

Islamic Finance *news*

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EGYPT

HSBC Egypt raises capital

HSBC Bank Egypt is increasing its capital to EGP1.5 billion (US\$272.5 million) from LE1.07 billion (US\$194.4 million) through a rights issue to existing shareholders.

The offering will raise the total number of shares in the bank to 17.96 million from 12.77 million. Shareholders will be able to buy the new shares at their par value of EGP84 (US\$15.26) per share until 31st January. ☺

MALAYSIA

CIMB is top dealmaker

The CIMB group topped the league table as the biggest corporate dealmaker in Malaysia for 2007, based on data compiled by Bloomberg. The country's top investment adviser increased its domestic market share on all fronts, from helping local companies to selling around RM35 billion (US\$10.65 billion) worth of bonds last year.

The amount comprised RM19.1 billion (US\$5.8 billion) worth of domestic bonds and RM15.88 billion (US\$4.83 billion) worth of Islamic papers. That gave the bank a 35% share in the conventional debt market and 42% share in the Islamic bonds market. Nearest rival AmInvestment Bank sold a combined RM10 billion (US\$3.04 billion) worth of Islamic and conventional debt papers in 2007, chalking an average market share of 11%.

CIMB also participated in 33 deals in China and Hong Kong valued at US\$6.2 billion during the year. ☺

QATAR

QIB seals bridge Murabahah

Qatar Islamic Bank (QIB) has funded a short-term US\$300 million bridge Murabahah with a maximum tenure of 12 months. The facility was financed by ABN Amro and Standard Chartered on a 50:50 basis. Salah Al Jaidah, CEO of QIB, said the Murabahah is part of the asset and liability management strategy of the bank.

The facility will be part-financed via Sukuk to tap the massive liquidity in the GCC, and is a show of confidence for QIB after successfully arranging a US\$150 million Sukuk Musharakah for Salam Bounian last November. ☺

SINGAPORE

Prestige of no limit on returns

Maybank Singapore has launched the second Islamic structured deposit, Prestige Structured Deposit, which has no limit on potential returns. In a recent statement, the bank said the returns, based on back-testing were in the range of 4% to 17%.

"With features such as 100% principal guarantee if held to maturity, low minimum investment amount of S\$10,000 (US\$7,000) with no cap on the upside, the product is attractive to people of varying risk and investment appetites. It provides investors with access to an index option comprising 30 Shariah compliant global equities investing in two high-growth sectors — oil and gas and basic materials," the bank stated.

The index option, SGAM Al Baraka Commodity Index, is managed by Société Générale Asset Management (SGAM), the global investment arm of Société Générale. ☺

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AFRICA/SAUDI ARABIA

Al Waleed fund drawn to continent

A private equity fund whose biggest investor is Saudi billionaire Prince Al Waleed Bin Talal is raising funds to invest US\$500 million throughout Africa. The fund — Pan-African Investment Partners II — aims to ride on the back of strong economic growth on a continent where private equity has made much fewer inroads than in Europe and the US, a top official of the fund said.

“We find there is a transforming landscape in Africa, a lot of improvements in governance, economic liberalization and a significant privatization pipeline,” said Nathan Mintah, a partner in the firm that manages the fund. Al Waleed has already committed US\$250 million to the fund, which is seeking to raise a similar amount from institutional investors.

The management firm, Kingdom Zephyr Africa Management, is a joint venture of Al Waleed’s Kingdom Holding and US-based private equity firm Zephyr Management.

Africa has a combined GDP of about US\$1.1 trillion, with growth expected at more than 6% over the next few years. ☺

UAE

Stocks could see a strong 2008

The UAE stock market in 2008 will be supported by a backdrop of robust earnings growth, high oil prices, abundant liquidity and a steady real estate market, investment bank EFG Hermes has said in its latest research report.

The influx of western institutions is expected to accelerate, with long only funds playing a more decisive role than in 2007, it said. “Over the course of the year, we expect this to help distribute liquidity more evenly across the stocks listed in the UAE and to draw attention to small- and mid-cap names that have so far been below the radar, although we expect this to be a more prominent effect in the second half of 2008,” said the report.

“We see a pick-up in M&A activity from 2008 onwards which should provide supportive news flow for the stocks involved. We expect consolidation to occur mostly within banks, insurance and cement; while telecoms and real estate companies are more likely to pursue regional expansion opportunities,” the report added.

It said the real estate sector in the UAE is currently the cheapest and the firm remains bullish on stocks of developers, particularly Emaar Properties. ☺

UAE

Central Bank secures Fortinet’s services

Fortinet has announced that UAE Central Bank has selected the former’s FortiGate(tm) systems to secure its online services. The Central Bank’s main responsibility is to formulate and implement the banking, credit and monetary policy in the UAE; it also provides the core payment systems.

Fortinet’s enterprise class security appliances have been deployed as part of the Central Bank’s primary firewall and antivirus solution to help safeguard data, online transactions and communications. ☺

MALAYSIA/UAE

ADCB eyeing 25% stake in RHB Capital

Abu Dhabi Commercial Bank (ADCB) is negotiating to buy a 25% stake in RHB Capital, the fourth-largest banking group in Malaysia, the official WAM news agency said last week.

ADCB has confirmed that exclusive negotiations are underway to snap up a 25% holding in RHB Capital, owned by the state-run Employees Provident Fund, WAM reported without indicating how much the stake would be worth. It said the bank had sent a memorandum to the Abu Dhabi Securities Market informing it of the talks.

ADCB announced in January 2007 that it made a record net profit of AED2.15 billion (US\$585 million) in 2006, up 12% on the previous year.

Malaysia’s EPF holds an 82.23% stake in RHB Capital, WAM said. ☺

QATAR

EFG-Hermes expansion continues

EFG-Hermes Qatar LLC has been granted a license by the Qatar Financial Center Authority for investment banking and asset management business, adding to the expansion of EFG-Hermes’ regional footprint.

EFG-Hermes Qatar is a joint venture that’s 51%-owned by EFG-Hermes and has an initial capitalization of US\$37 million. The Qatar operation will be led by Ahmed Waly, CEO of EFG-Hermes Qatar.

“Qatar has one of the world’s fastest-growing economies, based on its oil and gas wealth, and our presence there is integral to the continued growth of EFG-Hermes. I look forward to further building and contributing to our strength in the region,” said Ahmed.

EFG-Hermes has operations in Egypt, the UAE and Saudi Arabia, with dominant market share regionally across the breadth of its businesses. ☺

SAUDI ARABIA

SHL gets the nod

The Trade and Industry Ministry has approved the launch of Saudi Home Loans (SHL), state news agency SPA said last month. SHL will provide loans compliant with Islamic law and will have a capital of SAR2 billion (US\$534 million).

Arab National Bank (ANB) and private housing finance firm Kingdom Installment each hold 40% in SHL, according to ANB. Property developer Dar Al Arkan holds 15% and the International Finance Corporation has the remaining 5%.

Only 22% of Saudis own their houses, SHL’s managing director Abdullatif Al Shelash said earlier last month. “The kingdom will need some 4.5 million new housing units within the next five years to accommodate its growing population,” he said in remarks published by *Arabian Business* magazine.

SHL will cater mainly for the middle and the poor segments of the Saudi population, he added. The kingdom has witnessed a boom in construction and infrastructure projects. ☺

UAE

Real GDP to grow 9%

The UAE economy is forecast to maintain healthy growth in 2008 as government spending will remain robust amid high global oil prices. Real GDP is expected to grow 9% this year and new investments will spur non-oil sectors, investment bank EFG-Hermes said in a study.

“The short- to medium-term economic growth outlook for the UAE economy is very strong. We forecast 9% real GDP growth in 2008 and high single-digit growth until the end of the decade,” it said.

“Investment will be an important driver of economic growth until the end of the decade and beyond, with Abu Dhabi playing an increasingly important role. The combination of continued expatriate population growth, negative real interest rates and robust consumer confidence should result in strong growth in private consumption,” the report said, adding that real non-oil GDP growth will be between 9% and 11% in the next few years.

EFG said the main risk to its positive outlook is further constraints on the supply of goods and labor, though broader risks include a sharp decline in the oil price. There could be “a substantial increase” in IPO activity in 2008, EFG said.

Ratings agency Moody’s warned in a recent study on the UAE that rising inflation could undermine the competitiveness of non-hydrocarbon sectors. But it said prospects for the hydrocarbons sector “are rosy, with export volumes and prices likely to remain buoyant over the medium term”. The agency projected that the price of the benchmark Brent crude will average US\$81 per barrel in 2008 and 2009. ☺

BAHRAIN

Tourism sector expanded 15% in 2007

The tourism sector in Bahrain generated BH\$6.5 million (over US\$17 million) this year, marking a 15% increase over 2006. A Bahraini daily reported Huda Al Hamar, acting director of the revenue and licensing departments for tourism, as saying she expected the next few years to generate even more revenue as the number of hotels, restaurants and other tourist facilities continues to rise.

Meanwhile, acting tourism undersecretary at the ministry of information Fawzi Tulefat said there were more than 15 four- and five-star hotels under construction in Bahrain. These hotels had chosen Bahrain because of the “constant progress of the tourism sector in the kingdom”, he said. These include the Four Seasons, Sofitel, IBIS, Holiday Express, Holiday Inn, Kempinski and other top hotel chains.

Seven top-level hotel management companies were to open offices in Bahrain soon, he added. ☺

EGYPT

Thirty more Mashreqbank branches

Dubai’s Mashreqbank aims to open 30 branches in Egypt over the next three years, reported Reuters, citing *Forbes Arabia*. The lender’s CEO Abdul Aziz Al Ghurair said 10 branches would open next year at a cost of US\$500,000 per branch.

Mashreqbank is also keen on acquiring a 67% stake in the Banque du Caire and it announced its intention to bid several months ago. ☺

JAPAN

Securities industry eyes Islamic investors

Japan’s securities industry is scrambling to develop financial products that will attract so-called “oil money”, which has grown to US\$1 trillion on high crude oil prices. The industry drive moved into higher gear late last November when the Tokyo Stock Exchange and Standard & Poor’s, a major US credit rating agency, jointly launched a new stock index to meet demand from Islamic investors for access to large-capital Japanese companies.

The S&P/TOPIX 150 Shariah Index excludes businesses that offer products and services against the Shariah, such as alcohol, financials, gambling and pork. Drawing market attention because of the TSE authorization, component stocks of the new equity index reportedly received buy orders in the week before its launch and saw their prices rise 5% to 6% on average.

In addition, Société Générale Asset Management (Japan) of the major French financial group is developing an investment fund linked to a Japanese stock index for Islamic investors, while Nomura Asset Management is planning products for pension funds, governmental investment funds and other extra-large investors from the Middle East. While these financial instruments are designed exclusively for investment by Islamic investors, they have attracted strong interest among Japanese investors as well.

The availability of Shariah-related products will benefit Japanese investors because they will be able to monitor where oil money is invested, says an official at State Street Corp, a major US asset management concern. ☺

QATAR

QIB raises US\$300 million Shariah loan

Qatar’s largest lender QIB has raised US\$300 million in a Shariah compliant bank loan which it said is part of its asset and liability management strategy. Standard Chartered Bank and ABN Amro equally contributed to the 12-month Murabahah bridge loan, QIB said late last month.

QIB also mandated the two banks to arrange for Sukuk that is meant to pay for the Murabahah loan. The Sukuk will be issued next year, QIB said. QIB’s CEO Salah Mohamed al-Jaidah said the loan was raised on “highly competitive rates”.

In the last 12 months QIB got an upgrade from BBB+ to A- by both Fitch and Capital intelligence. QIB, which is Qatar’s first Islamic bank, is now among the world’s five largest Islamic banks. It has some 19 branches in Qatar. ☺

BAHRAIN

GFH investing US\$3 billion in Tunis park

Gulf Finance House intends to spend US\$3 billion constructing a financial park and real estate development north of Tunis, reported Reuters. The Tunis Financial Harbor will cover 450ha in the Raoued suburb of the city.

The venture will contain a corporate center, an investment banking and advisory center, an insurance center and an exchange, as well as other mixed-use amenities such as homes, offices and a golf course. ☺

MALAYSIA

Tune Money microfinancing in 3Q

Malaysia's first no-frills online financial services provider, Tune Money, plans to offer microfinancing products at attractive rates in the third quarter.

"We are holding discussions with two banks and plan to talk with a few on the matter," said CEO Tengku Zafrul Aziz, after signing an agreement with New Straits Times Press (M) Bhd on the group term Takaful insurance scheme here last month (19th December 2007).

Microfinance commonly refers to loans, savings, insurance, transfer services and other financial products targeted at low-income clients.

"The company also plans to introduce travel insurance and is working on formulating the policy structure and hopes to finalize it by February," Tengku Zafrul said. [↻](#)

UAE

Shariah hotels for Islamic travelers

Dubai-based hospitality group Almula has launched a Shariah compliant hotel brand portfolio to cater to demand from Muslim and non-Muslim travelers. The group plans to have 30 properties under three core brand names – Cliftonwood, Adham and Wings – by end-2008. Its overall strategy was to reach 150 hotels by 2013 with expected total investment of over US\$2 billion, it said in a statement.

