

IslamicFinance.de

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Consultancy

Editorial

Dear Readers,

As salamu alaikum

Extra large finance facilities are going to take place from USD one 1 billion upwards.

There are strong signs that Europe gets more involved into Islamic Finance globally and on a retail level.

While Mideast paused a bit in regard to Sukuk issuance for summer, Malaysia saw a large amount of new papers in the markets.

Best regards wa salaams,

*Michael Saleh Gassner
Cologne - Germany*

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Dear Reader,**Jyske Bank?**

Danish Broadcasting Corporation reported on 31st August that Jyske Bank is considering to offer Shariah finance locally, however it is mentioned that financing costs are not tax deductible if not interest-based in Denmark.

Lloyd's TSB

Lloyds TSB is expanding its Islamic banking branches in UK offering accounts and homefinance from 12 to 15 still as a pilot phase. The account charges are the same. During the pilot phase client's need to go the dedicated branches, reported Easier UK on 7th September.

European Islamic Investment Bank

The European Islamic Investment Bank headed by John Weguelin in London send their license application to the Financial Services Authority in UK, the bank announced on 5th September.

International Islamic Finance Forum

26-28 September

Istanbul

**Conferences in Europe !**

24 Sep
8/9 Nov
16 Nov

A number of conferences are going to be held on Islamic Finance in continental Europe. The next is on 24th September in Göttingen, Germany with most presentations to be in German language on the occasion of the annual gathering of the Society for Arabic and Islamic law (www.gair2005.de), the next important international event is going on on 8th and 9th November in Luxembourg hosted by the Central Bank of Luxembourg and organised by the International Financial Services Board (www.ifsb.org) and last not least on 16th November during the huge European Banking and Insurance Fair in Frankfurt, Germany a whole day will be dedicated to Islamic Finance, whereby speakers are included most likely from the Worldbank group, Dar Al Istithmar, the Deutsche Joint-Venture think tank on Shariah, and other international experts (www.eurofinanceweek.com). The editor is planning to attend all related events.

Amana Income Fund, USA

Ludwig Marek reported on 31st July on Bloomberg about Nicholas Kaiser's Amana Income Fund (not HSBC). The funds USD 41.6 mn gained 25 % performance in the past 12 months almost triple the return of the S&P 500's 9 %; and this in spite of limited investment universe. The fund is screened alongside the Fiqh Council of North America in Leesburg and established after Kaiser was approached 1984 by the North American Islamic Trust, the Muslim Students Association of the US and Canada, and other organisations. Two years later they started working on an investment strategy.

Islamic Banking**CSFB new Head for Islamic Finance**

Adam Bradbery informed via Dow Jones Newswire on 19th August about the Islamic Unit of Credit Suisse First Boston. According to their Global Head, Ahmad Salam, they are targeting emerging markets. Mr Salam formerly headed the structured finance unit at Asian-focused Crosby Capital Partners. CSFB aims to offer standard Murabaha but also products using Musharaka.

**IDB
Restructuring**

Khaleejtimes titles on 13rd August that "IDB restructuring a must"; which were discussed on the consultations of the Islamic Development Bank (IDB) Vision 2020. The commission is headed by former Malaysian Prime Minister Dr Mahathir Mohammad. The pan-Islamic multilateral development bank (MDB) needs a major overhaul, which was out of dispute. Other than GCC countries should also strengthen their role by larger subscriptions. As good start was the merger of the IDB'S Islamic Banks Portfolio (IBP) and Export Finance Scheme (EFS) considered to form the new USD 500 mn capitalized Islamic Trade Finance Corporation considered. Islamic banking promotion as one of the goals of IDB should no longer be confined to member states only, there are sizeable Muslim minorities in Russia, China and India. The IDB Vision 2020 should be around enhancing the three core aims of promoting intra-Islamic trade (currently 12 % only), Islamic banking and insurance worldwide, and to alleviate poverty in member countries, especially the Least Developed Member Countries. Last not least the IDB started a complementary consultative initiative in conjunction the Kuala Lumpur based Islamic Financial Services Board (IFSB) to draw up a 10 year Master Plan for the Islamic financial services.

**Islamic Retail
Banking
Conference,
14-15 Nov
Dubai**



GCC

Doha Bank

Gulf Times reported on 23rd July that Doha Bank is formally launching within two months their Islamic banking division Doha Islamic. The first branch should be staffed and operating already in Grand Hamad Street.

**Dubai
Commercial
Bank converts
Islamic**

C.L. Jose covered on Gulf News on 18th August the news about the Dubai Commercial Bank International, based in Ras Al Khaimah. The bank is going to convert and renamed as Islamic Bank International. Further the Chairman, Hamad Abdullah Al Mutawaa, is cited to hold an extraordinary meeting to decide about the capital increase from Dh 300 mn to Dh 1 bn through a rights issue. It will be the 5th Islamic bank in the UAE, and the 3rd to be converted. Further rumours were reported that other conventional banks considering the same move, and that one non-bank Islamic finance company is looking to become a bank potentially by buying out an existing institution.

