

**Amid market concerns, Saudi Arabia is in a good position to ride out the storm...5**

**Equity volatility creates opportunity for Sukuk...6**

**European insurance model for the UAE..9**

**Malaysia plans to make Islamic finance a mandatory component for Halal certification..11**

**COVER STORY**

4<sup>th</sup> February 2015 (Volume 12 Issue 05)

## Banking sector boom: Capital financing forges forward

Bank financing is big news for 2015, as Basel III compliance, consistent growth and capital requirements push the financial sector further towards the fixed income markets to raise new capital and diversify their funding sources. The Middle East is seeing Tier 1 deals sprout up in all corners: with the UAE, Bahrain, Qatar, Kuwait, Oman and Saudi Arabia all expecting to tap the market over the next couple of quarters. LAUREN MCAUGHTRY talks to the industry.

“Unlike their European peers that have been dogged by capital concerns in recent years, Gulf banks have increasingly turned to capital-enhancing bonds and Sukuk for generally positive reasons, seeking to build on existing growth and to diversify their sources of capital,” Muneer Khan, partner at Simmons & Simmons Middle East, explained to IFN. “The new Basel III banking standards, due to come into full force in 2019, will also oblige banks to set aside more capital.”

With the GCC banking sector requiring an estimated US\$35 billion in capital over the next



four years (according to consultancy group Strategy&), Tier 1 Sukuk issuance is likely to become an increasingly attractive option. “In current market conditions it is a very viable alternative to equity,” Ali Ahmad, the head of capital markets — FIG, Middle East, North Africa and Pakistan at Standard Chartered Bank (StanChart), confirmed to IFN. “Middle Eastern Islamic banks also benefit from the fact that majority capital is in the form of core equity and hence they have room to add hybrid in their capital mix.”

### A booming market

A number of Saudi banks have already used the local currency Sukuk market to raise instruments that enhance their Tier 2 (or supplementary) capital in the past two years, while three banks from the UAE have also issued bonds and Sukuk that enhance core Tier 1 capital. “StanChart helped pioneer the development of the Shariah compliant hybrid capital Tier 1 Sukuk market with the first such deal for Abu Dhabi Islamic Bank (ADIB) in 2012. Since then we have seen this structure successfully replicated in three additional transactions (with StanChart being involved in all),” explained Ali.

In the UAE so far ADIB, Al Hilal Bank and Dubai Islamic Bank (DIB) have all tapped the market with perpetual Tier 1 deals that have achieved great success — seeing significant oversubscription and extremely tight pricing that suggest an exceptional market appetite. Indeed, some analysts are warning that the small spread between former Basel II-compliant issuances and the new Basel III-compliant transactions could in fact be cause for concern, with the new deals failing to achieve the higher premiums that should be expected given the higher risk of loss with the Basel III requirements. Could the strong market demand within the Gulf and the ongoing appetite from local investors perhaps even crowd more cautious international players out of the water?

### Structural concerns

There are also some concerns around regulation and structure, which could potentially impede the development of the sector. Although Saudi Arabia, Bahrain and Kuwait have all clarified conditions for the qualification of Sukuk for Tier 1 capital requirements, the UAE, Qatar and Oman have not yet followed suit which is causing some uncertainty. So far however, this does not seem to have put off investors — and once the

*continued on page 3*

“Wealth, properly employed, is a blessing and a man may lawfully endeavour to increase it by honest means.”

Hadith narrated by Bukhari



CIMB Islamic. Artisans of Islamic Finance™

CIMB ISLAMIC ASEAN FOR YOU

## Volume 12 Issue 5

IFN Rapids .....	2
IFN Reports:	
• <i>Amid market concerns, Saudi Arabia is in a good position to ride out the storm</i> • <i>Halal hotels opening the door for Islamic finance</i> • <i>Equity volatility creates opportunity for Sukuk</i>	
• <i>IFN Global Trendswatch</i> • <i>Sovereign Sukuk: Gradual progress</i> • <i>European insurance model for the UAE</i> • <i>IFN Weekly Poll: On the back of its performance in 2014, will the UAE's real estate sector continue to witness a downward trend this year?</i> • <i>Fund Focus: SICO Fixed Income Fund</i> • <i>Malaysia plans to make Islamic finance a mandatory component for Halal certification</i> .....	5
<hr/>	
IFN Analysis:	
<i>Japan: Revving its Islamic finance gears</i> .....	12
<i>Technology: Digital banking and beyond</i> .....	13
Case Study:	
<i>IBA's largest Islamic facility to date</i> .....	14
IFN Country Correspondents:	
<i>Maldives; Turkey; Africa</i> .....	15
IFN Sector Correspondents:	
<i>Real Estate</i> .....	17
Special Reports:	
<i>Foot in the door: Barriers to the banking industry</i> .....	18
<i>When will Islamic finance make a difference for SMEs?</i> .....	22
<i>New banking charity scheme to free the underprivileged in Asia from poverty</i> .....	20
Country Feature: <i>Islamic banking in Jordan</i> ..	23
<hr/>	
Islamic Finance news .....	25
Deal Tracker.....	31
REDmoney Indexes .....	32
Eurekahedge data .....	34
Performance League Tables.....	36
Events Diary.....	40
Company Index.....	41
Subscription Form.....	41

## DEALS

Tunisia to issue Sukuk in second half of 2015

Malaysian central bank to auction Islamic treasury bills worth RM100 million (US\$27.51 million)

Indonesian finance ministry sells IDR2.2 trillion (US\$176 million)-worth of Sukuk

**K-Electric** plans PKR22 billion (US\$214.99 million) Sukuk to repay debt

Five banks selected to arrange UKEF-backed US\$1 billion Sukuk

**Bank BNI Syariah** plans IDR500 billion (US\$39.65 million) Sukuk as it looks to grow financing by 25% this year

## NEWS

**Islamic Research and Training Institute** signs agreement with **Arab Gambian Islamic Bank**; provides advisory services

**Attijariwafa Bank** plans to independently grow Islamic business

**RHB Capital** refocuses on IGNITE 17, driving Islamic growth domestically and regionally

Malaysia to launch world's first comprehensive Shariah index on the 10<sup>th</sup> February, says prime minister

**Securities and Exchange Commission of Pakistan** to notify regulations on Sukuk soon

**MARC** foresees local Sukuk issuances to hit RM60 billion (US\$16.51 billion) in 2015

**90 North** sets up representative office in Malaysia

Shariah scholars certify **Alchemiya Media's**

crowdfunding campaign as Shariah compliant

**90 North Real Estate** to close largest deal to date in the next few weeks, says managing partner

**Al Rayan Bank** launches new Shariah compliant

Moroccan Shariah scholars meet Bahraini central bank governor to discuss Islamic finance

**IFSB** successfully launches Arabic language website

**Dubai Islamic Bank** receives 'in principal approval' to open branch in Kenya

**IDB** signs agreement with the UK's **Department for International Development** to boost business opportunities for women in the Middle East and North Africa

**ICIEC** and **OPIC** jointly supports oil and gas investments in Egypt

**IDB** and **OIC** join efforts to combat Ebola epidemic in West Africa

**Emirates NBD** launches new trading platform on the **Saudi Stock Exchange**

**Ahlibank** signs MoU with **SEZAD** to finance business projects in Duqm

**Capital Market Authority** confirms Saudi Arabia is on track in opening stock market to foreign investors by June 2015

## ASSET MANAGEMENT

**Al Hilal Global Sukuk Fund** pays 4.78% in dividends

**UNB's Al Samaha Islamic Fund** posts 3.3% growth

**ACWA Power** announces first closing of unique

Shariah compliant **Powervest Fund**

## RATINGS

**Credit Guarantee Corporation Malaysia** receives 'AAA' rating from **MARC** based on strong perceived government support

**MARC** affords 'AAAIIS' rating to **Projek Lebuhraya Usahasama's** RM23.35 billion (US\$6.47 billion) Sukuk Musharakah program

**Moody's** maintains positive outlook on Malaysia's 'A3' rating

**Moody's** assigns 'A3' rating to **MAHB**

**CI** affirms Oman's sovereign ratings

**Cerah Sama** receives 'AA-IS' rating for RM420 million (US\$116.36 million) Sukuk Musharakah

**RAM** affords final 'P1' ratings to **Cagamas's** Islamic programs

**S&P** revises **Takaful Re's** outlook to negative, affirms 'BBB' ratings

## MOVES

**Gatehouse Bank** appoints **David Swan** as head of real estate investment

**Islamic National Bank** appoints new board of directors and Shariah committee

**Fahad al-Rajaan** resigns from **Ahli United Bank**

**Standard Chartered Bahrain** appoints **Abdulla Abdulrazaq Bukhawa** as head of corporate and institutional clients

**RHB Banking Group** appoints **U Chen Hock** as head for group retail banking

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



## Banking sector boom: Capital financing forges forward

Continued from page 1

terms are clarified, we could see a surge of new issuance.

**“ We expect to see another Tier 1 Sukuk out of Qatar and few other financial institutions’ Sukuk out of GCC countries, Turkey and some western banks ”**

There are also some issues surrounding structure, as the transactions become more complex and the requirements of the issuing banks more demanding. “In terms of structure, we have seen all Tier 1 bank capital issuances from the Middle East use a Mudarabah contract,” explained Ali. “This has been a great success as it has attracted a wide participation from investors including several Islamic accounts.” Banks are also writing their own conditions into the new deals in the absence of regulatory clarification. “The last two issuances (Al Hilal and DIB) included a contingent Point of Non Viability (PONV) clause which allows the regulator to impose a write down on the instrument — as required for equity accounted instruments under Basel III,” Ali noted. “Since Basel III rules have still not been introduced in the UAE, hence it is contingent, i.e. will only get activated if required under UAE Basel II rules for capital instruments.”