Almula Hospitality chairman Abdulla M Almula said institutional investors and high net worth individuals would be the backbone for such a growth drive. He said although there were plenty of individual Shariah compliant hotels worldwide, their positioning was usually dictated by the owner, either as an independent hotel, one within a chain or due to the Shariah laws of a country where they are situated.

The group is targeting destinations such as Saudi Arabia, the UAE, Jordan, Egypt, Malaysia and Thailand. It is also looking forward to setting up operations in Europe with 15 deluxe hotels, to be followed by 25 business hotels in "the second European wave". The group plans to capture GCC travelers, who contribute over US\$12 billion annually on leisure travel alone. [↻](#)

BAHRAIN

Abraaj's Maktoob stake sold

Abraaj Capital has sold its stake in Maktoob.com, generating an internal rate of return (IRR) in excess of 75%. The stake, which was acquired in 2005 by the Abraaj Buyout Fund, was sold to Tiger Global Management, an existing shareholder in Maktoob.

Founded in 2000 and headquartered in Amman, Maktoob is a leading Internet portal in the Arab world, providing a variety of online services to its millions of users. Maktoob.com recently reached a significant milestone when it was ranked the 102nd most visited site globally, the most visited Arabic site in the Arab world and among the top 10 most visited global sites in each of the GCC states.

The Maktoob exit follows the extremely successful exits of ONIC Holding (84% IRR), Aramex (68% IRR), Amwal (101% IRR) and Septech Holdings Limited (39% IRR) for the Abraaj Buyout Fund. [↻](#)

QATAR

Barwa signs US\$700 million Islamic loan

Barwa Real Estate has signed a US\$700 million, one-year revolving Islamic loan, which was reduced from US\$800 million after the deal was undersubscribed in syndication, banking sources said.

Lenders' appetite for the deal was hit because of the increased cost of funding prompted by the credit crunch. Support for the deal was also affected because as a non-sovereign, regional property company, the borrower has a limited number of relationship banks to call upon, the banker added.

Initial mandated lead arrangers are BNP Paribas, Gulf International Bank, JPMorgan, Standard Chartered Bank, The First Investor and Unicorn Investment Bank.

Government-owned Qatari Diar Real Estate & Investment Co owns 45% of Barwa. [↻](#)

HONG KONG

City keen to be Sukuk hub

In coming months, Hong Kong chief executive Donald Tsang and his financial secretary John Tsang will visit India, the Middle East and other parts of Asia to convince borrowers and investors that the Chinese territory is the best place to issue Islamic bonds.

The trip is part of Hong Kong's bid – first announced last July – to establish the 1,100 sq km enclave as another center for Shariah compliant debt to complement its strong position in conventional finance. Experts say Hong Kong could emerge swiftly as a contender since its business-savvy legislature can quickly implement necessary regulation.

No Hong Kong or Chinese borrowers have yet sold Islamic bonds although some banks, including Kuwait Finance House, have been working with China government-related firms to raise cash through Sukuk. Other banks and financial firms are eyeing China's more than 20 million Muslims as a potential market for personal finance products.

With domestic interest rates on the rise and the Chinese central bank cracking down on bank lending, would-be borrowers there could start turning toward the international market and Sukuk, available to both Islamic and non-Islamic investors, could be a good alternative. [↻](#)

EGYPT/BAHRAIN/QATAR

Naeem seeks Gulf expansion

Egyptian investment bank Naeem Holding is seeking investment opportunities in Bahrain and Qatar as part of a regional expansion plan in 2008, reported Reuters. Basem el-Shawy, Naeem's director of investment relations, said detailed plans will be announced early in the year.

Naeem Holding is also about to finalize an acquisition of up to 100% of Saudi investment bank Naeem Saudi Arabia. The firm said last November it was seeking to acquire only between 75% and 80% of Naeem Saudi Arabia for five times the Saudi company's expected net normalized earnings in 2008. [↻](#)

UK

Shariah would give London an edge

London is in a "strong position" to become the global center for the Islamic finance industry, it has been claimed. With an annual growth of between 15% and 20%, the industry is an "attractive niche" area, according to the Chartered Institute of Management Accountants (CIMA).

The institute states that not only is London the leading financial market worldwide, it also has strong historic trading links with the Middle East. John Willson, learning and development specialist for CIMA, explained that despite Islamic mortgages being sold first to the financial institution and then on to the home buyer, UK government allowances have ensured stamp duty is not charged twice.

Such amendments to laws have helped Islamic financial business to develop in the UK, he added. He said: "The Middle East is seen as an important growth area for most developed countries. Offering trade to the Middle East that is Shariah compliant would give the UK a strong advantage."

Last month, CIMA announced that it was the first chartered accountancy body to offer a global qualification in Islamic finance. ☺

KUWAIT/QATAR

Doha Bank's first Kuwaiti branch

Doha Bank, Qatar's fourth-largest lender by market value, said last Sunday it planned to open its first branch in Kuwait. Doha Bank won approval from the government of Kuwait to open the branch, the Qatari lender said.

France's BNP Paribas was the first foreign bank after about three decades of nationalization to get a license to operate in Kuwait in 2004. Other foreign banks such as HSBC, Citigroup and National Bank of Abu Dhabi have followed, but they are restricted to one branch. ☺

BRUNEI

BMB wants Brunei on finance map

BMB Group, one of the world's leading Islamic financial institutions, hopes to place Brunei on the map of Islamic banking and financial market in a significant way, BMB Islamic UK CEO, Dr Humayon Dar, announced last month at BMB Group's new office at the Empire Hotel & Country Club in Bandar Seri Begawan during a media meet.

"To realize this vision, BMB will bring together major players to Brunei for an international conference on Islamic finance to be held at the Empire Hotel & Country Club next May," said Humayon.

He added, "When we look at the global centers of excellence in the Islamic finance, we find Bahrain, Kuala Lumpur, and increasingly, Dubai and London are trying to compete for centers of excellence in the Muslim world. Brunei... can play a major role in the Islamic financial market."

BMB focuses on the Islamic investment management and financial advisory needs of some of the most significant ruling families, high net worth individuals, governments and institutions of the Islamic world. ☺

MIDDLE EAST

Mutual funds did well in 2007

The Middle East's mutual funds sector saw strong growth last year (as at the 23rd December 2007) as 87 new funds were released, 52 of which were Shariah compliant, reported *Gulf News*.

A good performance by the region's equity markets, with some advancing 30% or more, alongside keen interest from institutional investors, should enable the sector to continue to move forward in 2008. In 2007, 24 of the new funds were established to track Kuwaiti firms. ☺

MALAYSIA

Still leading the pack despite competition

Malaysia has the capacity to retain its leadership in global Islamic finance despite the emergence of competition from centers such as Hong Kong and Dubai, CIMB Islamic CEO Badlisyah Abdul Ghani said. Despite the stiff competition that Malaysia was facing, he noted, it was ahead in terms of product offerings and its sophistication.

The UK, Singapore and Dubai recently joined the race to offer Islamic banking and investment products to investors, each vying to become the international hub for Islamic finance. Japan recently also expressed interest in launching a government Sukuk.

Badlisyah said, however, the rise of new Islamic markets did not signify that Malaysia would be on the losing end. He said Malaysia boasted some of the largest Islamic financial instruments globally, besides being the largest Sukuk issuer in the world. Malaysia retains the world's largest Islamic bond market, accounting for about US\$47 billion, representing two-thirds of total Islamic bonds outstanding worldwide.

Additionally, Badlisyah said a lot more needed to be done as Islamic finance had much potential that was still untapped. He said: "There is room for a lot of financial centers in the global Islamic financial market, just as the conventional market has many financial centers.

"As a global player in the Islamic financial market, we are excited with the advent of the UK, Hong Kong and Singapore as effective financial centers or platforms in undertaking Islamic banking and finance. We hope they would become as successful as Malaysia so that the market can grow globally," he added. ☺

SINGAPORE

KFHM buys 97 units of Goodwood

GuocoLand has sold units in a condominium to a fund company to be managed by Kuwait Finance House (Malaysia) for S\$818.4 million (US\$561.3 million).

GuocoLand said the Islamic lender had bought the first phase of 97 luxury apartments in subsidiary Goodwood Residence, out of 210 in the development near the central Orchard Road shopping area of Singapore.

Housing prices in Singapore have risen to their highest levels in a decade, helped by a strong economy and an influx from foreign buyers. ☺

UAE

DP World shares disappoint

DP World's listing of nearly US\$5 billion worth of shares on the Dubai International Financial Exchange has generated subdued response from investors, reported *Gulf News*.

On the 29th December 2007, the share price closed just below US\$1.2, a decline of 8.5% on the initial public offering price of US\$1.3.

At these levels, DP World has shed nearly US\$1.8 billion in capitalization since it floated its shares on the 26th November 2007. (F)

BAHRAIN

Islamic financial services reviewed

The growing market in Islamic financial services is reviewed in detail by four leading Bahraini banking figures in a roundtable forum in *The Report: Emerging Bahrain 2007*, published by the highly acclaimed global publishing, research and consultancy firm Oxford Business Group (OBG).

The roundtable is contained in a chapter on Islamic financial services, the first ever in the Bahrain annual publication, and the Islamic roundtable discussion is also a major first.

Rated as the premier guide for foreign direct investment into the country's vibrant economy, *The Report* is an invaluable guide to the many facets of Bahrain, including macroeconomics, infrastructure, political landscape, banking and sectoral developments, and presents a remarkably in depth profile of the country.

Available in print form and online, *The Report* features a series of exclusive interviews with key officials and business leaders in what is considered the most extensive, independent, unbiased and accurate intelligence available, and is part of the range of OBG's publications, which are renowned as leading sources of information on developing and emerging economies around the world. (F)

BAHRAIN/QATAR

Qatari Diar in JV with Arcapita Bank

The Qatari Diar Real Estate Investment has hooked up with Bahrain's Arcapita Bank to establish a joint venture company that will specialize in the provision and operation of utilities and infrastructure services.

The JV will be named the Diar Infrastructure Services and will be established in Qatar. The firm's immediate focus will be to develop, own and operate the utility requirements of Diar's Lusail real estate project. (F)

UAE

Oasis' US\$500 million financing deal

Oasis International Leasing has signed an agreement with eight banks for a US\$500 million corporate facility to finance its growth and diversification plans and to acquire assets on a fast-track basis.

The fully revolving facility will have a tenure of three years. Abu Dhabi Commercial Bank, HSBC, First Gulf Bank and Emirates Bank International are among the banks that have committed funds. (F)

HONG KONG/MALAYSIA

Mortgage Corporation, Cagamas ink JV

The Hong Kong Mortgage Corporation signed a joint venture agreement last month with Malaysia's national mortgage firm, Cagamas. It will see the establishment of a company to develop mortgage guarantee businesses in Malaysia and other countries. The corporation's executive director Peter Pang said the strategic partnership has crystallized their common vision of enhancing the safety of mortgage financing in the region.

The new company will be owned by both parties in equal share and incorporated in Malaysia. A mortgage guarantee program will be launched this year for both conventional and Shariah compliant mortgage loans originated by financial institutions in Malaysia.

The program will help Malaysian banks and financial institutions better manage the credit risk exposure from their mortgage-lending business, develop the secondary mortgage market and promote homeownership in the country. (F)

SAUDI ARABIA

Jabal Omar eyes Sukuk to fund project

Jabal Omar Development plans to tap the Islamic debt markets to help finance an SAR11 billion (US\$3 billion) project in Mecca that will be built by developers including Binladin Group.

Jabal Omar awarded Binladin, the country's largest contractor; and Saudi Oger, owned by the family of former Lebanese prime minister Rafiq Hariri, the contract to build the project, the Saudi developer said in a statement last month. "A portion of the sum will be raised organically, while a portion will come from Islamic finance and conventional methods," Jabal Omar said, without giving details.

Jabal Omar raised US\$537 million by selling a 30% stake in an initial public offering last November that valued the company at US\$1.8 billion. The remaining 70% is held by the owners of a 23-hectare (56.8 acre) plot of land in Mecca near the Grand Mosque. The company expects to complete construction of the development in three years. (F)

MALAYSIA

Maybank expecting 15% growth

Malaysia's top lender Malayan Banking (Maybank) anticipates its Islamic financing and deposits to grow 15% for the financial year to 30th June 2008. Most of it will come from Islamic term loans to businesses and hire-purchase and mortgages, the bank said as it unveiled its new Islamic banking subsidiary.

State-controlled Maybank had total assets of RM255.8 billion (US\$77.3 billion) as at end-September, of which RM23 billion were Islamic assets.

"We see our growth path to be both organic and inorganic, meaning we continue to be on the lookout for value creation opportunities whether by way of strategic alliances or through mergers and acquisitions," Maybank CEO Amirsham Aziz said in a statement.

The Islamic unit, Maybank Islamic, aims to focus on international currency business, Islamic investment banking and Islamic wealth management. It will start off with 12 branches. (F)

UAE

MAC Capital setting up base in DIFC

MAC Capital (MAC), a leading corporate finance house for business flows, has been granted a license by the Dubai Financial Services Authority (DFSA) to operate and establish its headquarters in the Dubai International Financial Center (DIFC).

From its DIFC headquarters, the leading corporate finance house for Middle East-Asia business flows will offer a full range of financial services, including mergers and acquisitions, listings, underwriting, corporate advisory and securities brokerage with a focus on cross-border transactions.