**IFSB
8-9 Nov
Luxembourg**

ISLAMIC FINANCIAL SERVICES FORUM: THE EUROPEAN CHALLENGE
8 - 9 November 2005, Hotel Le Royal, Luxembourg



Amlak goes to Abu Dhabi

Gulf News reported on 16th August about Amlak's intentions to enter the Abu Dhabi market with their property finance. They submitted application to open up branches in Abu Dhabi. A recent change in law has approved the ownership and transfer of property by expatriates, which Amlak's CEO Mohammad Ali Al Hashimi expects to have a similar effect on Abu Dhabi as it has on the Dubai market.

Dubai Islamic Bank buys Al Khartoum Bank

Dubai Islamic Bank acquires 60 % of Al Khartoum Bank from the Government of Sudan, which were previously the 99 % owner. It is Sudan's first bank established in 1913. The paid up capital is USD 45 nm and the bank has 53 branches of which are 17 in Khartoum, reported AMEInfo on 26th July.

The Qatar Financial Centre Regulatory Authority issued a draft rulebook on Islamic Finance and seeking industry comments on it. Other rulebooks will follow. Philip Thorpe, Chairman and CEO, sees the draft Islamic Finance rulebook as a key component of financial service regulation within the Qatar Financial Centre, reported Khaleejtimes on 2nd August.

**Sustainability Conference
2-4 Nov
Frankfurt
Germany**

TBLI CONFERENCE
2 - 4 november 2005, Frankfurt



www.tbli.org

South-East Asia

Islamic Index in Singapore

Channelnewasia announced on 22nd August the Lion 30 Index, Singapore's first Islamic financial index for SGX-listed stocks. Behind the index are the Young Entrepreneurs Network Organisation and Karim Business Consulting. An international Shariah board has to be set up consisting of Scholars from Mideast as well as from South-East Asia.

Merger in Brunei

Sonia K. reported on Brudirect.com about the decision of the Annual General Meeting of the Islamic Bank of Brunei (IBB) on 5th August. The extraordinary meeting approved the Issuance of Bonus Shares and the approval of a special resolution on the proposed IBB merger with the Islamic Development Bank of Brunei (IDBB). It will create the formation of a sole Islamic bank and the largest bank in the country in terms of total assets and the number of account holders in comparison to 7 other banks in operation in Brunei.

**26-27 Sep
Singapore
Conferences**

Islamic Banking & Finance
26-27 September 2005 * Marina Mandarin Hotel, Singapore

<http://www.abf-asia.com>

StanChart

Lee Kar Yean reported in The Star Malaysia on 19th August that the Standard Chartered banking group is focussing on Islamic banking in Malaysia, especially in the field of corporate funds and offshore funding. StanChart Malaysia Head of Global Markets, Daniel Koh, expects about 20 % of banking activities will be Islamic in nature by 2010.

Fixed Income**Dow Jones
Sukuk Index?**

The Star reported on 2nd August about plans of Dow Jones to start the first global Islamic bonds Index with the objective in mind that it takes its time get it right rather than fast.

GCC

Etisalat 2.1 bn

Will McSheehy, FT Syndication Service, reported on 15th August about the Etisalat International USD 2.1 mn "Share Murabaha" transaction for partial acquisition of Pakistan Telecommunications advised by HSBC Amanah. In partnership with Dubai Islamic Bank, Etisalat made a bid of USD 26. bn for 26 % of the Pakistan Telecommunication shares held in an auction by the government in June. Equal share underwriters and loan arrangers for the Murabaha facility will be Barclays Capital, Calyon, Citigroup, Deutsche Bank, National Bank of Abu Dhabi, National Bank of Dubai and HSBC Amanah. Under the terms of the transaction the underwriters will soon purchase the PTCL shares from the Pakistani government and then immediately resell them to Etisalat which will repay the banks in 18 months, paying an as yet undisclosed margin.

**Euro Finance
Week****16 November
Islamic Banking
Conference
in Frankfurt****Dolphin 1 bn**

Dolphin Energy Limited is going for a USD 1 bn Islamic finance facility for the Dolpin Gas Project in Qatar. Appointed lead financiers are ABN Amro Bank, BNP Paribas, Citigroup, Dubai Islamic Bank, and Gulf International Bank. Dolphin Energy's Limited shareholders are the Abu Dhabi based Mubadala Development, Total S.A., and Occidental Petroleum Corporation.

