

Press Release

Press Release – Office of the President & Chief Executive

AL-Baraka Islamic Launches Kotak Shariah Fund

Bahrain & Middle East Investors get a chance to cash-in on Indian equity boom

Bahrain based Al-Baraka Islamic Bank has launched a new investment fund, Kotak Shariah Fund (KSF) or Kotak Indian Islamic Fund (KIIF) which is offered to the public through its branches in the Kingdom.

KSF is registered in Mauritius and managed by Kotak Mahindra (UK). KM-UK is a subsidiary of Kotak Mahindra Bank (KMB) which has over US\$5.2 billion worth of assets under management and employs more than 10,000 staff and had successful joint ventures with Goldman Sachs in the past in brokerage and investment banking business in India. KMB bought out Goldman Sachs' stake in the joint ventures last year.

The KIIF comprises all class A shares issued in KSF. The fund is open-ended allowing investors to redeem their investments on any business day. The fund will be solely investing in the Indian stock market under the principles of Shariah law as advised by the fund's Shariah advisory board which benefits from the guidance of Dr. Abdul Sattar Abu Ghoda and Shaikh Yusuf Talal de Lorenzo. It is worth mentioning that KIIF has been approved by the Unified Shariah Board of Al-Baraka in Jeddah. The Bank in a statement said: "We will distribute this very unique and novel investment through its group network and to investors internationally.

President & Chief Executive of Albaraka Banking Group, Mr. Adnan Ahmed Yousif said he was "very proud of the opportunity to work hand in hand with one of the most renowned financial groups in India in providing the opportunity to investors of tapping into one of Asia's strongest economies. In order to appreciate the might of the Indian economy you have to understand it, and the only way to understand it is to penetrate through the guidance of key players such as KMB".

Paul Parambi, head, International business, Kotak Group, said: “Indian equity indices have risen around 67% (sensex) in the past year on the back of strong domestic growth story, improving global competitiveness of Indian companies and robust foreign institutional inflows to India. We have seen a surge in interest in India among institutions and ultra-high-net-worth investors in the Middle East region.

“However, from past experience we realized that many investors in the region require investment products structures around Shariah principles. We are proud to be one of the first Indian financial-service majors to create a Shariah fund for India and equally proud to partner with Al-Baraka Islamic Bank and Albaraka Banking Group which are pioneers in Islamic investments globally”.

It is worth mentioning that Jordan Islamic Bank is one of Albaraka Banking Group (ABG)'s subsidiaries. ABG is a Bahrain Joint Stock Company listed on Bahrain and Dubai stock exchanges. ABG is a leading international Islamic bank with Standard and Poors long term and short term credit ratings of A- and BBB- respectively. ABG offers retail, corporate and investment banking and treasury services strictly in accordance with the principles of the Islamic Shari'a. The authorized capital of ABG is US\$1.5 billion, while total equity amounts to about US\$1.52 billion. The Group has a wide geographical presence in the form of subsidiary banking Units in 12 countries, which in turn provide their services through more than 240 branches. These banking Units are Banque Al Baraka D'Algerie, Algeria; Al Baraka Islamic Bank, Bahrain; the Egyptian Saudi Finance Bank, Egypt; Jordan Islamic Bank, Jordan; Al Baraka Bank Lebanon, Lebanon; Al Baraka Bank Ltd, South Africa; Al Baraka Bank Sudan, Sudan; Bank Et-tamweel Al Saudi Al Tunisi, Tunisia; Al Baraka Turk Participation Bank, Turkey and Al Baraka Bank, Pakistan, Al Barka Bank Syria (under establishment), Syria and Representative Office, Indonesia..