“As the world’s fastest-growing financial center, the DIFC can offer MAC Capital a base for its headquarters to build on its success, and an ideal platform to continue the expansion of its regional offering,” said DIFC Authority CEO Nasser Al Shaali. “As we see the business links between the Middle East and Asia continue to strengthen, the role of financial experts in these regions will increase.”

UAE/QATAR

Amlak-Barwa JV

Amlak Finance, the largest listed finance company in the UAE, has signed a memorandum of understanding with Barwa Real Estate, the largest listed property developer in Qatar, in order to make available its products and solutions through a new entity called Amlak Barwa Finance.

“With this announcement, we once again validate that our regional expansion strategy is on the right track and progressing at a rapid rate,” said Amlak Finance chairman Nasser bin Hassan Al Shaikh. “We’re delighted to partner with Barwa, especially as the company is not only a key player in the Qatari real estate industry but on the international level as well.”

Barwa is valued at QAR10.7 billion (US\$3 billion).

“The partnership between Barwa and Amlak will significantly complement the unique and pioneering range of products and services offered by both companies for the development of the booming real estate industry in Qatar,” said Barwa managing director Saad Al Saad.

UAE

Dubai First credit card

Dubai First, in association with MasterCard Worldwide, has launched its Dubai First MasterCard credit card. The new card, which is offered in both “classic” and “gold”, offers a cash-back feature, with cardholders able to earn up to 4% for every purchase at retail locations in the UAE and abroad.

The card also includes the “Tap & Go” MasterCard PayPass feature, offering “contactless” payments at selected locations on transactions below AED100 (US\$27.22).

KUWAIT/QATAR

QNB branch in Kuwait

Qatar National Bank (QNB) has started banking operations at its Kuwaiti branch. The branch is the first for a Qatari bank, which adds further weight to the bank’s bright record of pioneering initiatives.

Last year saw extensive expansion of QNB’s operations far and wide including countries such as Singapore, Yemen, Libya and Oman in addition to investments in banks in Syria and Jordan. Most recently, the bank received a license to operate in Mauritania.

After obtaining the license last September, QNB has enthusiastically stepped up its efforts to ensure that the branch can begin operations and serve customers in the shortest time possible.

QNB’s new branch will provide a wide range of first-class banking services and unique investment opportunities to both corporate and individual customers in Doha and Kuwait.

Islamic Finance news
Forum Roadshow 2008 coming your way...

Islamic Finance news, the global Islamic finance news provider, will host a series of one-day forums in the world’s developing markets for Shariah finance in 2008.

Singapore Islamic Finance news Forum 24 th March 2008, Pan Pacific Singapore	➤
Brunei Islamic Finance news Forum 16 th April 2008, The Rizqun International	➤
Hong Kong Islamic Finance news Forum 30 th April 2008, Conrad Hong Kong	➤
Jakarta Islamic Finance news Forum 7 th May 2008, Hotel Mulia Senayan	➤
Karachi Islamic Finance news Forum 21 st May 2008, Karachi Sheraton Hotel	➤
Cairo Islamic Finance news Forum 3 rd June 2008, Conrad Cairo	➤
London Islamic Finance news Forum 8 th October 2008, Hilton on Park Lane	➤
New York Islamic Finance news Forum 15 th October 2008, Le Parker Meridien	➤
Istanbul Islamic Finance news Forum 28 th October 2008, Conrad Istanbul	➤

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SAUDI ARABIA

World's first GREF focuses on Asia

NCB Capital has introduced an open-ended Shariah compliant AlAhli Global Real Estate Fund (GREF), described as the world's first. The fund seeks to generate long-term capital appreciation and invest in companies engaged principally in the real estate industry across the globe.

Sami R Abdo, managing director of NCB Capital Investment Services, said in addition to investing in publicly-traded real estate development and management companies, the fund would also invest in globally listed real estate investment trusts (REITs).

"It's an open-ended fund and, depending on the response, the size of the fund could be expanded. The fund will be initially focusing on Asia and Asia-Pacific," Abdo said.

Abdo said that the AlAhli fund will invest in a global market that is currently estimated at US\$1.5 trillion, which means a 370% growth over the past 10 years. Between 2006 and 2007, the market doubled in size due mainly to major growth in Asia-Pacific. ^(f)

MALAYSIA

HLI to issue RM500 million Sukuk

Hong Leong Industries (HLI) has proposed to issue RM500 million (US\$150 million) Islamic Commercial Papers/Islamic Medium-Term Notes (ICP/IMTN) as part of its move to repay its borrowings.

In a filing with Bursa Malaysia, HLI said the ICP/IMTN, also known as Sukuk, would enable it to tap the ringgit debt capital market and to benefit from attractive cost of funding available therein.

HLI said the Sukuk would mature on a date no later than seven years from the date of the first issuance. The principal adviser and lead arranger of the Sukuk is Hong Leong Bank and Hong Leong Islamic Bank as the Shariah adviser. ^(f)

KUWAIT

CBK mulling three takeovers

Commercial Bank of Kuwait (CBK) is considering three takeovers in 2008 as it plans to expand in the region, a top official said in remarks published last Sunday. Kuwait's fourth-largest lender plans to expand in the Middle East and North Africa and is focusing on Syria and Saudi Arabia, Fauzi al-Atiqi, an investment manager at CBK, told *Al-Qabas* daily.

He added that in Saudi Arabia, the bank was seeking to expand in non-banking sectors, although he did not elaborate.

Like other local banks, CBK has been trying to expand in the region. Together with Kuwaiti investment firm Noor Financial Investment, it submitted a bid for AlWatany Bank of Egypt but was beaten by larger local rival National Bank of Kuwait last August. Its bid for Turkish Islamic lender Turkiye Finans also failed to beat that of Saudi Arabia's National Commercial Bank.

CBK said last May it had been in talks with unidentified local and foreign investors about selling a stake, but the negotiations ended over price differences. ^(f)

UAE

DIB unit taking over Sudan bank

Bank of Khartoum, a unit of Dubai Islamic Bank (DIB), plans to buy smaller Sudanese rival Emirates and Sudan Bank, Dubai-based daily *Emirates Business* reported on the 27th December 2007. DIB, the third-biggest Gulf Islamic lender by market value, would own 28% of the enlarged lender after the deal closes this month, the paper reported, citing DIB spokesman Abu Baker al-Amin.

Sudan's government will own 10% of the bank, while Abu Dhabi Islamic Bank and Sharjah Islamic Bank would also own stakes, the paper said.

Bank of Khartoum planned to raise AED1.1 billion (US\$300 million) in a private placement to fund expansion, *Emirates Business* said. "The merger will strengthen the Bank of Khartoum's regional and international presence," Abu Bakar was quoted as saying.

DIB currently owns 55% of Bank of Khartoum, the paper said. ^(f)

BAHRAIN

Investors keen on BBK stake

Investors from Bahrain are believed to be interested in buying a significant stake in Bank of Bahrain and Kuwait (BBK) from its Kuwaiti owners at more than 535 fils a share, a newspaper reported last Sunday.

According to *Al Watan*, the unidentified investors are believed to have been in talks with major shareholders in the Bahraini bank. "Talks are still going on but so far the Kuwaiti investors have no wish to sell their BBK stake," the newspaper stated. It claimed that Kuwaiti firm Zumorroda Investment wants to raise its stake in BBK to 35%.

Two Bahraini welfare funds are believed to own a total of 32.18% in the bank while the Bank of Kuwait and Middle East holds 6.75% and Kipco Asset Management, 5.18%.

Commercial Bank of Kuwait, which holds 20.17%, was believed to be interested in selling some of its shares last September when there were rumors it was talking with potential investors. ^(f)

KUWAIT

Multi-asset investment opportunities

National Bank of Kuwait (NBK) has launched NBK Frontier Multi-Asset Fund SPC, which will allow clients to invest in up to eight different asset classes within a single fund. Salah Al Fulaij, general manager of the investment services and treasury group, explained the fund was established to provide NBK private banking clients with multi-asset global diversification at low costs through investing in three distinct portfolios with different risk tolerances according to the investor's needs.

Conservative investors can invest in the Conservative Multi Asset Portfolio that targets approximately 50% of the risk associated with equity investing. Moderate investors, on the other hand, can invest in the Moderate Multi Asset Portfolio that targets approximately 75% of risk associated with equity investing. More aggressive investors should consider the Plus Multi Asset Portfolio, which targets all risks associated with equity investing. ^(f)

MALAYSIA/KUWAIT

KFHM, Al-Aman private equity fund

Kuwait Finance House (M) (KFHM) has teamed up with Al-Aman Investment Co (Kuwait) to set up a Shariah compliant private equity fund with a target size of US\$150 million. In a recent statement, the global Islamic bank said the fund would be managed by KFHM Private Equity with active participation from Al-Aman.

“The private equity fund will invest in growing and established enterprises in Southeast Asia, India and China. The key investment focus includes healthcare, education, halal food processing, retail, consumer care, manufacturing and environmental sectors,” it said. ☺

UAE

Taylor Wessing Middle East launched

Taylor Wessing is venturing out of European borders and launching a Dubai office through a merger with its Dubai-based associated firm Key & Dixon. The merger marks the launch of Taylor Wessing Middle East, which will be led by partner Christopher Dixon.

“With the large number of UK and US firms that are setting up in Dubai, it seemed to make sense to join forces and gain weight in the region,” said Taylor Wessing managing partner Michael Frawley.

Under the arrangement, current Key & Dixon partners Dixon, Osama Hassan, Jerry Parks and Pier Terblanche and their team of eight associates will remain in the office, which will eventually house 15 lawyers and two consultants. The merged office will work under a profit-sharing arrangement and will house a full-service offering with a focus on real estate and associated finance work, litigation and arbitration.

“There’s also a view to develop the Islamic finance offering and we’re keen to build it up,” Frawley added. Despite this move, Frawley said Taylor Wessing will remain a firm with a European focus and that it has no plans to “go global”. ☺

SAUDI ARABIA

Biggest SWF in the offing

Saudi Arabia is planning to establish what could be the world’s biggest sovereign wealth fund (SWF), worth more than US\$900 billion and dwarfing current title-holder Abu Dhabi, according to a report by UK daily, the *Financial Times*.

The effort, likely to be led by the country’s Public Investment Fund, “will be a formidable rival for other government-owned investment funds in the Middle East and Asia, which are playing an increasingly active role in channeling capital to western companies”, the newspaper said.

Rapidly growing SWFs, which currently control more than US\$2 trillion in assets, have triggered concerns in developed countries that foreign governments could gain control over key industries. Merrill Lynch predicts the value of assets controlled by the funds will quadruple to US\$8 trillion by 2011, and that they could soon exceed the entire hedge fund industry in terms of market influence.

The Abu Dhabi Investment Authority is considered the world’s largest fund, with assets estimated to be worth US\$875 billion. ☺

UK

IBB, Oxfam reach out to cyclone victims

Islamic Bank of Britain (IBB) and Oxfam have come together to appeal for more money for victims of the recent Bangladesh cyclone. The devastating cyclone struck southern coastal regions last November, destroying hundreds of thousands of homes, wiping out over two million acres of crops and causing economic losses of more than US\$2 billion.

Donations to the appeal can be made directly in Oxfam shops and also via the website www.oxfam.org.uk. They can also be made at IBB branches. ☺

KUWAIT

NBK share sale oversubscribed

The National Bank of Kuwait (NBK) has revealed that its US\$1.5 billion share sale, which ended on the 26th December 2007, was 145% oversubscribed, reported Reuters. NBK received subscriptions totaling US\$3.7 billion from existing shareholders.

The 20% capital increase was sanctioned last September to help pay for NBK’s purchase of Egypt’s AlWatany Bank alongside a 40% stake in Istanbul’s Turkish Bank. ☺

GCC

Regional common market launched

Six nations within the GCC launched the GCC common market last Tuesday. It is hoped the formation of the union will help increase investments in the region, boost education and healthcare while also providing local citizens greater ease of movement and residency.

Economic analyst Mansour Al Abdul Aziz noted that the official launch is just the first step as real implementation of a common market is likely to take months.

One of the first measures the GCC is considering is to establish a common currency in the region by 2010. It will also seek to promote intra trading among the six states and increase commerce with the rest of the world by 25% in the next two years, said Bahrain Chamber of Commerce and Industry chairman Esam Fakhro.

The GCC consists of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. It was created on the 25th May 1981. ☺

KUWAIT

KFH launches firm to trade Sukuk

Kuwait Finance House (KFH), the country’s biggest Islamic lender, has launched a firm to trade Islamic bonds, or Sukuk, on the secondary market. The firm Beit for Management of Investment Liquidity would have a capital of KWD100 million (US\$366 million) and issue and trade Sukuk with the goal of creating a secondary market for Sukuk in Kuwait, KFH said in a statement.

The board of directors for the new firm will be headed by Imad Youssef Al-Mani’e. The firm, which specializes in management of Islamic bonds, is the first of its kind, Imad Youssef said. The establishment of the company is in line with the government’s plan to turn Kuwait into a global financial hub, he noted. ☺

MALAYSIA

Unicorn sets up unit in Malaysia

Bahrain-based Unicorn Investment Bank is setting up an Islamic banking unit in Malaysia after being the first foreign bank to be given a license under a new initiative, newspapers reported last Tuesday.