**BMA AI Salam
@ 3.81**

The BMA Sukuk Al Salam priced at 3.81 % and was oversubscribed with USD 106.6 for the USD 40 mn issue, was announced by the Bahrain Monetary Agency on 6th September.

SE Asia

**Pakistan local
Sukuk**

The Water and Power Development Authority is issuing the first Pakistan's local currency Sukuk of maximum Rs 8 bn with a final maturity of 7 years. Rate of profit is indicated with 35 basis points above Karachi Interbank Offer Rate (KIBOR). The 3 lead manager for this issue of Wapda Sukuk are Jahangir Siddiqui & Co. Ltd, Muslim Commercial Bank Ltd. and Citibank NA according to Pakistanlink on 26th July.

ABI Malaysia

MARC lowered its rating for ABI Malaysia Sdn Bahd RM 80 mn BBA debt securities to A- ID from A ID with a negative outlook reported The Edge Daily on 5th August. The rating actions reflect the negative impact arising from its holding company having cash flow problems, reported The Edge Daily on 5th August.

SapuraCrest

Further MARC has assigned ratings of A+ ID and MARC -1 D/A+ID to Bayu Padu Sdn Bhd (wholly owned by SapuraCrest Petroleum Bhd) Istisna' Medium Term Notes and Murabha Commercial Papers/Medium Term Notes facilities. SapuraCrest is reported to be in the offshore oilfield services with a good and substantial order book RM 2 bn, reported The Edge Daily on 18th August.

WCT RM 200 mn

WCT Engineering Bhd is going to issue RM 200 mn Islamic Securities to part-finance the acquisitions of business or investments and working capital. The issuance is about Rm 100 mn Islamic Fixed Rate Serial Bonds and a 7 year Islamic Commercial Paper/Medium Term Note of up to RM 100 mn. Joint principal advisers and joint lead arrangers for this issuance is the AmMerchant Bank Bhd and OCBC Bank (Malaysia) Bhd. The maturity tenures are 5, 6 and 7 years. The longterm and shortterm rating of the Islamic Commercial Papers has been assigned of A+ and MARC-1 respectively by the Malaysian Rating Corp. Bhd, reported Business Times in Malaysia on 18th August.

Introductory Workshop**Frankfurt****1st December****Introductory Workshop Islamic Finance**

Chamber of Commerce Frankfurt

Germany**Workshop Director: Michael Saleh Gassner****1st December 2005**www.islamicfinance.de**NAM Fatt
RM 250 mn**

NAM Fatt Corp Bhd issues Islamic commercial papers/Islamic medium term notes programme of up to RM 250 mn with a tenure up to 7 years, reported Nst.com.my on 18th August.

IJN RM 209 mn

Tamimi Omar reported on 29th July in The Edge Daily that Institut Jantun Negara Sdn Bhd (IJN), a subsidiary of the Finance Ministry, is raising up to RM 209 through a Sukuk Al Musharaka to finance expansion of its hospital in Kuala Lumpur. The maturities are in between 3 to 10 years.

Cagamas AAA

The Edge Daily reported on 10th August about the rating of AAA assigned by Rating Agency Malaysia to Cagamas Mortgage Backed Securities Rm 2.05 bn CMBS 2005-1-i Sukuk Musharaka.

Octagon

Karen Lane of Dow Jones Newswire on 4th August reported on Malaysia's Octagon, a paint manufacturer, which is expected to issue Islamic medium-term notes and commercial paper. The size and tenor is not fixed yet but will come off the firm's RM 130 mn program. CIMB is indicated to be the principal adviser, lead manager and lead arranger for the notes program. The commercial papers should carry a maturity of less than 12 months while the notes could have tenors of 1 to 7 years.

**Indonesia
Sovereign**

Indonesia, reported Arab News on 15th August, is set to launch its debut sovereign Islamic Sukuk advised by IDB. Shanty Nambiar mentioned to us that there are some legal issues which need to be solved beforehand.

Real Estate / Funds

Hypo Real Estate

HYPO Real Estate financed Shariah compliant the acquisition of 33, Grosvenor place, London, UK by Arab Investments Limited, in the amount of GBP 125 mn, while the purchase price is GBP 143 mn, announced the bank on 20th July in a press release.

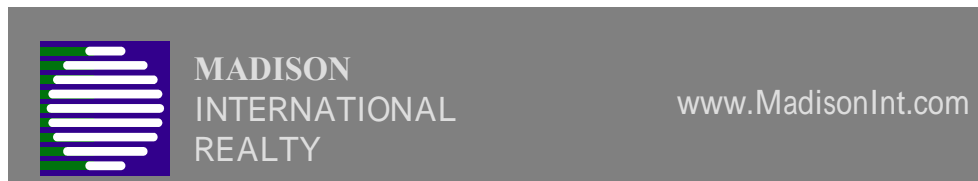
Taib Bank

The German fund DIFA sold the Sanctuary Building to the Tamilan Holdings (Taib Bank and Dominion Asset Management, Hong Kong) for about GBP 143 mn. DIFA go legal advise by Linklaters, while Taylor Wessing was on side of the buyer, structuring a Sukuk Musharaka to form an Islamic real estate investment vehicle. (The Star 9th August, Linklaters, and other sources).