However, some new light was recently shed on the regulatory front with the recent introduction of a revised capital adequacy standard from the IFSB, which clarifies the characteristics of Tier I capital instruments. “We have seen few banks tapping the Sukuk market to raise what they claim to be Tier 1 capital instruments (we haven’t rated such instruments though),” commented

Mohamed Damak, the global head of Islamic finance at S&P Rating Agency. “That was particularly the case of banks in the UAE, where most of the issuance of Tier 1 instruments were coming from. This trend is likely to continue, now that the IFSB published its revised [standard] and GCC countries are moving forward for Basel III adoption.” However, the new standard could also alter the structure of deals going forward, with Mohamed pointing out that: “The only Tier 1 eligible type of transaction is the Musharakah Sukuk — with the underlying asset being the whole business of the bank — according to the IFSB capital adequacy standard. Loss absorbency is key.” Could this have an impact on future issuance?

### A busy start

Whatever the impact, it doesn’t seem to have slowed intentions, and 2015 has certainly begun with a bang. DIB kicked off the year with a benchmark US\$1 billion issuance last week that saw an orderbook topping US\$2 billion at a tight pricing of 6.75% — significantly lower than the 7% originally projected and close to the 6.25% it achieved with its first US\$1 billion issuance in September 2013.

“The pipeline is still sporadic,” according to Mohamed: “But we expect to see another Tier 1 Sukuk out of Qatar and few other financial institutions’ Sukuk out of GCC countries, Turkey and some western banks. We may also see some Tier 1 conventional issuance as banks try to strengthen their capitalization in light of Basel III adoption.”

A multitude of GCC banks have already acknowledged their intention to come to market. Bank Dhofar, one of Oman’s biggest lenders, announced plans last week to raise up to US\$300 million in capital through a Tier 1 Sukuk issuance in what is projected to be the first core capital-raising issuance from an Omani bank (although Bank Dhofar did do a US\$75 million Tier 2 supplementary deal in September last year as a precursor). The bank also plans

to launch a US dollar program to raise US\$500 million over the next five years, to increase its international investor base and fund its US dollar loans. Kuwait’s Burgan Bank also launched a US\$500 million Tier 1 issuance in September last year; BBK (formerly Bank of Bahrain and Kuwait) last week announced the refinancing of a US\$500 million bond; and Bahrain’s Gulf Finance House last year indicated its own intentions to join the market. Qatar Islamic Bank recently announced its own plans to raise a benchmark QAR2 billion (US\$550 million) Basel III-compliant Tier 1 issuance; while Doha Bank has also put forward plans for a QAR2 billion Tier 1 capital issuance. The surge is not just restricted to the GCC either, with banks across Asia also considering their own issuance plans: including Bank BNI Syariah, which this week announced its intention to issue IDR500 billion (US\$39.65 billion) in Sukuk this year to diversify its funding sources and boost its financing by 25%.

### Positive sentiment

The trend will be supported by strong market conditions that look generally positive despite the volatility in the oil markets. BankMuscat in its January 2015 Market Outlook noted that regional markets kicked off the year on a positive note with all markets in the green (with the exception of Abu Dhabi (-1.1% year-to-date) and Qatar (-3.4% year-to-date). Egypt and Oman have led the regional markets performance, up 7.1% and 2.8% respectively, while Dubai, Saudi and Kuwait are also positive. “Markets have proven to be resilient so far this year even as oil prices have yet to find a bottom. Brent at US\$50/bbl is 12.5% lower (month-to-date) and hit a low of US\$46/bbl before recovering. Oil prices continue to be under pressure as supply continues to outpace demand by 2 mbpd. According to global oil analysts, oil will bottom sometime in the first half of 2015 and then recover in the second half of the year as supply declines and global demand picks up.”

The current climate is of course characterized by the oil price volatility, which could potentially induce a contraction of local liquidity. The expected

*continued on page 4*



Mohamed

## Banking sector boom: Capital financing forges forward

Continued from page

**“ Given the success of the four Shariah compliant Tier 1 issuances from the region, we definitely think this will be a preferred option for Islamic banks when looking at capital alternatives ”**

increase in Fed rates is another cause for concern. “The main challenge for the GCC is the drop in oil price,” Mohamed confirmed to IFN. We think that on average, banking systems will display resilience to this trend because we do not foresee major cancellation of investments.” However, he warned that: “Banking sectors in the most vulnerable GCC countries (those with high breakeven oil price) may see some

negative implications on their growth, asset quality and profitability indicators though. Banks in the UAE may see an increase in delinquencies as real estate prices drop and volatility on stock market increases.”

### Looking ahead

It looks as if we can expect another solid year for the Sukuk market in 2015, with issuance once again set to cross US\$100 billion. Supportive economic conditions and new issuers coming to market should boost growth; while highly rated issuances from central banks and sovereign/multilateral institutions will offer additional liquidity management instruments for Islamic financial institutions.

However, Mohamed warns that the market should not get too complacent — and the figures are not necessarily as good as they look at first glance. “We think that issuance in the GCC — after experiencing a growth rate of 18% for conventional issuances and a drop of 12% for Islamic issuances (2014 v 2013) — is likely to at best stabilize in 2015; or experience a drop if we start to see significant

negative impact on economic growth and cancellation of government investment projects to cope with lower oil prices. In the first quarter, we may see some issuance front loading from entities willing to still benefit from the current market conditions (i.e. before any increase in Fed interest rates).”

Despite these words of caution, the boom for bank financing looks far from over. “Given the success of the four Shariah compliant Tier 1 issuances from the region, we definitely think this will be a preferred option for Islamic banks when looking at capital alternatives,” predicts Ali. “Issuance will likely also be driven by expected asset growth — DIB for example experienced a significant growth in assets during 2014 and continue to

have growth aspirations hence the need for a capital issue. We expect banks with a similar growth strategy to be main contenders for issuance of these securities.”

We await with interest the pipeline for the next couple of quarters — and wonder if investor demand will show any signs of abating as conditions stabilize. Given past performances, the prospect looks unlikely.☹



Ali

## CONGRATULATING THE VERY BEST IN ISLAMIC FINANCE



### DUBAI CEREMONY

2<sup>nd</sup> March, 2015  
Ritz Carlton DIFC, Dubai

### KUALA LUMPUR CEREMONY

9<sup>th</sup> March 2015  
Shangri-La Hotel, Kuala Lumpur

## Amid market concerns, Saudi Arabia is in a good position to ride out the storm

Following the passing of the nation's respected King Abdullah Abdulaziz Saud, markets have been abuzz with questions and concerns of the country's economic and political direction. King Abdullah is succeeded by his half-brother, now King Salman Abdulaziz, who has ascended the throne at an undeniably challenging time for the Kingdom, given the current tension in the global oil markets. NABILAH ANNUAR asks – what is next for Saudi Arabia?

In a recent report by Fitch, the ratings agency stated that political risk is no longer a key development for Saudi Arabia's credit profile this year. The clear and agreed succession process according to Fitch reduces the risk of political uncertainty as senior royals age. It also suggests broad continuity in economic and social policy. The accession of King Salman was quickly followed by the nominations of Prince Muqrin, established as second in line to the throne, as crown prince; and Prince Mohammed Nayef as deputy crown prince. Affirming this stance, Omar Bassal, CFA, head of asset management at MASIC, told IFN: "The passing of King Abdullah, may Allah rest his soul, does not negatively affect the Saudi economy because of the smooth transition to King Salman (formerly crown prince). And because of this smooth transition, the business community in Saudi Arabia and foreign investors have high confidence in the country's future."

The new monarch, according to reports, has pledged to maintain the country's foreign and economic policies: focusing on creating jobs and multi-billion dollar infrastructure projects aimed at preventing tumbling oil prices from causing social tensions or undermining business confidence. Market concerns mainly revolve around oil prices, which have dropped 50% since June last year to just under US\$50 per barrel, hitting Saudi Arabia (which derives 85% of its income from oil) hard. Government spending is expected to be maintained at a level similar to 2011, when the oil price was about US\$110 per barrel, raising fears of a large deficit this year. As a low-cost oil-producing country, the government (including the new monarch) has decided to maintain the country's market share

and will not be reducing production. This was widely viewed as a shrewd move, on the basis that Saudi and the rest of the OPEC countries are lowest-cost producers of oil.

**“ While we expect the government to run a budget deficit in 2015 and beyond, we believe the government has more than adequate financial resources to sustain these deficits given the large foreign reserves and low debt levels in the Kingdom ”**

Despite concerns, the Saudi economy is still expected to grow. "In terms of oil, we don't see much changes – we expect Saudi Arabia to produce between 9.5-9.6 million barrels of oil per day. But we should see growth in the non-oil sector—specifically in retail, construction and finance. Keep in mind that nearly half of the population in Saudi Arabia is below the age of 25 which bodes well for consumer spending patterns and household formation, as long as the country produces sufficient jobs for them," opined Omar, projecting a +2.5% real GDP growth rate in Saudi Arabia for 2015.

He further explained that the country's inflation rate has been falling and the Saudi riyal (tied to the U.S. dollar) is strengthening, which eases price pressures. This supports market sentiments that Saudi Arabia should move away from its reliance on oil. According to recent data from Capital



Economics, in the first half of 2014 growth was recorded at 5%, but the third quarter saw 2.4% and the fourth just 2%, demonstrating just how reliant the economy is on oil. Oil prices inevitably does have an effect on all other areas of the country's economy: the trade, hotels and restaurants sector grew 3.7% year-on-year in 2014 compared with 8% in the previous year and the manufacturing sector was also hit by the fall.