Unicorn obtained the license from Bank Negara Malaysia (BNM) to establish an international Islamic banking subsidiary under the Malaysian International Islamic Financial Center initiative, the papers said. Under the initiative, banks are allowed to conduct Shariah-based banking business in Malaysia with non-residents in non-ringgit currencies.

BNM has said that it was prepared to issue more licenses to foreign banks which plan to conduct Islamic banking in multiple currencies to turn Malaysia into a global Islamic banking center.

Vaseehar Hassan Abdul Razack, former chairman of Malaysia's RHB Islamic Bank, has been appointed chairman of the Malaysian unit, Unicorn International Islamic Bank Malaysia. He said that the bank would be looking to acquire a stake of up to 49% in a local Islamic bank over the next 18 months. Unicorn had earlier failed in its bid to buy a stake in Malaysia's oldest Islamic lender, Bank Islam Malaysia. (F)

LUXEMBOURG

Islamic version of Digital Stars Europe

Luxembourg-domiciled SICAV Digital Funds, founded in 1998 by Dr Jacques Chahine, has received a fatwa (Shariah committee accreditation) for launch of an Islamic version of award-winning Pan European fund, Digital Stars Europe.

The new fund, to be named Chahine Islamic Stars Europe, is approved by the Luxembourg financial authority, the CSSF, and approved by the Shariah committee led by Dr Mohamed Ali Elgari, an established Islamic economist at King Abdul Aziz University (Jeddah), Saudi Arabia. (F)

UAE

Profits up 25% for banks

UAE's banks posted a combined profit growth of 25% in 2007 to AED24.8 billion (US\$6.8 billion) as lending businesses grew, the country's central bank governor said on the 27th December 2007.

The second-largest Arab economy could change rules this year to allow more foreign banks to operate in the country, Sultan Nasser Al-Suweidi added. "The UAE economy will continue to grow in the foreseeable future as demand for oil and gas continues to be strong, which will create opportunities for banks operating in the UAE," he said.

Loans and advances arranged by UAE lenders rose 21% to AED630 billion (US\$172 billion) last year, from AED520 billion (US\$141.6 billion) in 2006, while total deposits grew 21.5% to AED675 billion (US\$184 billion), Sultan said.

Dubai combined Emirates Bank International and National Bank of Dubai (NBD) last year into Emirates NBD, the largest Gulf Arab lender by assets, to form a bank large enough to meet the demands of a rapidly growing economy. (F)

UAE

National Properties, DIB sign deal

National Properties, the wholly owned real estate subsidiary of National Bonds Corporation, has signed an agreement with Dubai Islamic Bank (DIB) to offer Islamic home finance solutions for the purchase of units in its developments. The agreement extends to all current and future developments of National Properties including Skycourts, the AED1.5 billion (US\$408.5 million) residential project under construction in Dubailand.

Adel Lootah, CEO of National Properties, said that more than building homes, National Properties believes in helping people realize their dream of owning a home. "Our association with DIB means buyers of our units can now avail themselves of the best financing solutions from the region's leading Islamic bank," he added.

Skycourts, the maiden real estate initiative from National Properties, offers 2,300 elegant yet affordable apartments in six towers with access to all amenities for modern-day city living. Following the successful launch of Skycourts, National Properties recently unveiled its second residential community, Flamingo Creek, in the Lagoons master development in Dubai. (F)

OMAN

Budget deficit likely to hit 6.9%

Oman has predicted that this year's budget will register a 6.9% deficit as spending is expected to jump by 20% to more than US\$15 billion.

Expenditure is forecast at US\$15.06 billion while revenue is set to rise to US\$14 billion, leaving a deficit of just over US\$1 billion, economy minister Ahmad bin Abdel Nabi Mekki said.

However, the projected shortfall could turn into a surplus as the price of oil, which accounts for most of Oman's revenue, was calculated based on only US\$45 per barrel.

Oil and gas exports will account for 78% of Oman's revenues next year with average daily production of 790,000 barrels, the minister said. (F)

SAUDI ARABIA

Merrill Lynch gains Mideast access

Saudi Arabia has approved the formation of Merrill Lynch Saudi Arabia as a joint-stock company with a capital of SAR50 million (US\$13.4 million). This means the troubled American financial giant now has access to the largest stock market in the Middle East.

Merrill Lynch received a banking license from the Saudi stock market's watchdog Capital Markets Authority (CMA) in June 2007 to operate in the kingdom. The license will allow the firm to offer domestic and global clients a full suite of global markets, investment banking products and wealth management solutions, including merger and acquisition advisory, structured finance, equity and debt capital market solutions.

Merrill, which had total client assets of approximately US\$1.6 trillion, is in talks with Temasek Holdings, the Singapore state investment arm, concerning an injection of up to US\$5 billion. With this move and penetration to emerging markets, Merrill can recover some of the losses in its US market. (F)

OMAN/QATAR

First Qatari bank opens in Oman

Qatar National Bank's (QNB) branch in the sultanate of Oman has started operations, offering full banking services to Omani and Qatari businesses and individuals. QNB was granted a license to operate in Muscat, the capital of Oman, in January 2007.

QNB is the first Qatari bank to open a branch in Oman, thus falling in line with the bank's strategy to develop its regional and international presence and business. The branch is expected to help increase the trade volume between the two countries, facilitate the banking transactions and elevate the service of customers, including recent and potential individuals and corporates in Qatar and Oman.

Last year, QNB aggressively drove its regional and international expansion plans by establishing joint ventures in Syria and acquiring new stakes in Jordan's second-biggest lender and opening offices in countries like Libya, Yemen and Singapore. In the same vein, QNB recently acquired approval to open a branch in Mauritania. ☺

PAKISTAN

NIB Bank is country's seventh biggest

NIB Bank Pakistan's became seventh-biggest bank following the merger with PICIC and PICIC Commercial Bank. The merger was approved by State Bank of Pakistan.

With the merger, NIB Bank has 240 branches throughout the country and total assets of over PKR185 billion (US\$2.43 billion). NIB has also become the second most highly capitalized bank in Pakistan with a paid-up capital exceeding PKR27.5 billion (US\$445 million).

Singapore-based Temasek Holdings, a financial arm of the Singapore government, remains the single largest investor in NIB Bank and manages an investment portfolio of more than US\$100 billion spread all over the world.

Apart from commercial banking facilities, NIB, through its subsidiaries and affiliates, is also an important player in asset management and insurance businesses. ☺

UAE

Sukuk sales jumped 70% in 2007

Islamic bond sales jumped 70% last year as borrowers led by Gulf Arab companies sidestepped the credit market slump triggered by record defaults on US home loans.

Global sales of so-called Sukuk rose to US\$30.8 billion from US\$18.1 billion in 2006, according to data compiled by Bloomberg. Borrowers in Gulf nations, including Saudi Arabia and the UAE, sold US\$17.9 billion of the securities, 75% more than last year.

Saudi Electricity, the kingdom's largest power producer, and Aldar Properties PJSC, Abu Dhabi's biggest property developer, were among companies selling Sukuk for the first time, spurred by economic growth as oil prices soared.

In the European bond market, sales fell by 1% from 2006, their first decline since 2000, after companies abandoned plans as borrowing costs jumped to a five-year high. ☺

UAE

Work starts on Arabian Canal

Preliminary excavation work is underway on Arabian Canal—the US\$11 billion, 75km manmade waterway being managed by Limitless. Work on the canal—the largest, most complex civil engineering project ever undertaken in the Middle East—began this week and is expected to take three months.

Saeed Ahmed Saeed, CEO of Limitless, said: "Last year was an amazing year for Limitless, with four new global projects to our name, including Arabian Canal, Dubai's most ambitious mega-project yet. What better way to see out the year than to be starting what will undoubtedly be a future wonder of the engineering world?"

Arabian Canal will be 150m wide and six meters deep, and will flow inland from Dubai Waterfront, passing to the east of the new Dubai World Central International Airport before turning back towards Palm Jumeirah.

The project is designed to be a focal point for Dubai's cultural attractions and community events. It will include marinas, residential communities and business centers serving over a million people. The master plan bears all the hallmarks of a classic Limitless project. Balanced, sustainable and planned around people, it includes green, open spaces and distinctive residential, commercial, retail and recreational components.

The project, however, has not yet been launched for sale. Saeed said: "Limitless has not authorized anyone to act on its behalf in the marketing or sales of the Arabian Canal project. Limitless will make an official announcement when the project is ready to be released for sale." ☺



UAE

Sukuk Al Ijarah issue a success

The Central Bank of Bahrain (CBB) has announced that the monthly issue of the short-term Islamic leasing bonds, Sukuk Al Ijarah, has been oversubscribed by 300%.

Subscriptions worth BH\$15 million (US\$40 million) were received for the BH\$5 million (US\$13.3 million) issue, which carries a maturity of 182 days.

The expected return on the issue, which began on the 27th December 2007 and will mature on the 26th June 2008, is 4.45%.

The Sukuk Al Ijarah were issued by CBB on behalf of the government of Bahrain. This marked issue No 28 of the short-term Sukuk Al Ijarah series. ☺

KUWAIT

State's newest and third Islamic lender

Kuwait's government has given the green light for a third Islamic lender in the GCC state, it was reported last Monday. The cabinet also decided to set up a KWD300 million (US\$1.1 billion) fund to help citizens struggling to pay off debts, state news agency Kuna said after a weekly cabinet meeting.

In July, Parliament approved the creation of the Islamic lender with a capital of KWD 100 million (US\$366 million), 76% of which will be distributed to citizens in a public offering as part of sharing massive oil revenues, Kuna said. The measures would need final approval by Kuwait's ruler, Kuna added.

Currently, Kuwait has two lenders that comply with Islamic law – Kuwait Finance House and its smaller rival, Boubyan Bank. The move to set up the fund came after lawmakers called on the government to buy up citizens' debt estimated at KWD4 billion (US\$14.64 billion).

Finance Minister Mustapha Al Shamali has ruled out in interviews that the fund would exceed KWD300 million, Kuna said. ☺

QATAR/EUROPE

Barwa arm eyes European real estate

Barwa Real Estate, Qatar's biggest property developer, plans to acquire assets in Europe through its new subsidiary Barwa Capital as the company diversifies operations away from its home base. "Barwa Capital will focus on investments in prime real estate funds and portfolios in Europe," Tamer Khadr, group chief financial officer at Barwa Real Estate, told a newswire last Monday.

Barwa Capital had received a license from the UK's Financial Services Authority to operate as an investment company. Barwa Real Estate will own 60% of Barwa Capital, which will start operations in the first quarter.

Khadr said the new company will have an initial capital of £50 million, and all the shareholders are Arab investors. Barwa is among companies in the oil-rich Arab Gulf region eyeing assets abroad for expansion.

"Barwa will sell close to US\$700 million Sukuk to pay for the bridge loan in the second quarter of 2008," Tamer said. ☺

MALAYSIA

RHBIM: Full-fledged investment company

RHB Investment Management (RHBIM), a subsidiary of RHB Banking Group, started operations as a full-fledged investment management company last Tuesday.

"With the completion of our initiative to combine both asset management and unit trust businesses, we will now be able to offer our customers an even more integrated investment approach," said managing director of RHBIM Chay Wai Leong. He added that besides providing asset management and unit trust products, RHBIM will offer the entire range of RHB Banking Group financial products and services.

Previously, asset management and unit trust products and services were available via RHB Asset Management Sdn Bhd and RHB Unit Trust Management Bhd.

RHBIM is currently managing funds in excess of RM4 billion (US\$1.2 billion) and a total of 23 unit trust funds. ☺

JORDAN

IFSB summit in May

The Islamic Financial Services Board, the transnational organization whose mandate is to set prudential and supervisory standards for the global Islamic finance sector, is organizing its fifth annual summit to be held on the 13th and 14th May in Amman, Jordan.

Themed "Financial Globalization and Islamic Financial Services", the event is under the royal patronage of Queen Rania Al-Abdullah. Issues such as the globalization of Islamic financial services, cross-border capital flows and the regional integration of Islamic financial markets will be discussed. ☺

UAE/US

Dubai stake in Nasdaq approved

Nasdaq Stock Market has been given clearance by the US Committee on Foreign Investment to sell a stake in Borse Dubai, reported Bloomberg. Nasdaq will withdraw its own offer for OMX and will support Borse Dubai's all-cash bid for the exchange.

Once Borse Dubai owns at least 67% of OMX, it will transfer all the shares to Nasdaq. Borse Dubai will simultaneously make a minority investment in Nasdaq, and Nasdaq will make a minority investment in the Dubai International Financial Exchange. ☺

BAHRAIN

Al-Salam Sukuk oversubscribed

The Central Bank of Bahrain (CBB) has announced that the monthly issue of the Sukuk Al-Salam Islamic bonds has been oversubscribed by 166.67%. Subscriptions worth BH\$10 million (US\$27 million) were received for the BH\$6 million (US\$16 million) issue, which carries a maturity of 91 days.