Arcapita

Monica Perin from Houston Business Journal reported on 29th July about the above 90 % equity interest acquired by Arcapita in Houston based Falcon for a price of about USD 100 mn. Falcon is the largest independent owner of natural gas storage capacity in the USA and became now part of a USD 1 bn portfolio of diverse US assets.

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Amyal Islamic Leasing Fund

GCC

Khaleejtimes on 10th August reported on the Amyal Islamic Leasing Fund (Amyal) launched by Sharjah Islamic Bank (SIB) beginning of August. Amyal is a feeder investment into Millenium Aircraft Leasing (MALC) incorporated in the Bahamas by Kuwait Finance House. MALC purchases new and used aircraft, which are leased to different airlines. Amyals targeted size is USD 20 mn for a period of about 4 years, with a return between 7-8 %.

Injazat

Injazat Technology Fund exited Raya Holding, the largest IT holding company in Egypt, with 40 % return. Injazat invested in February 2003 USD 5 mn for a 6.79 % stake; Raya Holding went IPO and Inzahat exited before.

GFH – Jordan

Gulf Finance House intends to enhance its investments in Jordan after the first phase of the USD 1 bn Royal Metropolis begun, according to the CEO Esam Janahi; the project consists of two parts: Jordan Gate and The Districts. Jordan Gate is being constructed at a high point in Amman, the capitol, and jointly developed by GFH, KFIC and the Greater Amman Municipality, reported Khaleejtimes on 16th August.

Islamic Real Estate Finance

17-19
December
Dubai

**Mekka Fund?**

Saudi Economic Survey reported on 28th July about a closed real estate fund project based on Mudaraba in the range of SR 500 mn in Makkah. Profit distribution should start after an initial 5 years period in the range of 20 - 40 %. No company names were mentioned in the article.

SE Asia

Focal
Rm 190 mn
Securitisation

Focal Quality Sdn Bhd, the Malaysian wholly owned subsidiary of the Germany based TMW Lion GmbH (TMWL) is raising Rm 190 mn via an Islamic securitisation of three shopping malls. OCBC Bank (Malaysia) Bhd is the lead arranger and principal adviser. The *Sukuk Al Ijarah* has been achieved preliminary ratings of AAA to A by Rating Agency Malaysia. The Sukuk will refinance part of the TMWL initial investment of RM 340 mn for the acquisition of 100 % interest in the operators and owners of shopping malls Lion Klang Parade, Lion Seremban Parade and Lion Ipoh Parade.

Takaful**Durrat Al Bahrain Islamic coverage**

Takaful International and Solidarity will offer a BD 175 mn coverage for the Bahrain Al Durrat project as agreed with the risk management consultant AON Middle East. The project should be completed by early 2007 and is a joint venture of Kuwait Finance House (Bahrain) and the the Bahrain government, reported AMEInfo on 14th August. Gulf Daily News on 14th August further went into detail that the overall coverage is going into several phases including bridges (BD 20 mn), first phase villas (BD 50 mn), second phase villas (BD 55 mn) and other infrastructure (BD 50 mn). The coverage is on "Contractor All Risk" throughout the project's period, totalling 49 months commencing from December this year. Reason for choosing the insurance companies was that they are the only Islamic insurers, followed by the instruction of the client who wanted there to be participation from as many Islamic institutions as possible.

Aman FWU

Dubai Islamic Insurance and Reinsurance Company, Aman, expanded cooperation with FWU Group based in Munich, Germany to offer Life Takaful Products in the UAE covered Menafn on 2nd August based on an article of Khaleejtimes.

Takaful 2006**Takaful Ihlas Retakaful?**

Takaful Ihlas Sdn Bhd, Malaysia, is considering setting up a retakaful company according to the CEO Anuar Mohd Hassan, is reported in The Star, 2nd August. If they would proceed with the thoughts it will be with the MNRB Holdings associate company, Labuan Reinsurance. Malaysia has only one retakaful company, Asean Retakaful International Ltd, an offshore subsidiary of Syraikat Takaful Malaysia Bhd.. In Singapore, Millea Asia Pte Ltd, a subsidiary of Japan-based Millea Holdings Inc, has set up Tokio Marine Nichido Retakaful Pte Ltd, which started operations in Nov 22 last year.

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