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Consultancy Ltd.

Editorial

Dear Readers,

As salamu alaikum,

The last two years the volume of news just about doubled. A clear sign of growth.

As a result we work towards increasing the frequency of the Executive News in order to maintain our policy to update you in 20 minutes about the most important issues.

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Best regards wa salaams,

Michael Saleh Gassner

Islamic Finance in Minority Areas

Lloyds TSB, BNP Paribas, Australia, UM Financial

Islamic Banking

Qatar Financial Centre Regulatory Authority, Moody's, Jaber Islamic Bank, Al Rayan Investment, Saba Islamic Bank, Soroooh Investment, ITFC, Bank AlJazira, First Leasing Bank, Sabaek Company, Jawad Investment Center, Bank Muscat, Real Estate Development Fund, Fitch, Kuwait Real Estate Bank, Gulf Investment House, Dubai Financial Market, Karachi Stock Exchange, Central Bank of UAE

StanChart, Kuwait Finance House, RHB Bank, Bank Islam

Fixed Income (Sukuk, Syndication)

Moody's, Arcapita, Bank Asya, Deyaar, Tamweel, Al Salam Bank Bahrain, BNP Paribas

PT Indosat, Maybank, Telekom Malaysia, JBIC, Bank Islam KFH (Malaysia), Brunei

Wealth Management

Oasis, Global Investment House, National Bonds, Gulf Finance House, Dow Jones Indexes

Takaful

Standard & Poors

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25 April: Sukuk Forum, Dubai

visit: www.middleeastbusinessforum.com/sukuk

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Dear Reader,

Lloyds TSB

Parmy Olson reported on 4 April on Forbes about Lloyds TSB's start of a Muslim business account, now available in all of the 2,000 branches.

BNP / France

BNP Paribas said in a Reuters interview on 15 April, that they are prepared to offer Islamic finance in France if the country adopts the same measures for Islamic finance as Britain, Jacques Tripon was cited. There is an interest to protect its domestic market, where the nation's five million Muslims make up 8 % of the population, reported Mohammed Abbas on Reuters.

Australia

Australia is in talks with Bahrain Islamic financial institutions to seek their expertise for the Australian market regarding structured finance, retail banking, trade finance and other areas, Anthony Donnelan, Senior Investment Manager with Middle East Invest Australia was cited in Bahrain Tribune on 10 April.

3rd Annual Islamic
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24,25 April



UM Financial

UM Financial, a Canada based local Islamic mortgage provider, will receive funding from New Horizon Mortgage Investment Corp. UM Financial has almost reached USD 150 mn in mortgages for Muslims. The refinancing comes now from a company presided by Derek Scheinman, who focuses on private mortgage deals based on a pool of investors, reported Judy Steed in The Star.com on 9 April. Canadian press covered the story as Derek Scheinman is of Jewish faith.

Islamic Banking in the GCC**April 23, Introductory Workshop Islamic Finance:**

www.islamicwealthmanagement.com

QFCRA

The Qatar Financial Centre Regulatory Authority (QFCRA) entered into an agreement with Bank Negara, the Malaysian regulator to jointly develop Islamic banking and finance by sharing knowledge and expertise and to promote the respective Islamic finance industry., reported Gulf Times on 5 April. Islamic finance is said is getting more significant for project finance.

Moody's

Moody's sees real estate downturn risk in the UAE to possibly affect rating outlooks of local institutions, wrote Shakir Husain, in Gulf News on 7 April.

Jaber Islamic Bank

B Izzak reported on Kuwaittimes.net on 10 April that the National Assembly's financial and economic affairs committee approved a draft law to establish an Islamic bank under the name of Jaber Islamic Bank. It will have a capital of KD 100 mn, of which 24 % will be owned by a government agency, while 76 % will be owned by Kuwaiti citizens equally. The bill asks the government to provide the capital and needs to be approved by the assembly and the government to become law.