The expected return on the issue, which began last Wednesday and will mature on the 2nd April, is 3.95%. The bonds were issued by the CBB on behalf of the Bahraini government. This is issue number 80 of Sukuk Al-Salam bonds. ☺

KUWAIT/SAUDI ARABIA

Al Rajhi keen on Kuwait

Sheikh Salem Abdul Aziz Al Sabah, governor of Kuwait's Central Bank, has revealed Saudi Arabia's Al Rajhi Bank wants to open a branch in the country, reported Reuters citing the *Al Hayat* newspaper.

Sheikh Salem said the lender was due to submit documents in order to show it meets the necessary requirements for operating in Kuwait. The governor added no other Saudi bank had applied for a license. (f)

UAE

IBA conference next week

Al Tamimi & Company Advocates and Legal Consultants, one of the leading law firms in the Arabian Gulf region, announced last Wednesday that it will co-chair the International Bar Association's (IBA) "Islamic Finance in the Middle East" conference on the 13th January. Husam Hourani, partner and head of the banking and finance department at Al Tamimi, will deliver the opening remarks and act as moderator.

The IBA, which is the world's leading organization of international legal practitioners, bar associations and law societies, recently opened its Middle East office in Dubai International Financial Center (DIFC) in order to keep abreast of local and regional developments.

The conference will be co-chaired by Allen & Overy, a leading London-based international law firm. (f)

EGYPT/UAE

Amlak in talks to hive off stake

UAE-based Amlak Finance is holding talks with the International Finance Corporation (IFC) on selling a stake in its Egypt unit, Amlak Finance and Real Estate Investment.

"We view the IFC as a partner that can add value to our regional strategy," Amlak Finance chairman Nasser bin Hassan Al Shaikh said.

Amlak Finance and IFC signed a memorandum of understanding in September 2007 to coordinate efforts between both firms in order to assist in the development of the housing finance market in the region.

"We view this transaction as a first step toward a long-term partnership with IFC, which may lead to a number of similar joint ventures in other parts of the Middle East and North Africa region," Nasser said. (f)

SAUDI ARABIA

Aloula Geojit gets green light

Saudi Arabia's Ministry of Commerce and Industry has given its approval to the establishment of the Aloula Geojit Brokerage Company, which will operate as a joint stock outfit with a capital of US\$106.7 million.

The firm will be based in Riyadh and will act as an agent at the Tadawul All-Share Index. The Geojit Indian Company will be the financial brokerage's operating partner. (f)

MALAYSIA

Maybank Islamic unit welcomes alliance

Maybank may consider a strategic tie-up with foreign parties and selling part of its stakes in its Islamic banking subsidiary, Maybank Islamic, if the situation proved viable in future.

"We are open to strategic alliance. At the moment, of course, there are no such discussions," its president and CEO Amirsham A Aziz said on the 28th December 2007. Asked how much of the stakes the bank would be willing to sell, he replied: "I think the regulatory requirement is quite clear, (it may be) up to 49%."

Maybank Islamic started operations this week. The current head of Islamic banking Ibrahim Hassan will be acting CEO of the new subsidiary.

Amirsham said if the bank were to engage in any discussion for a strategic alliance, it would look at institutions with a wider distribution network beyond the country, and parties with credible and proven track record in Islamic banking. (f)

KAZAKHSTAN/SAUDI ARABIA

Kazakhstan foray for KHC?

Prince Alwaleed bin Talal, chairman of Kingdom Holding, recently met Kazakhstan ambassador to Saudi Arabia, Kairat Lama Sharif, to discuss bilateral economic and investment issues, including potential investments in Kazakhstan, reported *Khaleej Times*.

The prince may visit the country soon to explore investment opportunities. (f)

UAE

Stanchart to add three branches

Standard Chartered is set to add three more branches to its network in the UAE over the next five months, with the first to be in the Gold Souk. This will bring its total branches to 11.

It will be the only foreign bank in the UAE with more than eight branches, which is a legacy from its earlier takeover of four ANZ Grindlays branches. (f)

QATAR

Gulf exchange set to go public

Qatar's stock market could be converted into a company and sell shares to the public, Doha-based daily the *Peninsula* reported last Wednesday, citing unnamed sources. Regulations to allow the Doha Securities Market to become a company wholly owned by the government were in process, the newspaper said on its website on Tuesday.

"The idea to list the exchange is inspired by the fact that it is a profit-making venture and its income is expected to keep growing with more companies seeking listing in the future," the paper said.

Dubai Financial Market Company became the first Arab bourse to sell shares in a public and private offering at the end of 2006. (f)

MALAYSIA

AmBank revised to positive

Fitch Ratings revised the outlook on AmBank (M)'s (AmBank) ratings to positive from stable, the rating agency said. It also affirmed the bank's long-term foreign currency issuer default rating (IDR) at "BBB-" (BBB minus) with a stable outlook.

Fitch has affirmed the "BB" rating on the bank's hybrid securities. The ratings reflect the bank's improved, but still weak, balance sheet strength and moderate profitability as well as the benefits from its new strategic partner, the Australian and New Zealand Banking Group.

The bank's asset quality has improved considerably over the past three years, thanks to its concerted recovery initiatives and write-offs. The bank has emerged on a stronger footing as reflected by its lower net NPL to equity ratio of 38% at the end of the first half of financial year 2008, Fitch added. (f)

QATAR

Doha Bank affirmed

Fitch Ratings has affirmed Qatar-based Doha Bank's (DB) Individual rating at "C" and Support rating at "1". Fitch has not conducted a full rating review on DB and therefore has not assigned long and short-term foreign currency Issuer Default Ratings (IDR) to the bank.

The Support rating reflects DB's systemic importance to Qatar and therefore, the extremely high probability of support available from the Qatari authorities, if ever required. DB's Individual rating considers its strong commercial franchise in Qatar, robust financial performance in recent periods and strategy of expansion and diversification. Factors constraining the Individual rating are fast credit growth, tightening capital ratios and DB's current reliance on an undiversified economy. (f)

PAKISTAN

Ratings threatened by unrest

Standard & Poor's has warned Pakistan's credit rating could be lowered if the political unrest continues and escalates following the assassination of former prime minister Benazir Bhutto.

Along with Moody's Investors Service and Fitch Ratings, S&P said the wave of violence triggered in Pakistan by the assassination will most likely cause a decline in foreign direct investment and capital inflows, and that the Pakistani government may have difficulty refinancing debt.

Last November, the company had changed its outlook on Pakistan from "stable" to "negative" after President Pervez Musharraf suspended the constitution and imposed emergency rule. Pakistan's debt has a B+ foreign-currency rating, which is four levels below investment grade. The negative outlook on the ratings on Pakistan summarizes the risks affecting the political process and this includes attempts on the life of political leaders.

Moody's has a similar outlook on Pakistan's credit rating and ranks its debt at B1, four levels below investment grade. Thomas Byrne, a credit analyst for Moody's, underlined the fact that Pakistan's fiscal position, balance of payments and external balance of payments may be undermined if political unrest persists. (f)

BAHRAIN

BBK's credit ratings maintained

Credit rating agency Moody's has updated their credit analysis report on Bank of Bahrain and Kuwait (BBK) and maintained the bank's credit ratings at local currency deposits A2, long-term foreign currency deposits A2/P-1 and BFSR C-, with a stable outlook.

Moody's took into account the bank's robust profitability, capitalization metrics and a relatively strong franchise value based on its defensible market positions in commercial banking in Bahrain, along with its sound corporate governance practices and adequate risk management processes.

Also factored in was the possible impact from the bank's investment portfolio, which is being affected by the current turmoil in the financial markets. The small size of the Bahrain market and relatively modest contribution from retail banking to the overall earnings mix were also considered. (f)

MALAYSIA

Malaysian Re's IFS rating affirmed

Fitch Ratings has affirmed the 'A-' insurer financial strength (IFS) rating of Malaysian Reinsurance (Malaysian Re) with a stable outlook. The agency attributed the rating to the company's position as a market leader for reinsurance business in Malaysia.

Fitch said Malaysian Re's performance has been consistently sound, backed by the company's conservative management and prudent approach to underwriting. "The company's underwriting performance is expected to remain stable, given its prudent management and concentration in the relatively catastrophe-free Malaysian market," it said.

However, the agency said, the company might face the risks in which the existing voluntary cession arrangements could be further reduced upon renewal on the 1st January 2010 or abolished as a result of external pressures to adopt a stance more supportive of globalization and market liberalization. (f)

MALAYSIA

Fitch affirms Labuan Re's 'A-' IFS rating

Fitch Ratings affirmed Labuan Reinsurance (L) Ltd's (Labuan Re) 'A-' (A minus) Insurer Financial Strength (IFS) rating. The outlook on the rating is stable.

While Labuan Re is a relatively small global reinsurance company, it does have a reasonable level of geographic diversification and maintains a strong capital position – in addition to its paid-up capital, Labuan Re has a further US\$50 million of committed, but as yet uncalled, capital. Fitch considers this to be prudent as Labuan Re is exposed to countries prone to natural catastrophes such as earthquakes and hurricanes, but at the same time, it appears to have adequate reinsurance protections in place.

Labuan Re's immediate performance outlook is stable, although its profitability remains exposed to the impact of natural catastrophes. Despite this, it is well capitalized and has suitable reinsurance protections in place based on modest net retention limits. (f)

EMEA

Moody's study on non-financial sectors

Moody's Investors Service has released an annual study comparing median financial ratios according to rating categories across non-financial industries in Europe, the Middle East and Africa (EMEA). According to the report, riskier industries that show higher revenue volatility continue to post stronger-than-average metrics at a given rating category.

At the Baa level, Moody's report shows that industries with consistently better-than-average metrics include metals and mining; oil and gas; and healthcare and pharmaceuticals. Industries with consistently weaker-than-average metrics for Baa issuers include aerospace and defense, services, and retail and distribution.

The study also looked at standard measures of coverage, leverage, cash flow-to-debt, liquidity, asset returns, profit margins and revenue stability. These financial ratios provide a good foundation for comparative analysis across regions and industries. (F)

MALAYSIA

Telekom removed from RAM Watch

RAM Ratings has lifted its Rating Watch and reaffirmed the AAA rating of Telekom Malaysia's RM700 million (US\$211.4 million) medium-term notes program. The notes have a stable outlook.

The reaffirmation of TM's rating is based on the company retaining its position as the national telecommunications utility, despite its demerger exercise in late 2007.

TM is also expected to maintain its leadership of the fixed-line and broadband services in Malaysia, as well as continue receiving strong support from the government, due to its vital role in the government's national broadband initiatives. (F)

LEBANON

IDEAL downgraded

Fitch Ratings has downgraded the German life insurance company IDEAL Lebensversicherung aG's (IDEAL) Insurer Financial Strength (IFS) rating from A to A-, but assigned it a stable outlook. At the same time, the agency has again assigned IDEAL the Financial Strength Seal, which is only awarded to financially strong insurers.

The downgrade reflects IDEAL's decline in unrealized capital gains and continuing weakened capitalization, spurred by the insurer's strong growth. This is a result of its customer-orientated product portfolio and well-balanced distribution mix.

Tim Ockenga, a director at Fitch's insurance team in London, said: "The changed view on capitalization by Fitch is reflected by both the new stochastic capital model Prism, as well as Fitch's traditional factor-based model. The company's results were negatively affected in 2006 by an important subsidiary."

IDEAL has established itself as a niche insurance company, focusing on the needs of those aged 50 and above, as well as their direct relatives. This profile also includes subsidiary company Ahorn AG, which is one of the largest funeral companies in Germany. (F)

IRAN

Islamic republic affirmed at 'B+'

Fitch Ratings (UK) said it affirmed the Islamic Republic of Iran's long-term foreign currency and local currency issuer default ratings at 'B+' with a stable outlook.

The ratings balance Iran's strengthening external creditor position, and comfortable debt service and liquidity ratios against a weakening macro-policy framework, increasing vulnerability to lower oil prices and still-high political risk, Fitch said.

Iran's ratings are vulnerable to any major weakening of the oil price or material deterioration in relations with the international community. However, the stable outlook reflects Fitch's judgment that such deterioration is unlikely for the foreseeable future.

Iran's fiscal position is much weaker than the external position, with Iran one of only two major oil exporters running a budget deficit at current high oil prices. Although its budget deficit is estimated to be only just over 1% of GDP in 2007, it is likely to widen, even with unchanged oil prices, as spending continues to rise rapidly, Fitch said.

Fitch also noted that interest rates remain negative in real terms and the monetary authorities have come under political pressure to cut rates further, despite inflation that reached 18.1% last November and which is likely to increase further in the absence of tighter fiscal and monetary policies.

Fitch said political risk remains high and is a key rating constraint with elections to the Majlis (parliament) scheduled for March 2008 and presidential elections slated for 2009. (F)

MALAYSIA

MARC reaffirms Puncak Niaga

The ratings of Puncak Niaga (M) Sdn Bhd's (PNSB) RM1.02 billion (US\$308 million) Bai Bithaman Ajil Islamic Debt Securities (BaIDS) and RM546.88 million (US\$165 million) Junior Notes A (A Notes) have been reaffirmed at AAID and A+ respectively.

MARC has also affirmed PNSB's RM435 million (US\$131.3 million) Nominal Value Redeemable Unsecured Bonds (RUBs) ratings at A+. The ratings carry a stable outlook.