Nevertheless, Omar believes the country is well-prepared to go through 'lean years' of low growth. The Saudi Arabian Monetary Agency (the central bank) has approximately US\$730 billion in foreign reserves. "While we expect the government to run a budget deficit in 2015 and beyond, we believe the government has more than adequate financial resources to sustain these deficits given the large foreign reserves and low debt levels in the Kingdom (debt to GDP is nearly 0%). So we are well positioned to go through many lean years. Because Saudi Arabia saved in the good years when oil prices were above US\$100 per barrel, it can afford to spend in the lean ones," explained Omar.

Based on such positive sentiments, perhaps the country's forthcoming challenge is sustenance – to safeguard the future of a growing population which almost doubled during the reign of the late King Abdullah. Will the Kingdom be able to progress on an upward trajectory this year? Only time will tell, but the future looks more promising than perhaps the market expected. ☺

## Halal hotels opening the door for Islamic finance

US-based Starwood Hotels & Resorts this week signed an MoU with Sarajevo City Center (SCC), a hybrid complex based in the capital of Bosnia and Herzegovina, to operate a Halal Westin hotel slated for the first quarter of 2016, announced Shariah compliant International Investment Bank (IIB). This transaction, VINEETA TAN writes, marks the healthy growth of the global Halal tourism sector and paves the way for greater synergy between Shariah compliant tourism and Islamic finance.



The SCC is Bahrain-based IIB's flagship project in partnership with Saudi's Al Shiddi Group. A mixed-use real estate development comprising a shopping mall, entertainment complex as well as a luxury five-star hotel with 227 rooms, the SCC is said to be the Balkan's largest project. Employing over 1,600 Bosnians since its initiation and with at least 85% of the mall leased out prior to completion, IIB chairman Saeed Abdul Jalil Al Fahim described the project as one of a kind in the country. "The addition of the Starwood Group Westin property to SCC cements its standing as a quality development in the region, and will serve the high demands of a country that has a booming tourism industry for much of the year,"

elaborated Saeed in a media statement to IFN.

As an emerging Muslim-majority market with a booming tourism industry, the Southeastern European country holds massive potential for the Halal tourism sector, and with that, opportunities for Shariah compliant funding. "With the country poised to join the European Union, IIB envisage strong uptake across the retail, commercial and leisure components of the project," explained IIB CEO, Aabed Al Zeera.

Shariah compliant hotels are an essential component of the wider wave for Halal tourism which is taking the world by

storm and has motivated investors to pour in money into Shariah compliant residential projects and hotels (See IFN Cover Vol 11 Issue 20: 'Demand for dry — The Gulf says hello to Halal hospitality'). Estimates put the Halal tourism sector at US\$140 billion in 2013, which translates to approximately 13% of global travel expenditures and is expected to grow to US\$192 billion by 2020.

Naturally there is immense demand for Shariah compliant tourism in the Middle East and Muslim-majority Asian countries (industry players tell IFN that Asia, in particular Malaysia, will see a dramatic spur in Halal hotels over the short to medium-term); however, the potential for the industry is not only confined to Muslim jurisdictions, but also extends to European nations which receive a significant number of Muslim travelers every year. According to the Muslim Travel Index 2014, France, England, Italy, Germany and Turkey are the top five destinations Muslim tourists would like to visit; and almost all respondents (97%) of the research affirmed the importance of the availability of Halal food and praying facilities (89%) in the country of destination.☺

## Equity volatility creates opportunity for Sukuk

**As the market continues to navigate a volatile equity climate underpinned by uncertain interest rates and fluctuating global oil prices, fixed income assets secure their hold as an attractive asset class this year, according to Bank of London and The Middle East (BLME) who predicated the forecast based on the assumption that rates will remain depressed over the medium to long-term. VINEETA TAN discusses the outlook for the 2015 Sukuk market with BLME.**

Speaking exclusively to IFN, Jason Kabel, the UK-based Islamic bank's head of fixed income, explained: "Given the current context of falling oil prices and a stronger US dollar, the US Federal Reserve may err on the side of caution vis a vis a rate increase, pushing back consensus to the back end of 2015." Kabel added: "This keeps a bid on fixed income assets and in particular Sukuk, where the space benefits from a rate move and on the credit side, those benefiting being

the oil-importing Asian countries, where the fiscal balance improves as fuel costs decrease."

According to Kabel, who authored BLME's Sukuk Market Outlook 2015, while rates are likely to tighten this year, it is unlikely for it to bounce back to pre-crisis levels in the foreseeable future; although conservative tightening should be expected in the short to medium part of the US Treasury curve with the long end of the curve remaining anchored.

The Sukuk market is projected to remain buoyant driven not only by skewed demand-supply dynamics, but also by the likelihood of investors maintaining a large allocation to fixed income following an erratic two months at the end of 2014 in the US equity markets. Temperamental oil prices will be a fundamental variable to the development of the Islamic bond market as soft oil prices are likely to compel oil-exporting nations to borrow

in the capital markets, as well as potentially driving up Sukuk yields."

New Sukuk issuances are also most likely to assume longer tenors in 2015 moving away from traditionally comfortable three to five-year durations as BLME expects a continuation in bull flattening as the front end of the US Treasury yield curve rises on the back of an eventual increase in benchmark rates. Whereas in regards to the possibility of corporates from last year's debut sovereign Sukuk issuing nations tapping the Islamic debt capital market this year, Kabel noted in his market outlook: "We may see headwinds to that thesis as a stronger US dollar deters certain issuers from coming to market."

With capricious global oil prices pulling the strings on interest rates — it seems that 2015 would be a bumpy ride ahead, and perhaps a good year to test the resilience of the Sukuk market.☺

## IFN Global Trendswatch

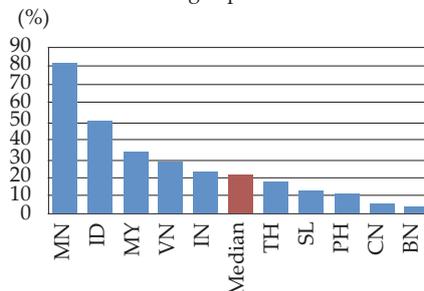
What's been going on in the world this week? LAUREN MCAUGHTRY brings you an update of the most significant economic, regional and global events, issues and trends that have the potential to affect the Islamic finance industry.

- Germany falls into deflation for the first time since 2009, driven by the plunge in oil prices, joining a host of European countries struggling to handle the slow recovery, and lending support to the European Central Bank's substantial quantitative easing program.
- European ministers held an emergency meeting in Brussels this week to decide on further Russian sanctions, but failed to come to an agreement; with opinions divided especially following the recent election of a left-wing Greek government keen to consolidate ties between the two regional blocs. What impact will the conflicted European policy have on fuel demand?
- US Federal Reserve under pressure as it refuses to say when rates will rise. "The combination of global economic weakness and a rising dollar has sparked a reduction in the odds of tighter policy arriving this year, according to the bond market," according to the FT. The concerns cast doubt over the positive economic data emerging from the US.
- The election of Syriza in Greece threatens European stability. Will Greece be forced to leave the European Union, as its leader Alexis Tsipras demands an end to the austerity measures that left Greece crippled in the wake of the global financial crisis? And if Greece's debts are forgiven (as suggested by stakeholders including the IMF) what impact will this have on Europe's political landscape as more radical national parties realize they can hold the coalition to ransom to avoid economic justice?
- African economies including Nigeria are suffering under the low oil prices, with Africa-focused funds seeing major losses. Nigerian banks are seriously struggling to manage the crisis due to their large exposures

Chart 1

### Commodity dependence

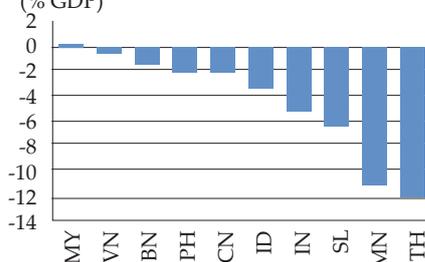
Non-manufacturing exports as % total



Source: Fitch Ratings, The Financial Times

### Net oil imports

(% GDP)



2013 data, except Vietnam (2012)

Source: CEIC, Fitch

to the oil sector (ranging from 17-40% according to Coronation Fund Managers), suggesting bad times ahead.

- Volumes of asset-backed securities (including mortgage-backed securities) have reached their highest levels since 2008, increasing by 16% to US\$314 billion this year according to Dealogic. Driven by a boom in demand from Asia, which has seen issuance triple, these high-risk assets (the misuse of which was instrumental in causing the global financial crisis) are once again causing concern — especially in the shaky Chinese economy which seems to be shoring up its wobbling markets with risky securitizations as the value drops out of its property sector. Increased appetite for alternative assets is natural given the low bond yields but is there a real cause for concern given China's current property crisis? Is history about to repeat itself, but with a new global player in the starring role?
- China is officially the world's biggest economy, but its economy is causing concern with a lowered growth forecast of 6.8% the slowest in 15 years. The Chinese real estate market, which has high levels of credit and offers serious potential for debt crises, is causing very real fears in the global economy.
- China's problems are having knock-on effects in other markets. Emerging economies including India, Africa and Sri Lanka are suffering from its credit concerns. Much of their growth

and development in recent years have been funded by Chinese investment — the Sri Lankan government last year estimated that Chinese state-owned banks held almost US\$4 billion in loans and grants to Sri Lanka. What will happen to infrastructure growth in these growing markets if the Chinese bankroll stops paying out? — where will the investment come from, and is this an opportunity for Islamic institutions to step into the breach?

- Asia could benefit significantly from the lower oil prices, with net oil importers including Thailand, Mongolia, Sri Lanka, India, Indonesia, China, the Philippines, Bangladesh and Vietnam reaping the benefits, according to Fitch Ratings. However Malaysia, the only net exporter in the region, could see its competitiveness suffer if prices do not recover (see Chart 1).<sup>(2)</sup>

Are you receiving our daily  
**IFN Alerts?**

No.