Al Rayan Investment	<p>The Peninsula, Qatar reported on 6 April that Masraf Al Rayan opened Al Rayan Investment licensed to operate inside the Qatar Financial Centre (QFC) with a capitalisation of USD 100 mn. The focus shall be on real estate, private equity and wealth management.</p>
Saba Islamic Bank	<p>Saba Islamic Bank has become the first Yemeni Bank to join the Global Trade Program of the Worldbank private sector arm, International Finance Corporation, as an issuing bank, reported Yemen Times on 4 April.</p>
Sorooh/AIH	<p>Sorooh Investment Co. and Abu Dhabi Investment House (AIH) entered into a strategic partnership in regard to Sunset Hills Finance Structure & Development Residential Project with estimated cost of USD 100 mn, reported Bahrain Tribune on 11 April.</p>
ITFC	<p>The Kuwaiti Dr Walid Al-Woheib was appointed as new CEO of the International Islamic Trade Finance Corporation. The Corporation aims to develop trade exchange among OIC states to bring it up to 20 % by 2015. The ITFC is a member of the Islamic Development Bank Group.</p>
Bank AlJazira	<p>Bank AlJazira ups its capital to USD 600 mn and pays a 20 % cash dividend, announced Ameinfo on 7 April. The bank is going to hold on 30 April an extraordinary general meeting of shareholder to authorize these decision and vote on an Islamic bond issue.</p>
First Leasing Bank	<p>First Leasing Bank appointed new Board of Directors, was released to Ameinfo on 7 April. The newly appointed Chairman is Khalid M. Kanoo. Outgoing Chairman Khalid Janahi is cited that the First Leasing Bank has developed a geographically diversified leasing market with the UAE, Kuwait and Bahrain contributing to 44 %, 34 % and 22 %. He expects finance leases to dominate their investment in equipment leasing throughout 2007 and 2008, but operating leases and specialised structures will play an increasingly important role.</p>
Sabaek	<p>Sabaek Company has been founded with a capital of KD 15 mn for 150 mn shares in Kuwait. It shall operate as Islamic leasing and investment company. The company will cover financing, investments and management activities across sectors such as real estate, industry and agriculture cites Kuwait News Agency on 2 April the Arabic daily Kuwait Al Yawm.</p>
Jadwa	<p>Jadwa Investment Center was launched, reported Arab news on 9 April. Jadwa is one of the new CMA licensed investment entities in Saudi-Arabia with a paid up capital of SR 500 mn. Chairman of Jadwa is Prince Faisal Bin Salman, also chairman of the Saudi Research & Marketing Group (SRMG). CEO of the company is Ahmed Al-Khateeb and Sheikh Abdullah Al-Mutlaq, is head of Jadwa's Sharia committee and member of the Council of Senior Islamic Scholars.</p>
Bank Muscat – KSA	<p>Bank Muscat, Oman opens a branch in Saudi-Arabia to provide Sharia compliant banking, in specialised consumer and corporate banking services, including current, savings and investment accounts, consumer finance, corporate finance, trade finance and ATM services. Private banking and investment banking services shall follow in the near future, reported Khaleej Times on 3 April.</p>
REDF	<p>The Real Estate Development Fund (REDF) has approved interest-free loans to build 5416 homes across Saudi-Arabia. Saudi Arabia's population is growing, for Riyadh alone the growth rate is estimated at 8 % p.a. The Ministry of Planning and Economy has previously said that Riyadh alone will face a shortage of 270,000 housing unites over the next few years, reported Gulf News on 9 April.</p>

KREB Fitch affirms rating for Kuwait Real Estate Bank (KREB) at IDR “a-“ outlook stable. KREB operates under a restricted banking license for real estate finance but applied for a full Islamic banking license to convert, for which approval has been given. Conversion shall be completed by Q2 in 2007, published Ameinfo a press release on 31st March.

GIH Gulf Investment House has underwritten BD 10 mn of the capital of the Durrat Al Marina project, about 15 % of the project’s total capital. The project is a joint venture between Al Khaleej Development Company (Tameer) and Kuwait Finance House (Bahrain), reported Albawaba on 10 April.

DFM The Dubai Financial Market, is interested to be a strategic investor in Karachi Stock Exchange, reported Daily Times on 14 April.

Treasury updates:

CDs / UAE The Central Bank of the UAE considers to create an equivalent to Certificate of Deposits (CDs) to be used by the Islamic banks in the UAE. They cooperate with the Malaysian Central Bank and the Islamic Development Bank on this issue, wrote Haseeb Haider in Khaleej Times on 5 April.

Islamic Banking Asia

StanChart Standard Chartered Bank Malaysia (StanChart) is looking at setting up an Islamic banking subsidiary in the next two years and expects to double the size of its Islamic assets this year to RM 4 bn from Rm 2.04 mn last year, reported Ashwin Raman on 2 April on The Edge Daily.

RHB/KFH Kuwait Finance House is still keen to buy a stake in RHB Bank from Employees Provident Fund (EPF) to be a strategic partner if invited. From the EPF side any talks depend on the approval of the regulator, reported Daily Express Malaysia on 11 April.