The ratings are supported by the continued strength of water demand fundamentals in the state of Selangor, the Federal Territories of Kuala Lumpur and Putrajaya; strong revenue and profitability of PNSB; and cash flow certainty due to the structure of the bulk supply rate (BSR) and low offtaker credit risk of Syarikat Bekalan Air Selangor (Syabas).

Nevertheless, the rating is constrained by its moderate capital structure and potentially heavy debt maturities in certain years. PNSB holds four concessions awarded by the State Government of Selangor covering a total of 29 water treatment plants.

The stable rating outlook reflects MARC's expectations that PNSB will maintain sufficiently robust credit protection measures in the near to intermediate term on account of its predictable cash flows and supportive water tariff structure. (F)

KAZAKHSTAN

Seven banks turn negative

Fitch Ratings has downgraded the outlook for the long-term Issuer Default Ratings (IDRs) of seven Kazakhstani banks from stable to negative. At the same time, Fitch has affirmed the long-term IDRs of Temirbank (Temir) and Bank Caspian (Caspian) with stable outlooks. The long-term IDRs of these banks are not directly dependent on potential sovereign support.

Fitch has also reviewed — and affirmed — the individual ratings of four banks: Alliance Bank, ATF Bank, Bank CenterCredit and Caspian. This follows the recent affirmations of the individual ratings of Halyk Bank, Kazkommertsbank, Bank TuranAlem and Temir.

The negative outlooks on the long-term IDRs of six of the seven banks reflect the increased likelihood of deterioration in the ability of the Kazakhstani authorities to provide support to the banks, reflected in the change in sovereign ratings. (F)

MALAYSIA

Al-Aqar Sukuk gets final RAM ratings

Al-Aqar Capital's RM300 million Sukuk Ijarah Program has received its final ratings by RAM Ratings. The agency said it had respectively assigned ratings of AAA to the program's RM165 million Class A Islamic Medium-Term Notes (IMTN), AA2 to the RM30 million Class B IMTN, AAA(bg) to the Class C IMTN and P1 to the RM15 million Islamic Commercial Papers.

Al-Aqar Capital is a special purpose vehicle wholly owned by Al-Aqar KPJ REIT, where the shares of the former are held by Amanah Raya on behalf of the latter. Under the program, Al-Aqar Capital would acquire the beneficial interest in six hospitals, namely Ampang Puteri Specialist Hospital, Damansara Specialist Hospital, Johor Specialist Hospital, Ipoh Specialist Hospital, Selangor Medical Center and Puteri Specialist Hospital from the REIT Trustee.

After the purchase, Al-Aqar Capital would enter into an Ijarah (lease) agreement with the REIT Trustee, with a specific lease period and payments that would be used to distribute returns to the Sukuk Ijarah investors.

The redemption of the Sukuk Ijarah was expected to be met via a purchase undertaking by the REIT trustee to repurchase the six hospitals upon the expected maturity or via disposal on the open market.

Al-Aqar REIT would use the proceeds to refinance its existing borrowings and acquire another five hospitals from KPJ Healthcare. (F)

SRI LANKA

The Finance Company affirmed

Fitch Ratings Lanka has affirmed the BBB(Ika) national long-term rating assigned to The Finance Company plc (TFC). At the same time, the agency has affirmed the BBB(Ika) rating of TFC's subordinated debentures. The ratings are fortified with a stable outlook.

TFC's ratings are backed by the financial strength of its main shareholder, Ceylinco Consolidated Group (CCG). The rating is, however, constrained by TFC's low capitalization, weak asset quality and the risks inherent to the finance company sector. (F)

MALAYSIA

Nestlé CP/MTN reaffirmed

RAM Ratings has reaffirmed the respective long- and short-term ratings of AAA and P1 for Nestlé Foods (Malaysia)'s (Nestlé Foods) RM700 million Al-Murabahah Commercial Papers/Medium-Term Notes Program (2003/2010) (CP/MTN), with a stable outlook. Nestlé Foods is a wholly owned subsidiary of Nestlé (Malaysia) (Nestlé).

As the CP/MTN was backed by a corporate guarantee from Nestlé, the ratings are based on the credit-risk profile of Nestlé as a group, RAM Ratings said.

"Nestlé continues to lead the competitive local packaged food and beverage market with its strong brand equity.

Based on AC Nielsen's September/October 2007 moving annual total (in terms of volume), the group's core brands, ie Milo and Nescafé, retained their lion's shares of 92.8% (2006: 92.3%) and 85.8% (2006: 85.4%) in their respective healthfood-drink and instant coffee markets."

RAM Ratings said that in line with its overall market dominance, Nestlé's pre-tax profit climbed 18.0% year-on-year to RM342.78 million for the first nine months of FYE 31st December 2007 (FY Dec 2007). The rating agency said this achievement was better than the group's full year pre-tax profit in FY2005.

It said the latest accomplishment had been despite more costly raw materials, packaging materials and energy, which had been outweighed by the divestment of the group's loss-making operations for canned liquid-milk products and the price hikes in April and July 2007 for several items, not to mention a better sales mix and enhanced operating efficiency. (F)

MALAYSIA

'AAA' for PLUS senior Sukuk

RAM Rating Services has assigned 'AAA' rating to Projek Lebuhraya Utara-Selatan's (PLUS) RM3.55 billion (US\$1.07 billion) senior Sukuk, with a stable outlook. In a statement last Monday, RAM Ratings said the rating continued to be underscored by PLUS' sturdy business operations and robust financial profile.

"Due to its strategic importance as the backbone of connectivity for Peninsular Malaysia, the company's operations remain commendable and largely within the traffic consultant's forecasts despite fuel-price increases," it said.

It said the senior Sukuk was part of PLUS' debt-replacement exercise for its RM5.1 billion (US\$1.54 billion) Al-Bai Bithaman Ajil Islamic Debt Securities (BaIDS), of which RM3.55 billion of nominal value had remained outstanding.

"Prior to the debt swap, the BaIDS had carried an 'AAA' rating with a stable outlook from RAM Ratings. Following the swap, the agency no longer has any rating obligations on the BaIDS," it said.

RAM Ratings said the debt-swap exercise would enable PLUS' holding company, PLUS Expressways, to maintain its Shariah compliant status under the Dow Jones Islamic Market index. (F)



QATAR

Proposed cover for QFC employees

The Qatar Financial Center Authority (QFCA) has recommended a minimum yearly per head health insurance cover of QAR350,000 (US\$96,131) for employees of the Qatar Financial Center (QFC). Besides other compensations, the proposal has been stated in its draft "Policy Statement Setting Minimum Levels of Health, Disability Income and Life Insurance Benefits", which along with two other items, was made available last Monday for public consultation.

The proposed insurance includes cover at a minimum intensive care unit benefit, in-patient hospitalization, outpatient consultation, maternity, surgery and prescription drugs, according to the draft. However, employers are exempted from providing medical coverage in circumstances where an employee is covered by a comparable policy provided to his/her partner by the respective employer.

"The QFCA is concerned that some employers, in the absence of mandated requirements, have made no arrangements for health and disability income, or for appropriate compensation in the event of death of or injury sustained by a QFC employee in the course of employment or as a result of employment," the draft said.

The QFCA has also released proposed Trust Rules and Amendments to Companies Regulations for public consultations. "These documents (regarding minimum insurance, trust rules and company regulations) are open for consultation for a period of 30 days with effect from the 27th December 2007," said a QFC spokesman. ☺

MALAYSIA

Takaful Ikhlas target within reach

Takaful Ikhlas, one of Malaysia's top four Takaful insurance operators, is on track to achieve RM400 million (US\$121 million) premium for its financial year ending the 31st March 2008. As at November 2007, Takaful Ikhlas had attained a premium of RM265 million (US\$80 million) vis-à-vis RM224 million (US\$68 million) for the whole of 2006, its president and CEO Syed Moheeb Syed Kamarulzaman said last Monday.

Syed Moheeb said the company was seeing more opportunities in the Malaysian Takaful market as many segments were still not fully tapped. "If we compare the penetration rate between Takaful and conventional, the rate for conventional is almost 40% while for Takaful, it is still at 6.1%," he noted.

The company, he added, would focus on selling more Takaful products to the Muslim community in rural and urban areas as well as the non-Muslim community.

Syed Moheeb said Takaful Ikhlas was still focusing on enhancing branding and promotion while ensuring that its product prices and benefits were better than conventional products. He said Takaful Ikhlas, a wholly owned subsidiary of Malaysian National Reinsurance, currently held a 13% market share which it planned to increase to 20% by 2010. ☺

QATAR

Doha Bank to launch insurance arm

Doha Bank will launch an insurance arm in January and expects to tie up an investment banking and asset management venture with a major global bank within six months, its CEO said last month.

Raghavan Seetharaman said that Qatar's fourth-largest lender by market value was aiming to move from being a local to more global bank, opening offices in the UAE, Kuwait, China and elsewhere. He added the bank would launch an insurance arm on the 7th January, which he believed would account for 20% of the institution's business over the next three years.

The bank was in discussions with the government of Yemen to take a 50% stake in the state-owned Credit Agriculture Bank, he said, again with a view to launching an insurance arm, and the deal could be finalized in four months. ☺

MIDDLE EAST

Insurance market set for major growth

The Middle East's insurance market is set to witness high growth levels in 2008, as increased demand for private health insurance, a rise in the availability of Takaful and ongoing expansion in awareness of the importance of life insurance combine to create a "perfect storm" for the industry.

Historically, the Middle East has represented only a small proportion of the global insurance market, but new demographic, social and economic factors are radically reshaping the industry's regional potential, said Mahmoud Nodjoumi, international vice-president of the Chartered Insurance Institute.

"Many of the trends that drove market growth in 2007 are set to continue to increase in prominence in 2008, particularly in relation to the growth in health and Takaful insurance," said Mahmoud, who is CEO and owner of Nexus, the region's largest independent financial adviser.

Globally, Takaful is expected to be worth between US\$7.4 billion and US\$14 billion by 2015, with the Middle East market set to be a major driver of growth. Home and auto insurance are two other major growth areas tipped for 2008. ☺

UAE

Abu Dhabi mandates health insurance

All expatriates residing in Abu Dhabi, whether working or living there, are entitled to health insurance coverage under the Abu Dhabi Health Insurance Regulation Bill, reported *Gulf News*.

Sultan Al Daheri, an official at the Health Authority Abu Dhabi, said sponsors and employers will be held personally liable for the cost of all healthcare services that are provided to persons on their sponsorship in the event that such a person is not covered by a valid health insurance policy. ☺

KUWAIT/EGYPT

Wethaq Takaful sets up in Egypt

Kuwait's Wethaq Takaful Insurance said last month it had started an Islamic insurance company in Egypt with an authorized capital of EGP200 million (US\$36.2 million). Wethaq Takaful owns 60% of the company that will operate under the same name in the North African country, the company said in a statement on the Kuwait bourse website.

The firm's paid-up capital is EGP30 million (US\$5.43 million), it added.

In Takaful, risk and reward is spread equally between the customer and the insurer, unlike in conventional insurance, where the insurer takes on all risk and receives a premium. The Takaful industry has grown at about 20% per year and could hit US\$7.4 billion in size by 2015, ratings agency Moody's said in 2006. (F)

UAE

Mithaq gets go-ahead

Mithaq Lil-Takaful, a newly established Shariah compliant insurance firm, has received the approval of the Emirates Securities and Commodities Authority to start operating in the UAE. The Abu Dhabi-based company, which has an initial capital of AED150 million (US\$40.83 million), will have 45% of its shares reserved for the founding members, who are mainly UAE economic personalities while the remaining 55% will be floated for general subscription this month.

Chairman Abdullah Al Qubaisi said: "Mithaq will be offering comprehensive and high-quality insurance services that would help bring stability in all sectors of the society. It will also help push forward the wheel of the UAE's development by playing a pioneering role in the liability insurance sector and by providing innovative products that would suit all segments of the society." (F)

UAE

Hawkamah to work with AIG unit

Dubai's Hawkamah Institute for Corporate Governance and an insurance unit of financial services firm American International Group (AIG) will jointly promote corporate governance across the Middle East and North Africa's insurance sector.

"The alliance allows Hawkamah to access and utilize AIG's vast global resources, in terms of experts and research, and represents another significant step towards achieving Hawkamah's strategic objectives of raising awareness and further advancing corporate governance in the region," the institute said in a statement.

As part of the agreement, AIG will sponsor the Hawkamah Forum of Insurance Regulatory Commissions (AFIRC) Insurance Task Force on corporate governance. The task force forms part of Hawkamah's regional initiative to advance and improve corporate governance in the insurance industry by promoting best practices.

It brings together the insurance industry and regulators to develop a corporate governance framework. Its key objectives include undertaking a corporate governance assessment of the insurance sector in Arab countries and to develop a policy brief to include conventional insurance and Takaful, or Islamic insurance. (F)

BAHRAIN

ARG cardholders benefit from Solidarity

Solidarity, one of the largest Takaful companies in the world; and Al Rashid Group (ARG), one of the leading commercial groups in Bahrain, have entered into an agreement giving Solidarity the opportunity to market its family Takaful saving plans with Takaful benefits to ARG's Centrepoint Privilege customers.

This agreement provides special benefits by way of added loyalty points to Centrepoint cardholders. The signing ceremony was held at ARG's headquarters in Seef District in the kingdom.