The Number **ONE** news service with  
**over 20,000** registered daily readers



## European insurance model for the UAE

The UAE's Insurance Authority has issued a slew of new financial regulations governing Takaful and conventional insurance operators, in its bid to elevate the country's insurance market to meet international standards. VINEETA TAN provides an overview of the new rules.

**“ The enhanced rules are viewed by market players as a timely and much-needed systemic change for the insurance industry, in particular the Takaful segment which have in the main been marred by negative financial performance ”**

Covering the financial, investment, technical and accounting operations of domestic insurance companies through seven sections, the financial regulations are designed based on latest solvency requirements similar to the European model and takes into account the underperformance of insurance companies as well as volatility in the equity market and wider investment landscape. Takaful and insurance operators are given one to three years (depending on which section) to adjust their positions according to each component of the regulations.

The enhanced rules are viewed by market players as a timely and much-needed systemic change for the insurance industry, in particular the Takaful segment which have in

**Table 1: Distribution and allocation of invested assets of insurance companies**

Type of invested asset	Maximum limit for aggregate exposure in a particular asset class	Sub-limit for exposure to a single counter-party
Real estate	30%	None
Equity instruments in listed and not listed companies within UAE	30%	10%
Equity instruments issued by companies listed and not listed outside UAE	20%	10%
Government securities/instruments issued by the UAE and/or by one of the Emirates in the UAE	100%	25%
Government securities/instruments issued by 'A'-rated countries	80%	25%
Cash and deposits with banks in the UAE (e.g. current account, demand deposits, term deposits, notice deposits, certificates of deposit, etc.)	5% minimum	50%
Loans secured by life policies (excluding unit-linked funds' related policies) issued by the company	30%	None
Financial derivatives or complex financial instruments used for hedging purposes only	1%	None
Secured loans, deposits with non-banks, debentures, bonds and other debt instruments which are rated strong or very strong by a reputed and independent rating agency	30%	20%
Other invested assets	10%	None

Source: Insurance Authority

the main been marred by negative financial performance. Separate specific regulations were developed for Shariah compliant insurance operators which includes identification of policies that should be adopted into Takaful companies (Wakalah, Mudarabah), in addition to provisions pertaining to the distribution of surplus among other elements.

A document issued by the Insurance Authority outlining the new regulations as reviewed by IFN indicate a stronger and more comprehensive oversight from the authority, no doubt in efforts to protect all stakeholders from potential risks. Apart from setting new requirements for solvency margin, minimum guarantee fund, technical provisions and accounting reporting criteria, the authority also put in place new limits of investments: 30% ceiling for real estate investments with no maximum sub-limit for exposure of a single counter-party of related asset; 30% limit in mutual funds in listed and unlisted UAE companies, and 10% as a maximum sub-limit for a particular class of related asset; whereas only

up to 20% of funds can be invested in foreign equity investment and up to 10% exposure to a single counter party; while insurance operators are allowed to invest their entire funds in government securities issued by the UAE and by one of the emirates in the country, with the condition of a maximum 25% allocation per security or instrument (See Table 1).

Commenting on the new regulations, the UAE minister of economy Sultan Saeed Al Mansouri, who is also the chairman of the Insurance Authority, said in a press release: "By issuing the regulations, the Insurance Authority seeks to complete the legislative frameworks needed to activate oversight and control over the insurance sector; achieve many goals including ensured stability and sustainability for the insurance market by ensuring the solvency of insurance companies and their ability to meet all liabilities, and create harmony among investment policies of the insurance companies and general economic policies of the UAE." Sultan also added that the UAE is the first in the Middle East to adopt the latest solvency requirements. (2)



## IFN Weekly Poll: On the back of its performance in 2014, will the UAE’s real estate sector continue to witness a downward trend this year?

In the third installment of the weekly poll this year, IFN asked the industry of its outlook on the UAE’s real estate sector. Real estate is undeniably a popular asset choice for Islamic investments. Numerous real estate and infrastructure projects in the UAE are being financed in a Shariah compliant manner. Assessing the value of these ventures, NABILAH ANNUAR sheds light on market expectations of the UAE’s real estate sector.

Majority industry reports unanimously assert that 2014 was indeed a year of growth for all major sectors of the UAE’s real estate market. According to Jones Lang LaSalle (JLL) MENA, the residential sector continued to show strong growth in the first half of 2014 but witnessed a cooling since around the mid-year point. This cooling is a reflection of regulatory changes designed to reduce price pressures and the unwinding of some of the previous exuberance in the price expectations of sellers. The UAE’s two main property markets are obviously Abu Dhabi and Dubai.

Based on a report by real estate development and marketing firm, TASWEEK, Abu Dhabi’s residential segment led the local market upsurge. This was supported by the reduction of supply as a measure for landlords to protect rent levels, the removal of the rental cap, and the return of government employees residing in other parts of the country to the emirate in compliance with new housing policies. Overall, rent prices rose 5% in the mainland and 3% in freehold areas located on the outskirts of Abu Dhabi.

In Dubai, the last three months of 2014 saw a decline in property values in some areas. This is, however, viewed by analysts as a positive trend for the long-term growth of the market as it will allow the city to regain some of the competitiveness which it lost as a result of unsustainable growth in prices over the past two years. In the residential sector, according to MPM Properties, Abu Dhabi Islamic Bank’s consultancy arm, sales values increased 15% during

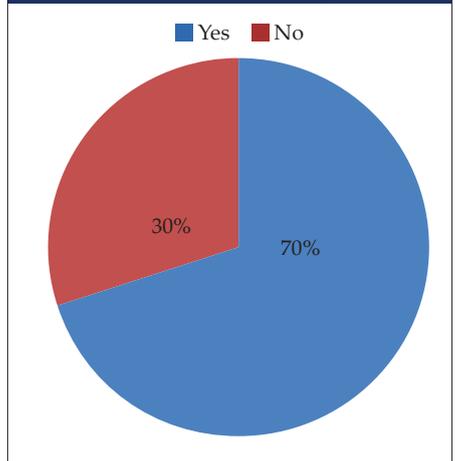
2014, while the fourth quarter saw quarter-on-quarter increase of 4%. On the other hand, rental values grew 10% across Dubai during 2014, but stayed flat during the last quarter of the year.

**“ Dubai saw a decline in property values. This is, however, viewed as a positive trend for the long-term growth of the market as it will allow the city to regain some of the competitiveness which it lost ”**

The IFN poll results depict a pessimistic view of the country’s property market: 70% of respondents believed that the UAE’s real estate sector would continuously experience a downward trend throughout the year, while the remaining 30% appear to be positive. Contrary to industry expectations, analysts opine that 2015 will bear a better fate for the market. Factors that suggest a stable and continued growth of the market include: a surging population, a resilient economy with an overall inflation rate of less than 2%, resurgent market confidence, and stricter regulatory controls on the sector.

Additionally, a recent report by JLL advocate several factors such as the deflation of Dubai’s residential bubble, anticipated challenges in the hospitality market, a maturing of the commercial market, various sources of funding,

On the back of its performance in 2014, will the UAE’s real estate sector continue to witness a downward trend this year?



sophisticated regulations, return of building cost inflation, improved public amenities and most importantly, the impact that lower oil prices have on the real estate market.

A number of large and high-profile projects have been announced in Dubai over recent months: Mall of the World, three theme parks by Meraas (Legoland, Bollywood and Motiongate) and numerous residential launches by Emaar, Damac and other developers alike. These projects will have to compete for buyers’ attention with a number of ‘previous generation projects’ that have been re-launched recently such as the Dubai Lagoons (now known as Dubai Creek Harbour) and the Dubai Canal project. On top of that the much anticipated Expo 2020 will create more development and infrastructure opportunities in the country.

Funding for these projects could be provided by the government and generated from private investments that will be a combination of Islamic and conventional investments. S&P last year expected Sukuk to be increasingly used as a funding mechanism for infrastructure development by corporates and governments as infrastructure funding is one of the factors that will drive GCC Sukuk issuances in the years to come.☺

## Fund Focus: SICO Fixed Income Fund

**Fund managers are taking advantage of declining oil prices to increase exposures in previously less trodden markets, in the hopes of higher capital gains. This is also the strategy moving forward for Bahrain's Securities & Investment Company (SICO) whose Fixed Income Fund has beaten the odds of a volatile environment in 2014 and outperformed benchmarks. VINEETA TAN takes a look at the mixed fund.**

Despite being mainly a conventional player, SICO has continued to steadily build its capacity in the Shariah compliant space, particularly in the fixed income segment. The SICO Fixed Income Fund 'Expert Fund' is an example of the bank's conviction and showcases its versatility in its capital-generation strategy.

In 2014, the fund managed to outperform its benchmark (the Barclays Emerging Markets GCC Bond Index) achieving a

return of 8.7% against 6.9%. The figure is 7.8% since inception, a 1.4% net of fees outperformance. Although the main component of the fund is constituted by a range of conventional products such as government and corporate fixed income, repos and money market instruments among others, Islamic instruments (Sukuk) account for 38% of the portfolio as at the 31<sup>st</sup> December 2014. Managed on a discretionary basis by SICO, the Shariah compliant mandates have also achieved exceptional performance. According to the fund's December fact sheet, alternative investment firm Investcorp and Shariah compliant Al Baraka Turk were the top holding entities with allocations of 17.9% and 11.3% respectively.

"Our prudent investment style has enabled us to deliver another strong performance for our clients in 2014. SICO's success stems from its disciplined investment strategy, conservative

approach, and the quality of its comprehensive research capability," commented SICO CEO Najla M Al Shirawi in a statement.

It has not always been easy, however. Ali Marshad, the bank's head of fixed income, explained in a statement that the fund's performance is mainly attributable to its Bahrain-based exposure, as well as outside the GCC region in Turkey, which posted an encouraging performance last year. He further added: "This was a challenging year for the fixed income market, with volatility intensifying during the last two months."