Bank Islam Bank Islam unloads non performing debts into a special purpose vehicles, wrote Gan Yen Kuan on 6 April in The Edge. The bank just turned around after two years of losses.

Fixed Income

Events:

Sukuk Summit, 25 April: <http://www.middleeastbusinessforum.com/sukuk/>

Syndication, 21/22 May: <http://www.euromoneyseminars.com/syndisfi>

Securitisation, 22/23 May: <http://www.euromoneyseminars.com/smeisfi>

Debt vs Equity A report by Moody’s says, that the Middle East and North Africa (Mena) region required debt financing more than equity financing. In Mena the debt-equity ratio was 1:10 compared with 1.8:1 in the US and on par, about 1:1 in Europe. The Mena region only accounts for just 0,2 % of the total securitisation market, wrote Gulf Times on 13 April.

Arc Arcapita raised USD 1.1 bn reported Ameinfo on 16 April, increasing its 5 year syndicated Murabaha facility from the planned USD 500 mn, following a demand in excess of USD 1.3 bn. The proceeds of the facility will be used to refinance Arcapita’s outstanding USD 210 mn multi-currency Sukuk and for general corporate purposes. The underwriters were Barclays Capital, DBS Bank, the European Islamic Investment Bank, Standard Bank, the Standard Chartered Bank and WestLB.

Bank Asya	Bank Asya received a USD 175 mn Murabaha financing facility. The Mandated Lead Arranger for the Facility were ABC Islamic Bank, Standard Chartered bank and Unicredit Markets & Investment Banking (acting through Bayerische Hypo- und Vereinsbank AG). A total of 40 banks participated and the facility was increased from its initial amount, was released to Ameinfo on 16 April.
Deyaar	Deyaar, the real estate company, announced the signing of an AED 600 mn Mudaraba facility with Dubai Islamic Bank as a first step to non project finance. Deyaar aimed to use only Sharia compliant financing. Proceeds raised will be deployed in funding new developments and acquisitions of land. The company has identified Saudi-Arabia, India, Turkey and Kazakhstan as potential markets, reported Albawaba on 16 April.
Tamweel	Tamweel plans to sell USD 500 mn Sukuk and USD 300 mn convertible Sukuk, the Chief Executive Adel Shirawi said. The USD 500 mn Sukuk is considered to be finished in less than 6 months, and USD 300 mn even faster. It aims to be backed by residential mortgages, reported Gulf News on 9 April.
Al Salam	Al Salam Bank, Bahrain has announced of an equity stake of USD 83 mn in a Boeing 777-200ER aircraft on long-term lease to Malaysian airlines.
BNP Paribas	BNP Paribas works on two corporate Sukuk issues; a Saudi company with USD 200 mn and a Kuwaiti company about USD 500 mn, Rami Falah told Reuters on 15 April.
	Fixed income Asia
PT Indosat	Indonesia's second largest telco PT Indosat offers bonds and Sukuk. The Sukuk Al Ijara is about Rp 300 bn. PT Indosat named PT Andalan Artha Advisindo Sekuritas and PT Danareksa Sekuritas as the underwriters of the Sukuk Ijara issuance and PT Bank Rakyat Indonesia as board of trustee, reported Antara on 11 April.
Maybank	Malaysian Banking Bhd (Maybank) is issuing a USD 300 mn (RM 1.03 bn) subordinated Sukuk. The Special Purpose Vehicle incorporated in Labuan, MBB Sukuk Inc., would issue 10 non callable 5-year Sukuk. It is the first subordinated Sukuk in the market to strengthen the Tier-2 capital of the bank. Maybank has mandated Aseambankers Malaysia Bhd, the Hong Kong and Shanghai Banking Corporation Ltd, Labuan unit and UBS AG Labuan branch as joint bookrunners and joint lead managers for the sukuk issue, reported The Edge Daily on 11 April. Standard & Poors assigned a BBB+ rating to the issue. The proceeds of the issue will be used to fund Maybank's Islamic banking operations and for general Islamic purposes, reported The Edge Daily on 11 April.
Telekom	Telekom Malaysia™ has proposed to issue up to RM 3 bn Islamic stapled income securities to replace current conventional securities <i>towards complying with requirements for inclusion in the Dow Jones Islamic Index</i> . The RM 3 bn Islamic stapled securities will consist of up to 2,000 class C non-convertible redeemable preference shares (NCRPS), which are linked to Sukuk Ijarah Class A of up to RM 1.998 bn and up to 1,000 Class D NCRPS, which are linked to Sukuk Ijarah Class B of up to RM 999 mn, reported The Edge Daily on 10 April.
JBIC	Kazinform reported on 10 April that Japan Bank for International Cooperation (JBIC) is in the process of launching Sukuk series out of Kuala Lumpur and denominated in Malaysian Ringgit. The JBIC has a proactive Sukuk issuance strategy, which includes both issuance by the bank and through credit enhancement by JBIC through its guarantee. The debut sovereign Japanese Sukuk is no longer expected for this year. But JBIC has established an in-house Islamic finance study group in May 2006 and even appointed its own Sharia Advisory Group.
Bank Islam	Bank Islam Malaysia Bhd, is arranging two Sukuk issues valued at RM 1 bn by end of this year for two corporations. Details yet to be disclosed. The bank has just returned to be profitable after two years of losses, reported Business Times on 7 April.
KFH	Kuwait Finance House (Malaysia) expects up to RM 40 mn in corporate bond issues in Malaysia this year, mostly comprising of Islamic bonds, reported Reuters according to Gulfnews on 11 April.
Brunei	Brunei issued the 6th short term Sukuk Al Ijara with a maturity of 91 days and 2.7 % rental rate. The Government has so far issued USD 730 mn worth of short term Sukuk Al Ijara, reported Brunei Online.