Ivan Sly, general manager of ARG, said: "The agreement is mutually beneficial as it will provide Solidarity the advantage of reaching out to ARG Centerpoint customer database and other potential customers visiting Marina Mall. It is a true example of cross-selling and leveraging on the marketing strengths of the two companies, at the same time providing a convenient place to learn about personal financial services.

"Solidarity Family Takaful plans provide savings for the future, investment opportunities and covers for various contingencies thereby offering valuable financial protection. ARG, especially Marina Mall, will support Solidarity through providing logistics to deliver solutions tailored to meet the needs of individuals and families visiting our mall from both Bahrain and Saudi Arabia," he added. (F)

QATAR/SYRIA

QIIB among investors in Syrian insurer

Qatar International Islamic Bank (QIIB) said last Sunday it was among Qatari investors that would own a majority stake in a new Islamic insurance firm in Syria with a capital of US\$19.6 million.

QIIB, Qatar Islamic Insurance Co and Al Watani Al Islamic and Trading Group would own 54% of Syrian International Insurance Co, QIIB said in a statement on the Doha bourse website.

The Syrian government granted a license to the insurance firm, whose other shareholders would be Syrian investors, Qatar International said. (F)

UAE

Nexus, Aman and FWU join forces

Nexus, a Gulf-based financial advisory firm, has signed an agreement with Dubai Islamic Insurance and Reinsurance (Aman) and Germany's FWU Group to tap the growing Islamic insurance market. The three-party alliance aims to create "customer-focused" Takaful offerings in the region.

Nexus will be the distributor of Aman's unit-linked Takaful and saving plans, both for regular and wholesale contributions.

Takaful is estimated to be a US\$2.3 billion market, with the Middle East region accounting for 46% of total sales, according to the Bahrain Insurance Association. Growth within the region and elsewhere could push the total market size to US\$14 billion by 2015, the companies said.

Munich-based FWU, which specializes in bancatakaful and Shariah compliant investments, said Takaful is one of the fastest-growing areas in the sector. (F)

LEHMAN BROTHERS — Australia

Marten Touw, previously head of global markets and treasury at Commonwealth Bank of Australia in Sydney, has begun a new role as head of fixed income at Lehman Brothers. He reports to Ben Harding, chief operating officer in Sydney; and Hyung Lee, head of fixed income for Asia-Pacific in Tokyo.

Vincent Hau, previously Sydney-based general manager of products and training in CBA's global markets and treasury division, also jumped ship to Lehman in the first week of December. Hau is now Lehman's head of liquid markets, Australia, which includes all foreign exchange and commodities products. He reports to Touw and Thomas Siegmund, head of liquid markets, Asia-Pacific, based in Tokyo. ☺

BLME — UK

The Bank of London and The Middle East (BLME), the Shariah compliant London-based wholesale bank, has appointed Beverley Dyson as its head of HR.

Dyson joins from the London branch of Banca Nazionale del Lavoro (part of BNP Paribas Group), where she was also head of HR.

Her previous positions include head of HR and administration at Banca Popolare di Milano, and 11 years at the Banque Arab et Internationale d'Investissement (BAII), part of BNP Paribas group, before that. ☺

MARINA DURRAT AL BAHRAIN — Bahrain

Othman Janahi is the new chief investment officer of Marina Durrat Al Bahrain Company, a prominent real estate development company in Bahrain and the developer of the Marina Durrat Al Bahrain beach front project.

Othman has over 15 years' experience in investment and banking services in various capacities including corporate financing, structured finance, risk management; and treasury and investment. Earlier in his career, he has also served in Shamil Bank, Bank of Bahrain and Kuwait, and National Bank of Bahrain. ☺

MORGAN STANLEY — US

Ellyn McColgan, who surprised giant money manager Fidelity Investments when she quit last August, is the new president and chief operating officer of wealth management at Morgan Stanley. McColgan will join the company's management committee.

She succeeds James Gorman, previously Merrill Lynch & Co Inc's global brokerage chief, who was promoted to co-president of Morgan Stanley last November. According to published reports, McColgan will begin in April and will oversee the firm's more than 8,300 advisers. ☺

DEUTSCHE BANK — Sri Lanka

Hemaka Perera has been appointed head of global transaction banking (GTB) in Sri Lanka. He will be responsible for leading product innovation and growing the bank's transaction banking corporate platform in Sri Lanka.

The position was previously held by Stefan Mahrtdt, who has been relocated to Vietnam to head the bank's GTB and corporate banking coverage there.

Perera has 16 years of professional banking experience at leading financial institutions, including Standard Chartered Bank and Citigroup. He will report locally to Deutsche Bank's chief country officer in Sri Lanka, Rohan Rodrigo, and regionally to Thomas DuCharme, head of GTB at Deutsche Bank Asia. ☺

CAIRO AMMAN BANK — Jordan

Cairo Amman Bank (CAB) has appointed Kamal Al-Bakri as general manager, reinforcing the managerial structure of the bank and the effective achievement of its ambitious strategic plans.

His career at CAB spans several years, having held senior managerial positions such as head of the bank's legal department, and more recently, deputy GM.

Kamal's new role took effect on the 1st January. ☺

Islamic Finance news will resume with its full issue on Friday 11th January. In addition to the weekly sections (News Briefs, IFN Reports, Termsheet, Meet the Head, Takaful News, Deal Tracker, Moves, Funds, Indexes, League Tables and This Time Last Year) we'll have special reports on Bangladesh, India and the Islamic ratings industry.

Islamic Finance news
2008



Islamic Finance *news* Awards

Deals of the Year 2007

With over 212 unique submissions, the 2007 Deals of the Year awards were one of our greatest challenges ever to review and arrive at our final selections. The fourfold growth in submissions reflected the dramatic increase in the volume of new deals.

Many of these transactions reflect the depth of the players from the regional institutions in Malaysia and the GCC, as well as the importance of the global banks. Innovation was a hallmark of the transactions, with many bankers and their clients testing new frontiers.

Deal of the Year: DIFC Investments LLC US\$1.25 billion

These Sukuk al Mudarabah issued by the Dubai International Financial Center (DIFC) through a DIFC-registered special purpose vehicle represent both the capability of the DIFC to serve the market, as well as funding the DIFC in its investment strategy. It is a case of proof of concept in that the DIFC is able to demonstrate how its law and vehicles are able to serve a global market. The DIFC's general funding needs include expanding infrastructure

for the DIFC in hard and soft assets, acquisitions and all other activities that support the growth and success of the DIFC as a whole. This in itself bodes well for the growth of the global Sukuk market. Indeed, the world bought into the story with 47% of the investors coming from Europe and 20% from Asia; 7% of the investors were themselves governments and central banks.

Most Innovative: Mobily US\$2.85 billion project financing

In a year of significant innovation, we saw new structures from Malaysia; Red Sea Gateway, Egyptian Fertilizer Company acquisition and Tamweel, among others, all gave close competition to Mobily. In the end, it was the demonstration of the fungibility of air time, an intangible asset, and its use as the underlying asset for a proper Islamic

sales transaction applying the Islamic rules of agency that won in this category. This transaction demonstrates that innovation does not require complication and paves the way for funding other high-technology and communications deals in the future.

Best Equity: Cherating Capital (Khazanah Nasional) US\$850 million

This transaction replicates the exchangeable structure first pioneered by Khazanah in 2006. In this case, the Sukuk holders will have the option to exchange their units for shares of PLUS Expressways at the maturity of the

Sukuk. In addition to being the largest Malaysian equity-linked deal, this Dubai International Financial Exchange (DIFX)-listed transaction is the third-largest Asia-Pacific deal outside of Australia and Japan.

Best IPO: DP World US\$5 billion

This transaction opened on the 4th November 2007 and closed on the 15th (institutional closings the 20th), with an over-allotment option of US\$700 million. The transaction fulfills the IPO promise to holders of the US\$3.5 billion

PCFC Development Sukuk Al Musharakah of 2006. The transaction is the largest ever and first retail offering on the DIFX.

Best Cross-Border: Cherating Capital (Khazanah Nasional) US\$850 million

Perhaps no sponsor has been as successful in attracting capital on a global basis as Khazanah. With the Cherating exchangeable deal, Khazanah continues this trend and draws capital from Japan to North America, and critically

strengthens bonds with the GCC. The transaction is listed on the Hong Kong Stock Exchange, the Dubai International Financial Exchange and Malaysia's Labuan International Financial Exchange.

Best Structured Finance: Tamweel Residential ABS CI (1) Limited US\$210 million issuance

At last, this deal represents the first true securitization of Islamic mortgage alternatives without excessive cash collateralization or recourse to the originator. The

transaction creates a clever tiering of the Sukuk into unique classes in a Shariah compliant manner, and is the first UAE-rated Islamic mortgage alternative instrument.

Best Ijarah: Red Sea Gateway Terminal Limited US\$453.93 million

Al Rajhi Bank underwrote SAR1.7 billion (US\$507.35 million) of the SAR1.9 billion (US\$453.93 million) required to execute this major project financing. This project applied the unique structure developed as Al Rajhi's approach to forward leasing, using Wakalah with the forward lease. In the deal, the lease has a 16-year tenor, and the client is the agent of the banks during the construction phase

to build the asset. The transaction provides a new look at how to execute forward leases for construction, and provides a viable alternative to Istisnah in structuring long-term project financings. Competition was strong in this segment with innovative presentations from Qatar, the UAE, Malaysia, the US and Europe.

Best Mudarabah: Aldar US\$2.53 billion exchangeable Sukuk

The Mudarabah space was very active last year and Aldar won in a tough competition that included DP World, Cornerside Investment (KFH Malaysia), Jebel Ali Free Zone and Gulf General Investment. This proved to be the largest exchangeable deal raising capital for the lesser known Aldar

Properties. The deal entrusts Aldar, Abu Dhabi's largest property developer, to act as mudarib for investors in the Abu Dhabi property sector. The transaction proved popular in the international markets, with 80% sold in the international markets and penetration into the US institutional market.

Best Musharakah: KL Sentral Sukuk Musharakah US\$218.9 million

This structure refinances KL Sentral's prior Bai Bithaman Ajil debt. The proceeds are meant to transform 72 acres of prime land in Kuala Lumpur. The RM720 million (US\$218.9 million) transaction includes a put option to the sponsor

in order to enhance the credit of and thereby improve the pricing compared to the prior debt structure. The transaction leads the growing trend that expects Malaysian issues to seek globally acceptable Sukuk structures.

Best Sovereign: Ras Al Khaimah Investment Authority US\$325 million

This is the initial benchmark issue for the UAE constituent emirate of Ras Al Khaimah. The transaction reflects the full faith and credit of the emirate's investment authority

and enjoys an irrevocable and unconditional guarantee from the government. The proceeds will be applied to the development of real estate assets.

Best Sukuk: Jebel Ali Free Zone Sukuk US\$2.04 billion

With so many excellent new issues, deciding on the best Sukuk for 2007 was incredibly difficult. In the end, Jebel Ali is AED7.5 billion (US\$2.04 billion) was chosen for achieving the largest UAE domestic issuance, yet it was also well

accepted by international investors. The A1 (Moody's)/A+ (S&P) deal was launched and closed in the midst of the current global credit crunch with attractive distribution in the UK, Europe and the US.

Best Real Estate: Aldar US\$2.53 billion exchangeable Sukuk

With the proven success of Dubai, and great strides being made in Malaysian, Qatari, Saudi Arabian, Bahraini and Kuwaiti real estate, this deal puts Abu Dhabi on the map

and highlights the opportunities in this strong market. This transaction was the largest exchangeable Sukuk, and it represents the first Sukuk to be listed in London.

Best Islamic REIT: Al-Hadharah Boustead REIT US\$138 million

As is thematic for 2007, this sector is heating up and we enjoyed REIT entries for the first time from outside of Malaysia. While the others were real estate investment funds or funds investing in REITs, the only true and new

Islamic REIT was Al-Hadharah Boustead REIT. This was an IPO for legacy plantation group and generates a predictable income for REIT investors by leasing the REIT assets to various users in the palm oil sector.

Best Murabahah/Trade Finance: PT Krakatau Steel (Persero) US\$50 million

The first transaction to follow HSBC's landmark Pertamina trade syndications in 2004 and 2006. HSBC Amanah and its counselors, Denton Wilde Sapte and Hanafiah

Ponggawa & Partners, had to manage complex trade cycle issues and tax issues, while introducing Indonesia's largest steel manufacturer to syndicated Islamic trade finance.

Best Tawarruq: Mada Leletisalat LLC US\$2.5 billion

This important Saudi Arabian transaction represents the acquisition of the third mobile operator's license by Kuwait's Zain (MTC Telecommunications). The massive US\$6.11 billion transaction is indicative of the importance of the

telecommunications sector in the GCC and emerging markets as a whole. We have set aside Tawarruq from Murabahah to reflect the distinction of these processes in the view of Shariah scholars and to avoid confusion in the awards.

Best Project Finance: Red Sea Gateway Terminal Limited US\$453.93 million

The demand for new project finance transactions is tremendous and this year's competition including a rich group of submissions, all of which made the selection more challenging. Nonetheless, we found the novel Wakalah

with the Forward Lease approach applied by Al Rajhi and its syndicate in the Red Sea Gateway project to represent the best of breed in a very strong field.

