menara Park, 12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur, Malaysia

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 Wednesday
- Daily news alert
- 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)

### Best Service Providers Poll 2010

Terms & Conditions: ▪ You can only vote once per category ▪ Only votes with valid business email addresses will be accepted ▪  
▪ You may not vote for yourself. Those found voting for themselves will be disqualified ▪

#### Your Contact Information

Name:  Business Email:

Company:

1) Most Outstanding Standard Setting Body

2) Best Islamic Consultancy

3) Best Islamic Fund Manager

4) Best Islamic Wealth Management Provider

5) Best Takaful Provider

6) Best ReTakaful Provider

7) Best Interbroker for Islamic Transactions

8) Best Islamic Index Provider

9) Best Islamic Research Firm

10) Best Law Firm in Islamic Finance

11) Best Islamic Ratings Agency

12) Best Shariah Advisory Firm

13) Best Islamic Technology Provider

14) Best Recruitment Agency for Islamic Finance

All respondents will receive: ▪ Islamic Finance *news* Guide 2011 ▪ Islamic Finance *news* Deals of the Year Handbook 2010 ▪  
▪ Islamic Finance *news* Special Awards issue (5<sup>th</sup> January 2011) ▪ A two week free subscription to Islamic Finance *news* ▪

**PLEASE RETURN FAX THIS FORM TO +603 2162 7810**