Motivated by the success of the fund's first full year of operations, Ali revealed that SICO is considering to add floating rate bonds to its exposure as well as capitalize on declining oil prices by taking exposures in regions which are net beneficiaries.☺

## Malaysia plans to make Islamic finance a mandatory component for Halal certification

Despite being an integral component of the Halal economy, there is a disconnect between Islamic finance and the wider Halal industry, attributed mainly to a lack of awareness and gap in understanding the synergy of all segments of the Halal lifestyle. However, VINEETA TAN observes that Malaysia seems committed in bridging this gap through means beyond educating the masses.

Malaysia's Halal Industry Development Corporation (HDC) is looking to make Islamic finance a mandatory criteria for businesses intending to secure a Halal certification, HDC CEO Jamil Bidin revealed to IFN. "At the moment, [funding operations in a Shariah compliant manner] is not a requirement for a Halal certification; however, this is something we're seriously considering for the near future," said Jamil.

Despite touting a holistic value proposition, the estimated US\$2.3 trillion (excluding Islamic financial services) global Halal industry is perceived as being deeply flawed in which most Halal businesses are not financed in a Shariah compliant manner; and this is true in most markets



including Malaysia, despite it being one of the world's largest Islamic finance market and a champion for the Halal industry. "The usage of Islamic finance in the wider Halal sector is not very high," confirmed Jamil. "And we need to see more utilization because it only makes sense to do so in order to complete and maintain Halal integrity throughout the value chain."

This chasm between the Halal economy and the Islamic finance sector, while undesirable and not ideal, creates massive opportunities for the Islamic finance industry spanning across various financial sectors including trade finance, Sukuk, venture capital financing and private equity funding among others. However, while to most market observers, harmonizing the Halal economy and Shariah compliant

finance segment is a basic fundamental component towards achieving a truly holistic Islamic economy, the majority of the business community still view Shariah compliance in products and financial matters as separate entities.

As a result, governments such as those of Malaysia and Dubai have ramped up efforts in educating and creating public awareness to close the gap in understanding the importance of end-to-end Shariah compliance in all aspects of life. And while these efforts are commendable and in the right direction, perhaps the public requires a stronger nudge; and making Shariah compliant funding of Halal businesses a mandatory necessity for Halal certification is perhaps the much-needed catalyst in this endeavor.☺

# Japan: Revving its Islamic finance gears

2014 was indeed a momentous year for Japan as it saw a stronger and bolder commitment by Japanese entities in the Islamic finance space, a clear shift from the previous years during which the archipelago had for the most part, adopted a slow-moving stance. VINEETA TAN notes the most significant Japanese Islamic finance milestones of 2014.

## Landmark deals

Unsurprisingly, the country's three largest financial players (Mitsubishi UFJ Financial Group, Mizuho Financial Group and Sumitomo Mitsui Banking Corporation (SMBC)) held the Islamic torch (albeit using Malaysia as their springboard). Bank of Tokyo-Mitsubishi UFJ (Malaysia) (BTMU Malaysia) in September 2014 issued the world's first yen-denominated Sukuk (See IFN Vol 11 Issue 39: 'Inaugural Sukuk for BTMU Malaysia'). Part of the bank's US\$500 million dual-tranche multi-currency 'Emas' Sukuk program, the facility was structured based on the principle of Wakalah Bi Al-Istithmar and was well received by the international community. Emas is Malaysia's designation for foreign currency-denominated bonds and Sukuk originating from the country for the international capital market.

The Sukuk follows BTMU Malaysia's groundbreaking US\$100 million commodity Murabahah agreement with the Islamic Corporation for the Development of the Private Sector (ICD). This transaction, which won the IFN Cross-Border Deal of The Year 2014, is the first to be executed by the Japanese bank with a multilateral global financial institution, and the first ever cross-border Islamic financing deal by a Japanese entity.

SMBC also made a name for itself in the Islamic finance community, with it expanding its Shariah compliant capabilities into Malaysia last March, beyond its European operations. The

banking group's European team in September signed an MoU with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) (See IFN Vol 11 Issue 38: 'ICIEC and Sumitomo Mitsui Banking Corporation sign MoU to strengthen collaboration in the Middle East, Africa and Asia') to enhance existing collaboration between the two institutions in ICIEC's 41 member countries.

After setting foot in Malaysia in 2011, Mizuho Bank (Malaysia) in March 2014 finally executed its first Islamic financing: a commodity Murabahah facility to Century Tokyo Capital (Malaysia). The bank, which plans to launch an Ijarah product, then provided another commodity Murabahah financing to local conglomerate, Sunway, in September.

## New faces

The past year has also been marked by new Japanese entrants in the field of Islamic finance. It was also clear that the ICD was moving aggressively in its efforts to build linkages with non-traditional markets, in particular Japan, as in October 2014 it struck an agreement with another Japanese institution (following the one with BTMU Malaysia) — Japan International Corporation Agency (JICA) (See IFN Report Vol 11 Issue 41: 'JICA-ICD MoU to spark Islamic finance development in Japan'). Through the MoU, ICD and JICA will jointly provide technical assistance on Sukuk issuance in line with their overall objective of supporting the development of the Shariah compliant financial money market

and global capital market by creating a platform for international dialogue on Islamic finance as a potential instrument for inclusive and sustainable growth.

In November, Japan's Rating and Investment Information formed a partnership with Malaysia's RAM Ratings, through which both entities will focus on developing Islamic finance in particular (See IFN Vol 11 Issue 46: 'Into Japan — RAM signs collaboration agreement with R&I').

**“ Other global institutions are proactively reaching out to home-grown Japanese institution, vice versa ”**

Towards the end of the year Haraguchi International Law Office joined global Islamic finance legal network ISFIN as its exclusive representative and partner for Japan. This partnership was hailed as a milestone for Japan as it marks a commitment by local players in the Japanese home market to proactively reach out to the Muslim market.

## Conclusion

After years of relative slow progress, it was indeed refreshing and encouraging to see Japanese players — both in their home market and abroad — step up their game making 2014 a year of many groundbreaking milestones. Malaysia continues to be the entry point for these players, and while so, other global institutions are also proactively reaching out to home-grown Japanese institutions — vice versa — signalling a potential turning point for Japan's involvement in Islamic finance; from extending its reach via foreign shores, to blossoming out from within the domestic market instead.☺

Table 1: List of Japanese IFSB members as at January 2015

Name	Nationality	Member status
Bank of Japan	Japan	Observer member
Japan Bank for International Cooperation	Japan	Observer member
Japan Securities Dealers Association	Japan	Observer member
Mizuho Bank	Japan	Observer member
Sumitomo Mitsui Banking Cooperation Japan	Japan	Observer member
Nomura Asset Management Malaysia	Malaysia	Observer member
Bank of Tokyo-Mitsubishi UFJ (Malaysia)	Malaysia	Observer member

Source: IFSB website

# Technology: Digital banking and beyond

Embracing the New Year, keeping up with technological advancements is inevitable. The Shariah compliant industry particularly the banking sector must employ up-to-date strategies to meet the rising consumer demand. Providing an update on the latest technological developments in the Islamic finance arena, NABILAH ANNUAR writes.

## Digital banking

Hong Leong Islamic Bank in January launched its inaugural concept branch, which utilizes sophisticated and state-of-the-art infrastructure and IT systems. Looking to expand its branch network (which currently stands at nine) by only opening concept branches in the future instead of the traditional units, the bank targets to launch a second concept branch within the next three to four months, with plans to completely digitalize its existing branch network eventually. Similarly, the Middle East welcomed its first ever Shariah compliant online retail bank, meem, which is a culmination of a three-year 'co-creation' process by parent Gulf International Bank with customers via social media. Dubai Islamic Bank launched 'Smart Bank', a revolutionary concept which rides on the bank's technological prowess to set new benchmarks in the field of customer interaction.

An Accenture report last year found that 25 of the largest retail banks in the US spend in excess of US\$50 billion a year on maintaining over 43,000 branches nationwide, with the opening of a new branch costing at least US\$2 million on average. According to industry players, the operating costs of a virtual branch is only half that of traditional branches. Virtual or 'smart' branches are not only seen as more cost efficient but they are also able to bridge the gap between fragmented Islamic banking markets and gather much-needed critical mass including the currently underbanked population.

In efforts to embrace technological advancements and move towards a truly digital world, Emirates Islamic has also been encouraging its customers to utilize its digital platforms, while Barwa Bank continues to expand its mobile banking platform. Noor Bank plans to expand its retail banking operations via an online medium over the traditional means of branch expansion. Alizz Islamic Bank also announced plans to further grow its digital platform to meet customer demand, and launched its own smartphone application to reach the growing market of tech-savvy consumers

— illustrating the growing intertwining dynamics of consumers with mobile and online-based technology. The UAE Banks Federation launched the Mobile Wallet project, the financial component of the country's Smart Government initiative. To be rolled out in phases across 49 UAE banks, the first stage of the project will see the establishment of mobile payments and a money transfer platform for smartphones and other digital devices.

**“ Virtual or 'smart' branches are not only seen as more cost efficient but they are also able to bridge the gap between fragmented Islamic banking markets and gather much-needed critical mass including the currently underbanked population ”**

## Software and operating systems

ValuStrat has launched a digital platform that enhances the efficiency of Mandoob services for Murabahah products in Islamic banks. The proprietary processes and technology platform reduces average turnaround time and enhances quality control and affords a wider geographic reach. Kuwait International Bank

integrated International Turnkey Systems (ITS)'s Shariah compliant ETHIX financial solution. Barwa Bank also upgraded its technological systems with the adoption of the ITS's ETHIX suite of financial services. In Saudi Arabia, Solidarity Saudi Takaful Company partnered with insurance software provider ESKADENIA Software to automate the Takaful firm's operations. In Sudan, Bank of Khartoum upgraded the Islamic core banking software of its 60-strong branch network with Path Solutions's iMAL 13.2. Financial Investment Bank too implemented the iMAL Islamic core banking system and most recently Somalia's Premier Bank integrated Path Solutions's iMAL Islamic Banking & Investment System.