Best Corporate Finance: Egyptian Fertilizers Company S.A.E. US\$1.41 billion acquisition

The EFC leveraged acquisition is the largest MENA Islamic leveraged acquisition. Utilizing the concept of *bai al salam* for a commodities based company, the transaction breaks new

ground and sets an example in a market rich with primary commodity producers of significant scale.

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BEST COUNTRY DEALS

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2007

BAHRAIN: Gulf Finance House US\$200 million (first tranche of US\$1 billion program)

As a leading Bahrain-based Islamic investment bank, Gulf Finance House is the first issuer under a trust certificate program. The transaction attracted a diverse investor universe, attracting 45% of the funds from outside of the

Middle East with its London Stock Exchange listing. The deal structure is extremely flexible as to both the volume of Sukuk that may be issued, but also the diversity of the underliers.

DJIBOUTI: Doraleh Containers Terminal SARL US\$263 million

This syndication was the first major Islamic financing in this country and represents the first ever World Bank Group political risk cover for a Shariah compliant deal. This port

project finance is meant to help Djibouti improve its role as a gateway port in East Africa.

EGYPT: Egyptian Fertilizers Company SAE US\$1.41 billion

The Egyptian Fertilizers Company-leveraged acquisition is an exciting deal in that it is the first major deal to apply the concept of Bai al Salam for a commodities-based company. In lieu of lending, the Deutsche Bank structured

transaction uses a series of forward, or Salam, sales of the plant's product to fund the acquisition. It is the largest ever Islamic deal in Egypt.

INDIA: SREI Infrastructure Finance Ltd US\$50 million

Although not a large transaction, this equipment leasing deal was arranged by HSBC Amanah with Kuwait Finance House (Malaysia) and represents one of the first major

syndicated Islamic transactions serving the Indian market.

INDONESIA: PT Adhi Karya (Persero) Tbk IDR125 billion (US\$13.3 million)

This transaction represented another success for Mandiri Sekuritas, which underwrote this deal. The proceeds of this Mudarabah Sukuk were used to repay traditional

bonds outstanding by the sponsor, shifting them onto an Islamic basis.

JORDAN: Airport International Group US\$100 million Istisna'a and Forward Lease

This is a significant deal in every way, including its application to the redevelopment of Jordan's Queen Alia International Airport. Arranged by the Islamic Development

Bank, the deal blends Islamic and conventional facilities including those offered by the International Finance Corporation (a member of World Bank Group).

KAZAKHSTAN: Bank TuranAlem US\$250 million syndicated Wakalah

This is the first major transaction executed for a Kazakh bank and the proceeds are to be applied in Islamic trade finance transactions. The syndicate brought together three of the leading players in the field: Malaysia's CIMB, the

GCC's Abu Dhabi Islamic Bank and global leader Barclays Capital. This was also the largest syndicated deal in the Kazakh market.

KUWAIT: NIG Sukuk Ltd US\$1.5 billion

This is the largest program from Kuwait with an initial issuance of US\$475 million for a leading Kuwait-based investment group. This transaction introduced NIG Holding,

Kuwait's largest listed holding company, to a new universe of investors.

MALAYSIA: Malayan Banking US\$300 million subordinated capital Sukuk

In a market rich with new and attractive issuances, this stands out as one of the first Sukuk supporting the issuances of new bank capital. The deal represents a

benchmark for capital Sukuk deals, and achieved important diversification in the Maybank investor base, capturing the attention of Middle Eastern and Saudi Arabian investors.

PAKISTAN : Engro Chemical Pakistan Ltd US\$200 million in two tranches

This project finance facility (US\$200 million) and Sukuk al Musharakah (US\$50 million) supports the largest project finance and corporate finance transaction in the last decade in Pakistan. This complicated transaction

includes a number of cooperative arrangements between conventional and Islamic financiers to deliver this scale of project in the domestic Pakistan market.

QATAR: Qatar Real Estate Investment Company (Alaqaria) US\$300 million

This is the first rated Sukuk (A2 [Moody's]/BBB+ [Fitch]) for a Qatari corporate. This marked Alaqaria's continuous use of the Sukuk markets to fund its development business.

The deal enjoyed strong distribution in Europe and among bank investors.

SAUDI ARABIA: Mobily US\$2.85 billion project financing

In the Saudi Arabian market, 2007 was the breakout year for both Sukuk and big-ticket Islamic finance transactions. Saudi Consolidated Electricity, Red Sea Gateway, Jubail Water & Power, Dar Al Arkan and Mada Letetisalat

were all important and landmark transactions. Mobily squeaked past the competition because of its innovative structure and the model that it offers other projects in the communications sector as well as the M&A sector.

TURKEY: Derindere Turizm Otomotive San Tic AS US\$60 million

Last year saw an important increase in the number of Turkish submissions. Although none was a mega deal, the acquisition of vehicles by Derindere for subsequent leasing

marked the first five-year syndication in the Turkish market and was 75% oversubscribed.

UAE: Jebel Ali Free Zone Sukuk US\$2.04 billion

As the largest AED issuance ever, do we need to write more about this AED7.5 billion (US\$2.04 billion) Dubai

International Financial Exchange-listed transaction?

UK: Aston Martin US\$925 million acquisition

Kuwait leader Investment Dar successfully led the acquisition on a Shariah compliant basis of Aston Martin using Islamic financial tools including the issuance of

Musharakah Sukuk. This pure private equity investment is a groundbreaking entry into the automotive sector for Islamic investors.

US: Rahmat-e-Alam Foundation US\$2 million

The US market has many large-scale fund and private transactions, but only a fledgling domestic Islamic finance industry. One of the pioneers in this is Chicago-based Devon Bank, which teamed up with Light of Christ Lutheran Church to finance the acquisition of church properties and

subsequent lease under Ijarah Muntahia Bittamleek rules. The transaction reflects positive inter-faith cooperation on a commercial transaction for the benefit of the growing Muslim community in Chicago.

Islamic Finance *news* *Awards* — Poll 2007 —

Members of the global Islamic finance industry have cast their votes on who they perceive as the best of the best in the 2007 *Islamic Finance news* Annual Poll. A record 1,502 votes were cast during the December polling period in the industry's most comprehensive survey. A total of 35 categories were contested, representing all major facets of the global Islamic capital markets industry.

The full results are available in this week's issue of *Islamic Finance news*.

Kuwait Finance House scooped the award for Overall Best Islamic Bank, edging out **Dubai Islamic Bank**, which had claimed top spot for the past two years while Malaysia's **CIMB Islamic Bank** placed third for the second year running.

For the second consecutive year, the battle for Best Islamic Retail Bank was the closest fought, and again Saudi Arabia's **Al Rajhi Bank** emerged victorious over Dubai Islamic Bank.

In the Best New Islamic Finance Bank category, Bahrain's **Global Banking Corporation** beat Singapore's **The Islamic Bank of Asia** and Dubai's **Noor Islamic Bank** into second and third respectively.

In the poll's most one-sided battle, **Bank Negara Malaysia** once again eclipsed its nearest rivals for the Best Central Bank in Promoting Islamic Finance category. With the vast majority of votes in this category coming from outside Asia, Malaysia is still widely recognized as the most industry-friendly country.

Ernst & Young claimed the Best Islamic Advisory Firm award, **Parsoli Corporation** of India won Best Islamic Brokerage Firm and **Dow Jones Indexes** was selected for its impressive array of Islamic-based indices in the Best Islamic Index Provider.

Clifford Chance leapfrogged **Norton Rose**, the 2006 winner, for Best Law Firm in Islamic Finance following another busy year.

Other winners were **Prudential Fund Management**, **Standard & Poor's** and **International Turnkey Systems** for the Best Islamic Fund Manager, Ratings Agency and Technology Provider sectors respectively.

In the individual country categories, there were wins for **Bahrain Islamic Bank** (Bahrain); **Islamic Bank of Brunei** (Brunei); **Faisal Islamic Bank** (Egypt); **Bank Syariah Mandiri** (Indonesia); Kuwait Finance House (Kuwait); **CIMB Islamic Bank** (Malaysia); **Meezan Bank** (Pakistan); **Qatar Islamic Bank** (Qatar); Al Rajhi Bank (Saudi Arabia); The Islamic Bank of Asia (Singapore); **Türkiye Finans** (Turkey); Dubai Islamic Bank (UAE) and **European Islamic Investment Bank** (Europe).

Votes will still be accepted throughout this month for the final category, Best Individual in Islamic Finance, which features 10 nominees. Keep an eye out for the results in early February.

Winners will be honored at two gala award ceremonies to be held in Dubai (26th February) and Kuala Lumpur (6th March).

Methodology

A record 1,502 submissions were received for the third *Islamic Finance news* Annual Poll, a 22% increase over those received for the 2006 edition. Following strict due diligence, however, 186 of those votes were eliminated due to irregularities.

Thirty-five categories were contested in the 2007 poll, four more than the previous year.

Islamic finance issuers, investors, non-banking financial intermediaries and government bodies from around the world were invited to participate. Voting took place last month and participants were requested to take only 2007 into consideration when casting their votes.

Islamic Finance *news* Awards Poll 2007

Best Overall Islamic Bank

1 st	2 nd	3 rd
Kuwait Finance House – 27%	Dubai Islamic Bank – 21%	CIMB Islamic Bank – 13%

Best Central Bank in Promoting Islamic Finance

1 st	2 nd	3 rd
Bank Negara Malaysia – 49%	Central Bank of Bahrain – 19%	State Bank of Pakistan – 13%

Best Islamic Bank by Country

Africa	ABSA
Bahrain	Bahrain Islamic Bank
Brunei	Islamic Bank of Brunei
Egypt	Faisal Islamic Bank
Indonesia	Bank Syariah Mandiri
Iran	Bank Melli
Jordan	Jordan Islamic Bank
Kuwait	Kuwait Finance House
Malaysia	CIMB Islamic Bank
North America	American Finance House – Lariba
Pakistan	Meezan Bank
Qatar	Qatar Islamic Bank
Saudi Arabia	Al Rajhi Bank
Singapore	The Islamic Bank of Asia
Turkey	Türkiye Finans
Europe	European Islamic Investment Bank
UAE	Dubai Islamic Bank

Categories

Best Islamic Retail Bank	Al Rajhi Bank
Best Islamic Private Bank	HSBC Amanah
Most Innovative Islamic Bank	Kuwait Finance House
Best New Islamic Finance Bank	Global Banking Corporation
Best Islamic Advisory Firm	Ernst & Young
Best Islamic Brokerage Firm	Parsoli Corporation
Best Islamic Index Provider	Dow Jones Indexes
Best Law Firm in Islamic Finance	Clifford Chance
Best Islamic Leasing Provider	First Leasing Bank
Best Islamic Ratings Agency	Standard & Poor's
Best Takaful/reTakaful Provider	Solidarity
Best Islamic Fund Manager	Prudential Fund Management
Best Islamic White Label Provider	FWU Group
Best Islamic Technology Provider	International Turnkey Systems

DATE	EVENT	VENUE	ORGANIZER
January 2008			
15 th	The World in 2008: Executive Forum	UAE	Economist Conferences
15 th – 16 th	Seminar on Islamic Finance	Hong Kong	IFSB
15 th – 16 th	Bancassurance in Emerging Markets	Budapest	Fleming Gulf Conferences
21 st – 22 nd	Financial Services Debate Series	Dubai	Interactive Events
21 st – 24 th	3 rd Annual Islamic Finance IQ	Singapore	IQPC
24 th	Seminar on Islamic Capital Market	Maldives	IFSB
February			
5 th – 6 th	Global Islamic Trade Finance Conference (GITFC 2008)	Kuala Lumpur	GlobalPro
5 th – 6 th	7 th Annual Islamic Finance Summit	London	EuroMoney Seminars
12 th – 13 th	Takaful Conference on Islamic Investment Management	UAE	Asia Insurance Review
17 th – 20 th	Wealth Management Forum Middle East	UAE	IIR Middle East
18 th – 20 th	3 rd Annual Middle East Retail Banking Forum	UAE	IIR Middle East
19 th	Islamic Investment Funds	London	ICG
19 th – 20 th	The 2 nd GCC Regulators Summit	Bahrain	Complinet
20 th	Seminar on Ratings	Kuala Lumpur	IFSB
March			
3 rd – 8 th	Hedge Funds World Middle East 2008	UAE	Terrapinn
10 th – 11 th	3 rd Islamic Banks & Financial Institutions Conference	Syria	Al Salam for International Exhibitions & Conferences
10 th – 12 th	Islamic Funds Asia 2008	Kuala Lumpur	Terrapinn
11 th – 12 th	Seminar on Corporate Governance Issues in Islamic Finance	Bahrain	IFSB
11 th – 12 th	3 rd Conference Takaful in Asia	Singapore	MiddleEast Insurance Review
16 th – 19 th	Securitization World MENA 2008	UAE	Terrapinn
16 th – 19 th	3 rd Middle East IPO Summit	UAE	IIR Middle East
24 th	Singapore IFN Forum	Singapore	Islamic Finance events
24 th – 25 th	Third International Conference on Islamic Banking and Finance: Risk Management, Regulation and Supervision	Pakistan	IFSB
26 th	2 nd Public Lecture on Financial Policy and Stability	Pakistan	IFSB

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