Islamic Wealth Management

Oasis	<p>Oasis Global Fund Manager, launched from its newly licensed subsidiary Oasis Crescent Capital (DIFC) Limited with its Public Fund, as a feeder fund linked to other global equity funds including the Crescent Global Equity Fund, rated AA by S&P and 4* by Morningstar rating. Oasis will offer from the DIFC its financial services including collective investment funds as well as managing segregated portfolios, reported Albawaba on 7 April.</p>
Global Investment Houses	<p>Gulf Times discussed the trend of increased investments in Asia among Arab investors, but also mentions Global Investment Houses ambitions to buy a US asset manager on 29 March.</p>
National Bonds	<p>National Bonds in UAE collected a Dh 1 bn from 300,000 residents and distributed Dh 48 mn in cash prizes. The National Bonds were established in April 2006 to address the low rate of savings in the UAE. The company is owned 50 % by Dubai Government with the rest split between Dubai Holding, Emaar Properties and Dubai Bank. Returns are targeted between 3 – 5 %. The funds are not guaranteed and the investment approved as Sharia compliant. The company now targets to enter Saudi-Arabia and Malaysia reported Ivan Gale on 8 April in Gulf News.</p>
GFH	<p>Gulf Finance House is expanding its asset management business further it released via Ameinfo on 7 April. Target area are infrastructure projects, private equity and wealth management. Alan Durrant has been hired from Skandia for building the asset management business further and Joe McGrane, previous Royal Bank of Scotland to strengthen the private equity field.</p>
Dow Jones	<p>Asia</p> <p>The Edge Daily reported on 9 April about talks between Dow Jones Indexes and the Securities Commission (SC) and Bursa Malaysia Bhd to set up an Islamic based exchange traded Fund (ETF) in Malaysia for the Asia-Pacific region. Rushdi Siddiqui, Global Director for Dow Jones Islamic Market Indexes were cited that Dow Jones is looking to add Real Estate Investment Trusts (REITS) and commodities to its Islamic indexes.</p>
S&P	<p>Takaful</p> <p>Standard & Poors issued a report on the insurance markets in the GCC. The GCC insurance market in general has a size of USD 4.6 bn and the USD 550 per capital world average suggests a potential to USD 20 bn. The non life insurance market is strongly growing with 10 to 15 % on average since 2004. The proportion of personal lines insurance cover and in particular life insurance remains low. The specific Takaful market in the GCC is growing by 40 % p.a. and gross contributions reached nearly USD 170 mn in 2005. A challenge of the takaful market is to meet the service quality and to convince yet uninsured market segments. Further challenges are to convince the consumers about the Sharia compliance and to improve the economies of scale and reducing the high management fees, release S&P on 10 April.</p>



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The advertisement graphic features a large, white, sail-like shape on the left side, set against a background of a blue sky with white clouds and a dark blue sea at the bottom. The text is arranged within and around this shape. At the top right, the website "www.sanadfund.com" is displayed. Below it, a list of five bullet points describes the fund's features. At the bottom, the fund's name "SANAD SUKUK FUND" is written in large, bold, blue letters, with the tagline "The innovative approach to Islamic investment" underneath.

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