## Shariah and regulatory compliance

The iMAL Islamic banking and investment system from Path Solutions completed the AAOIFI compliance engagement on the scope of the review conducted by Deloitte. The Basel Committee also released a guidance note on data aggregation and reporting which will require banks, both Islamic and conventional, to fundamentally upgrade their capabilities in this area by early 2016. Concerns have also been raised as to unfair treatment, as smaller banks are required to adopt the same IT systems as big banks, which can result in a cost and competitive disadvantage.

## Outlook

Technological sophistication of a financial institution has become increasingly important as a strategic way forward. The usage of Shariah compliant technologies is not only a viable way of improving the institution's internal processes and enhancing its operational efficiencies, but also to ensure the compatibility of its activities with Shariah guidelines. The industry is moving towards digital banking, mobile banking, branchless banking or internet-only banking and it is pertinent for the Islamic banking industry to keep up with this trend in order to be able to compete on a level playing field with the rest of the banking fraternity.<sup>(5)</sup>

# IBA's largest Islamic facility to date

The International Bank of Azerbaijan (IBA) last month successfully procured a US\$252 million one-year Islamic financing facility. Securing the financing at a margin of 2.75% over LIBOR, the funds obtained will be channeled to IBA's Islamic banking department for crediting Shariah compliant projects. Speaking to representatives from IBA, NABILAH ANNUAR takes a closer peek at the deal.

The financing facility was structured according to the principles of commodity Murabahah, an Islamic structure that is familiar to IBA.

According to the bank, due to the lack of proper legislation on Islamic banking and finance in the country, IBA had very limited choices. "There is not a wide array of structure types readily available for use in Azerbaijan, so the only option considered for syndicated financing was (the) Murabahah type," said IBA. Carrying a maturity of one year the financing concludes in December 2015 and is governed by English law.

One of the challenges faced in the process of concluding the deal was the narrow time frame. "Strict timing of the facility was one of the issues and due to collaborative efforts of all participants the deal was successfully closed right before seasonal holidays," the bank explained. Unable to disclose specificities, in terms of geographic distribution the syndicated facility was provided mainly by investors in the

Gulf, together with some from Europe and East Asia.

Commenting on the significance of the deal, IBA highlighted that the facility essentially strengthens Azerbaijan's presence in the international Islamic finance market and promotes Islamic banking activities in the country. The financing scheme according to the bank is part of its annual Murabahah syndicated facility as since its establishment, the Islamic banking department of IBA has carried out a number of transactions mostly adopting the Murabahah and Wakalah structure.

Pioneering Islamic banking and finance in the CIS region, IBA has in its pipeline several ventures for 2015. In December last year IBA began providing Islamic finance services to customers in Russia, through its Russian subsidiary, IBA-Moscow. The bank was also working on Shariah compliant payment cards, which at that time was expected to materialize in the "near future".

The bank earlier this month confirmed its plans to issue Sukuk within the year. In regards to the establishment of the CIS IDB and the vision to turn Baku into a regional center for Islamic finance, the IBA had its representatives meet delegates in Moscow to discuss further steps in the development of both aims. The participation of Russian financial institutions in the industry is expected to double the number of customers using Islamic banking services globally.<sup>(2)</sup>

## IBA 2014 syndicated Murabahah facility

US\$252 million

 THE INTERNATIONAL BANK OF AZERBAIJAN

19<sup>th</sup> December 2014

Obligor	International Bank of Azerbaijan
Size	US\$252 million
Purpose of issuance	Financing IBA's Islamic banking activities
Tenor	One year
Coupon rate / return	LIBOR + 2.75%
Profit payment period	Six months
Currency	US dollars
Maturity date	December 2015
Bookrunners	Al Hilal Bank, Barwa Bank, Citibank (London), Dubai Islamic Bank, JP Morgan, Noor Bank
Governing law	English law
Counsel	Linklaters as international council and Grata as local council
Shariah advisor	Dar Al Sharia
Structure	Commodity Murabahah

## ISLAMIC FINANCE QUALIFICATION (IFQ)

9<sup>TH</sup> – 11<sup>TH</sup> MARCH 2015, KUALA LUMPUR

### Key Highlights:

- Key Islamic Finance Principles
- How Islamic and Conventional Finance Differ
- Structuring Rules for Islamic Financial Products
- Sukuk & Islamic Securitization
- Islamic Asset & Fund Management
- Takaful
- Financial Statements for Islamic Banks
- Corporate Governance for Islamic Finance

Islamic Finance training

www.redmoneytraining.com  
enquiry@redmoneytraining.com

## Bank of Maldives introduces Islamic banking



**MALDIVES**

By Aishath Muneeza

On the 22<sup>nd</sup> January 2015, the national bank of the country, Bank of Maldives introduced Islamic banking. Bank of Maldives will be providing Islamic services to the whole of Maldives via its 27 branches found in different parts of the country. Bank of Maldives was inaugurated on the 11<sup>th</sup> November 1982. Bank of Maldives is now offering Wadiah personal accounts and will soon be offering financing products as well. All products offered by Bank of Maldives have been endorsed by their in-house Shariah committee and the Shariah Advisory Council of the Maldives Monetary Authority (MMA) which acts as the central bank and in addition, segregation of funds and accounts have also been complied with. (2)



Aishath Muneeza is the deputy minister in the Ministry of Islamic Affairs, Islamic Center, Republic of Maldives. She can be contacted at [muneeza@islamicaffairs.gov.mv](mailto:muneeza@islamicaffairs.gov.mv).

## Zorlu Enerji plans lease certificate issue



**TURKEY**

By Ali Ceylan

Turkish energy company Zorlu Enerji said it has decided to issue TRY100 million (US\$39 million) in five-year lease certificates.

The company will issue the lease certificate through a private placement in the domestic market according to an announcement on the Public Disclosure Platform on the 31<sup>st</sup> December 2014. The company announced that an application for permission has been submitted to the Energy Market Regulatory Authority and the details of the application to be made to Capital Market Boards will be announced in the future.

Zorlu Enerji, part of local conglomerate Zorlu, is active in the design, installation and operation of power plants as well as electricity sales through its subsidiaries. The company also explores, produces and distributes natural gas in Turkey.

**Sukuk issuance of Turkiye Finans and its affiliate TFKB Varlık Kiralama** Turkiye Finans and its affiliate TFKB Varlık Kiralama have completed their five-year Sukuk issuance in the amount

“**Turkiye Finans will continue to focus on Sukuk in the future and will aim to introduce Sukuk to their customers**”

of TRY71 million (US\$29.56 million) on the 2<sup>nd</sup> January 2015. Derya Gürerk, the general manager of Turkiye Finans, stated that Turkiye Finans is proud of supporting and providing new instruments to the market. Gürerk also stated that they will continue to focus on Sukuk in the future and will aim to introduce Sukuk to their customers and explain to them that this new funding method will contribute to both the Turkish economy and the investors in the market. (2)

Ali Ceylan is a partner at Baspinar & Partners Law Firm. He can be contacted at [ali.ceylan@baspinar.av.tr](mailto:ali.ceylan@baspinar.av.tr).

### IFN Country Correspondents

- AFGHANISTAN:** Manezha Sukhanyar  
head of Islamic banking, Ghazanfar Bank
  - AUSTRALIA:** Chaaban Omran,  
Principal, Crescent Professional Services
  - BAHRAIN:** Dr Hatim El-Tahir  
director of Islamic Finance Knowledge Center, Deloitte & Touche
  - BANGLADESH:** Md Shamsuzzaman  
executive vice president, Islami Bank Bangladesh
  - BELGIUM:** Prof Laurent Marliere  
CEO, ISFIN
  - BERMUDA:** Belaid A Jheengoor  
director of asset management, PwC
  - BRUNEI:** Dr Aimi Zulhazmi, Islamic finance consultant,  
Drazzine Advisory
  - CANADA:** Jeffrey S Graham  
partner, Borden Ladner Gervais
  - EGYPT:** Dr Walid Hegazy  
managing partner, Hegazy & Associates
  - FRANCE:** Kader Merboub  
co head of the executive master of the Islamic finance, Paris-Dauphine University
  - HONG KONG:** Amiral Bakirali Nasir  
Chairman, The Law Society of Hong Kong working party on Islamic finance
  - INDIA:** H Jayesh  
founder partner, Juris Corp
  - INDONESIA:** Farouk A Alwyni  
CEO of Alwyni International Capital and the chairman of Centre for Islamic Studies in Finance Economics and Development
  - IRAN:** Majid Pireh  
Islamic finance expert, Securities & Exchange Organization of Iran
  - IRAQ:** Khaled Saqqaf  
partner and head of Jordan & Iraq offices, Al Tamimi & Co
  - JAPAN:** Tareq Rahman  
Islamic finance consultant
  - JORDAN:** Khaled Saqqaf  
partner, Al Tamimi & Co
  - KENYA:** Mona K Doshi,  
senior partner, Anjarwalla & Khanna Advocates
  - KOREA:** Yong-Jae Chang  
partner, Lee & Ko
  - KUWAIT:** Alex Saleh  
partner, Al Tamimi & Co
  - LEBANON:** Johnny El Hachem  
partner – corporate, Bin Shabib & Associates
  - LUXEMBOURG:** Said Qaceme  
senior manager of Advisory & Consulting, Deloitte Tax & Consulting
  - MALAYSIA:** Abdullah Abdul Rahman  
partner, Cheang & Ariff
  - MALDIVES:** Aishath Muneeza  
deputy minister, Ministry of Islamic Affairs, Maldives
  - MALTA:** Reuben Buttigieg  
president, Malta Institute of Management
  - MAURITIUS:** Sameer K Tegally  
associate, Conyers Dill & Pearman
  - MOROCCO:** Ahmed Tahiri Jouti  
managing consultant, Al Maali Consulting Group
  - NEW ZEALAND:** Dr Mustafa Farouk  
counsel member for Islamic financial institutions, The Federation of Islamic Associations of New Zealand (FIANZ)
  - NIGERIA:** Auwalu Ado, Shariah auditor, Jaiz Bank
  - OMAN:** Riza Ismail, senior associate, Trowers & Hamlin
  - PAKISTAN:** Muhammad Shoaib Ibrahim  
managing director & CEO, First Habib Modaraba
  - PHILIPPINES:** Rafael A Morales  
managing partner, SyCip Salazar Hernandez & Gatmaitan
  - QATAR:** Amjad Hussain  
partner, K&L Gates
  - RUSSIA:** Roustam Vakhitov  
managing partner, International Tax Associates
  - SAUDI ARABIA:** Nabil Issa  
partner, King & Spalding
  - SENEGAL:** Abdoulaye Mbow  
Islamic finance advisor, Africa Islamic Finance Corporation
  - SOUTH AFRICA:** Amman Muhammad  
CEO, First National Bank-Islamic Finance
  - SINGAPORE:** Yeo Wico  
partner, Allen & Gledhill
  - SRI LANKA:** Imruz Kamil  
head of Islamic banking, Richard Pieris Arpico Finance
  - SWITZERLAND:** Khadra Abdullahi  
associate, Investment banking, Faisal Private Bank
  - SYRIA:** Gabriel Oussi,  
general manager, Oussi Law Firm
  - TANZANIA:** Khalifan Abdullahi  
head of product development and Shariah compliance, Amana Bank
  - THAILAND:** Shah Fahad  
vice-president and head of strategic marketing and product development, Islamic Bank of Thailand
  - TURKEY:** Ali Ceylan  
partner, Baspinar & Partners
  - UK:** Fara Mohammad  
director of Islamic finance, Foot Anstey
  - US:** Joshua Brockwell  
investment communications director, Azzad Asset Management
  - YEMEN:** Moneer Saif; head of Islamic banking, CAC Bank
- IFN Correspondents are experts in their respective fields and are selected by Islamic Finance news to contribute designated short country reports. For more information about becoming an IFN Correspondent please contact [sasikala.thiagaraja@redmoneygroup.com](mailto:sasikala.thiagaraja@redmoneygroup.com)

## ISFIN analyzes Islamic finance opportunities



AFRICA

By Laurent Marliere

At the 6<sup>th</sup> African Forum of Islamic Finance (FAFI) in Casablanca, Laurent Marliere, CEO of ISFIN, explained that Africa will be the lab 'retail' of Islamic finance.

Africa has characteristics other than Asia or those of the Middle East. Certainly, some sovereign Sukuk will impact the financial landscape of the continent but the real needs lies in 'retail'. It is a huge heterogeneous market that separates the French and English culture where Islamic finance could create a union between them.

Marliere recalled that the business model of Islamic finance is usually investment

banking but the real opportunities lie in commercial banking, insurance and retail banking as well.

Islamic banking cannot be limited to financial intermediation. The profit of the Islamic bank in Africa lies in commercial banking; Islamic finance is not a conventional bank without interest rates — it is a different model.

Islamic banking has the partnership concept in its DNA. The Islamic banker is sitting next to the client, not in front of him. The African banking players must harness this profit opportunity rather than limit themselves on investments.

Citing the Moroccan law on Islamic enactment this week, Marliere explained that the challenge will be the marketing and the management of commercial

and communicational risk. In fact, the products offered and the pricing are going to be similar. The way the banks will present, package and argue those products will be the critical factors determining success or failure.

Morocco, like most Arab countries has an oral tradition. The reputation risk exists during the launch process. Banks will be associated with products that become 'emotional'. Their reputation is at stake during the first weeks following product launch, explained Marliere.

Without a well tied-up marketing and communication policy, banks heading towards the Islamic path will risk their reputation and their profitability.☺

*Professor Laurent Marliere is CEO of ISFIN. He can be contacted at LM@isfin.net.*

# ISLAMIC TREASURY & RISK MANAGEMENT PRODUCTS

17<sup>th</sup> – 19<sup>th</sup> March 2015, RIYADH

### Course Highlights:

- Identify and manage risk in Islamic Treasury products
- Comparative analysis of treasury and risk management products in various jurisdictions
- Application of various Islamic toolkits in the Islamic money markets
- Manage foreign exchange instruments and associated rate risks

Islamic Finance training

www.REDmoneytraining.com | enquiry@redmoneytraining.com

## Everything's changing



**REAL ESTATE**

*By Philip Churchill*

As I prepare for a week visiting our investment partners in the Gulf, my thoughts have been focused on the current global real estate environment. I can't recall a post credit crunch time when so much was changing.

While Islamic investors, like most international property investors, have their core currencies in which they hold both assets and liabilities, timing any currency exchanges to seek the best returns, everyone is conscious of the prevailing relative value. Broadly, the strength of the US economy has strengthened the US dollar; the euro driven by the European Central Bank's quantitative easing has weakened and the pound sterling is somewhere in-between. So, do you choose the better economic prospects of the US or the relative value of continental Europe? Both make sense to me.

**“ We have also picked up on a slight pause in the commercial real estate markets as well. Feels like a good buying opportunity ”**

What is helping the decision-making is the rapidly falling price of Shariah compliant bank finance. As we seek finance offers for new acquisitions the margins seem to ever fall. Meanwhile, as I shared with a conference audience at the end of last year, the reference interest rate swaps in most currencies are at their lowest level for five years. All of which makes the cash yields available to investors more attractive than they have been for many years.



The dramatic fall in oil prices came as a surprise, or at least it did to me. Suddenly, consumers are finding more money in their pockets after they've filled up their car and heated their home. What do they do with the money? They spend it. Retail sales in the UK are up, as are the share prices of the retailers themselves, particularly for those outside of the pricing war between the food supermarkets.

While we're on the UK, the national election is now fewer than 100 days away. Historically the residential markets have slowed down as an election approaches, which has also turned out to be the case again this year, but we have also picked up on a slight pause in the commercial real estate markets as well. Feels like a good buying opportunity.

My conclusion: Change creates opportunities for those who can move quickly. I'm really looking forward to finding out which of our Gulf partners are ready to pounce!☺

*Philip Churchill is the founder and managing partner at 90 North Real Estate Partners. He can be contacted at [pchurchill@90northrep.com](mailto:pchurchill@90northrep.com).*



## IFN Sector Correspondents

### CROSS-BORDER FINANCING

Fara Mohammad, Director Of Islamic Finance, Foot Anstey

### DEBT CAPITAL MARKETS:

Muhammad Shoaib Ibrahim, managing director & CEO, First Habib Modaraba

### DERIVATIVES

Suhaimi Zainul - Abidin, treasurer for Gulf-Asia Shariah Compliant Investment Association and advisor to 5Pillars

### LAW (EUROPE):

Ayhan Baltaci, attorney at law, Bereket & Baltaci Law Firm

### LAW (MIDDLE EAST)

Bishr Shibliq, head of Dubai office, Arendt & Medernach

### LEASING:

Prof Shahinaz Rashad Abdellatif, executive director, Financial Services Institute, Egyptian Financial Supervisory Authority.

### MERGERS & ACQUISITIONS

Jamal Hijres, CEO, Cappinova Investment Bank

### MICROFINANCE (ASIA):

Dr Mahmood Ahmed, executive vice president and director training, Islami Bank Training and Research Academy

### MICROFINANCE (AFRICA):

Mansour Ndiaye, director of microfinance, Assistance and Consulting for Development

### PRIVATE BANKING & WEALTH MANAGEMENT:

Thomas Woods, product development, wealth management, The Islamic Bank of Asia

### PRIVATE EQUITY & VENTURE CAPITAL:

Arshad Ahmed, partner, Elixir Capital

### PROJECT & INFRASTRUCTURE FINANCE

Anthony Coleby, head of corporate commercial department, Said Al Shahry Law Office (SASLO)

### REAL ESTATE

Philip Churchill, founder partner, 90 North Real Estate Partners

### REAL ESTATE (MIDDLE EAST):

Yahya Abdulla, head of capital markets — Middle East, Cushman & Wakefield

### REGULATORY ISSUES (ASIA)

Intan Syah Ihsan, chief operating officer, Samuel Aset Manajemen

### REGULATORY ISSUES (MIDDLE EAST):

Mohammad Abdullah Malik Dewaya, head of Shariah compliance and audit, Maisarah Islamic Banking Services

### RETAIL BANKING:

Chowdhury Shahed Akbar, Officer, Southeast Bank, Bangladesh.

### RISK MANAGEMENT:

Hylmun Izhar, economist, Islamic Research and Training Institute, Islamic Development Bank Country

### SECURITIES & SECURITIZATION:

Nidhi Bothra, executive vice president, Vinod Kothari Consultants

### STOCK BROKING & TRADING:

Athif Shukri, research analyst, Adl Capital

### STRUCTURED FINANCE:

John Dewar, partner and head of Islamic finance, Milbank, Tweed, Hadley & McCloy

### SUKUK

Anthony Coleby, head of corporate commercial department, Said Al Shahry Law Office (SASLO)

### TAKAFUL & RE-TAKAFUL:

Dr Sutan Emir Hidayat, assistant professor and academic advisor for Islamic finance, University College of Bahrain

### TAKAFUL & RE-TAKAFUL (AFRICA):

Uwaiiz Jassat, acting head of Islamic banking, Absa Islamic Banking

### TAKAFUL & RE-TAKAFUL (EUROPE):

Ezzedine Ghlamallah, director, Solutions Insurance and Islamic Finance in France (SAAFI)

### TRADE FINANCE

Anthony Coleby, head of corporate commercial department, Said Al Shahry Law Office (SASLO)

### TREASURY PRODUCTS:

Nafith ALHersh Nazzal, certified financial & investment advisor

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance news to contribute designated short sector reports. For more information about becoming an IFN Correspondent, please contact [sasikala.thiagaraja@redmoneygroup.com](mailto:sasikala.thiagaraja@redmoneygroup.com)

# Foot in the door: Barriers to the banking industry

Canadian citizens have long voiced their need for non-interest-bearing financial products and solutions. Islamic finance known as Shariah compliant banking which is recognized in Canada as one of the alternative financing means is the solution. At present there is a significantly large un-met demand in this industry; such financing is not just for the Muslim consumers, it will be accessible to all. HESHAM YOUSSEF discusses the challenges faced by the Islamic finance industry in Canada.

## CANADA

By Hesham Youssef

Shariah compliant financing is the new buzzword in international financial markets. This type of financing, which is distinguished by its 'interest-free' transactions, is a rapidly growing market and has forced many international players to take notice. In addition to the emergence and growth of independent Islamic financial institutions, many international financial institutions have reacted by opening a Shariah compliant window within their conventional set-up. Some conventional financial institutions have gone further and established fully-fledged Islamic finance subsidiaries based on Shariah principles. A snapshot of the global industry size and composition is given below:

### Global industry size

As of 2011 there were over 500 financial institutions worth US\$1.3 trillion and the Shariah compliant financial sector is expected to grow even further. In a study conducted by PwC in 2009, they identified that the Shariah compliant money management sector is growing at a rate of 15-20% annually.

### Composition

Islamic financial institutions	US\$278.5 billion
Conventional banks' Islamic window	US\$400 billion
Islamic capital markets	US\$600 billion
Takaful (Islamic insurance) assets	US\$40 billion
Non-banking financial institutions	US\$19-32 billion

Source: *The Islamic Financial Services Industry - Ten Year Master Plan (2006-2015)* by IFSB, IRTI (Islamic Research & Training Institute) and IDB.



Today, the US which is Canada's neighbor is home to at least 19 providers of Islamic banking products and services, including retail banks, investment banks, mortgage companies, investment advisors and community-based finance providers.

With the estimated number of Muslims living in Canada ranging from one and a half to two million (based on various governmental and private surveys) (excluding non-Muslims interested in the same banking and finance concept and approach) it now appears that real market demand and viability for offering Islamic banking products and services in Canada either already exist or are being developed and penetrated by these early-to-market providers. This is further demonstrated by the number of applications submitted to The Office of the Superintendent of Financial Institutions (OSFI) which is an independent agency of the government of Canada, established in 1987 to contribute to the safety and soundness of the Canadian financial

system. OSFI supervises and regulates federally registered banks and insurers, trust and loan companies, as well as private pension plans subject to federal oversight. At one point in time, there were about five applications. Recently they were reduced to two out of which one was published in the Canadian Gazette. OSFI now has a fully-fledged department to assess the Shariah compliant instruments and banking in general. The issue is that Canada by definition is not a risk taker and tend to support oligopoly, hence the regulatory resistance to open the market. Unfortunately, currently there does not seem to be any competition literally in any sector of the economy.

Not only that but given the positive financial position that many Islamic financial institutions are reportedly having in the current global financial crisis (compared to conventional counterparts around the world), the timing could not be more perfect for them to take the industry to the next level in Canada.

*continued...*

*Continued*

While initial analyst reports were mixed concerning how Islamic financial institutions will weather the current financial crisis, it is now clear that they, while not immune from the crisis, are being less impacted than conventional institutions. This is because Islamic financial institutions, by their nature, have not invested in toxic assets or derivative structured instruments that many conventional institutions invested in. More importantly, most of the Shariah compliant transactions are asset-based and not merely fictitious or structured products to just make money.

On the demand side of the equation, the picture looks very disappointing. There has not been any official attempt by the Canadian government to capitalize on the uniquely healthy position of Gulf-based Islamic institutions to Canada's advantage. This is unlike the US Treasury department that hosted a seminar in Washington DC, called 'Islamic Finance 101'. Also, the US Treasury department deputy secretary, Robert Kimmit, traveled to the Middle East and publicly expressed the US's positive and accommodating attitude towards the development and growth of the industry in the country. Gordon Brown (the UK's prime minister) and Kitty Ussher (formerly a Treasury minister and now parliamentary undersecretary at the Department of Work and Pensions) in recent years announced that London has been declared to be 'the next global hub for Islamic banking'.

The Gulf-based Islamic institutions are suffering from a multitude of barriers when it comes to entering the Canadian market. Needless to say, many investors did penetrate the Canadian market but yet the regulatory bodies dampened their enthusiasm. A bank charter was in the pipeline for more than seven years and yet it did not take off. A real estate company worth US\$300 million has also not seen the light of day yet. The examples are countless.

One significant point is the perception that Canadian regulators are not interested in the growth of the banking sector in general, not only of Islamic banking. Many believe that the country's officials are resistant towards the growth of the industry because they are not as vocal or direct about expressing their

interest. But on the contrary, they oppose the merger of the big, top banks. They are pro-oligopoly where five banks control 90% of the banking sector and the economy and conditions to enter the sector and economy are stringent.

It is obvious that many Canadians in the country currently do not bank at a conventional bank because doing so violates their faith in which they believe there should be restrictions on the receipt and payment of interest.

**“ It now appears that real market demand and viability for offering Islamic banking products and services in Canada either already exist or are being developed and penetrated by these early-to-market providers ”**

Currently, there are no banks in Canada that offer Shariah compliant financial products. On the other hand, there are several cooperatives and one mortgage financing company that offer Shariah compliant products in the home financing segment. Some of these players also offer Shariah compliant leasing and commercial financing. However, due to funding issues, and their reliance on the savings of those participating in the cooperative, they have routine waiting periods of 12-24 months for clients who wish to utilize their services.

The Islamic cooperatives are typically small with a limited capital base. Their capital base is funded by the local Muslim community, specifically

those saving up with the cooperative to eventually be able to finance the purchase of their own house. For a long time they were the only alternative available to the local community. Despite the high rates, long waiting times, and large amounts of downpayments, a substantial number of Muslims have signed up and waited years and years in order to take advantage of a Shariah compliant product.

Currently, the Winnipeg-based Credit Union has launched the country's first 'Islamic mortgage', a product designed to address Islamic law. Your Credit Union (based in Ottawa) offers a Shariah compliant home financing product. Their product is not accessible to the public directly but is offered indirectly via a mortgage financing company. However, this financing is limited to the geographical area of its operations i.e. Ontario. Apart from that, McMasters Credit Union in Hamilton is the only other credit union offering Shariah compliant customer accounts, but they do not offer any Shariah compliant home financing products. Moreover, their products are also restricted geographically to Hamilton and its suburban areas. As a whole, credit unions do not offer any Shariah compliant commercial or trade financing services.

Fortunately, there is an increasing realization that the perceptions about the regulatory bodies regarding Islamic banking were simply incorrect. This, of course, is attributable to the fact that the country's Islamic finance market is now more populated with higher demand and offerings than it used to be. More and more investors are also recognizing the opportunities that will exist for them in the Canadian market. ☺

*Hesham M Youssef is the vice president of Islamic banking services at Oasis Financial Holdings. He can be contacted at [h.youssef@oasisholdings.ca](mailto:h.youssef@oasisholdings.ca).*



# When will Islamic finance make a difference for SMEs?

For many years now the subject of how Islamic finance can assist small and medium-sized enterprises (SMEs) has been a hot topic. It is strongly argued that Islamic banks must be better than conventional banks at looking after the 'little guy', providing capital where capital is needed; not lending to those who do not need money, as the saying goes, but adding value and assisting those that employ the vast majority of people across the globe. Despite it being strongly debated for so long, HAITHAM AL REFAIE asks when will the Shariah compliant financial community enact meaningful differences in the SME industry.



**SME**

By Haitham Al Refaie

**As a principle this view is surely rooted in progressive, ethics-based thinking, which is in keeping with the holistic approach in Shariah values.**

The problem, of course, is that banks and traditional lenders, both conventional and Islamic, view SMEs as especially risky. Or a half-a-step further: small balance sheets equate to a higher probability of non-payment, which translates into higher pricing. The higher pricing hurts rather than helps and in many cases destroys the precious margins necessary for success and sustainability.

In the Middle East where trade is the major activity in most countries, the problem could not be more acute. Expensive term loans do not address the customized needs of traders, who operate within an environment of widely varying payment cycles. The mismatch between what is needed and the off-the-shelf and ready-made offering of banks is still a great challenge. Matching short-term cash-flow needs with long-term loans is another major challenge for SMEs. In short, it is the prime market for supply chain finance (SCF), a developing field that poses challenges to the staid world of letter of credits (LCs) and expensive term loans and is just now making headway in the Middle East markets.

## Review of 2014

Last year this dynamic began to change. While Islamic banks, even smaller ones, have developed Shariah compliant alternatives to traditional LCs, guarantees, and stand-by facilities, tailored products have been slow to come on-line. As an aside, this direct 'mimicking' of conventional products has long been a bone of contention among

more far-sighted participants at Islamic finance seminars.

And while their achievements in finding acceptable Shariah compliant alternatives are laudable, it can be argued that the end-result for SMEs is little better in the scheme of things since the solutions offered are not efficiently addressing the real gaps.

## Preview of 2015

Far-sighted initiatives have now begun that bridge the innovations of SCF with the principles of Islamic finance. The key drivers of this move are as follows:

- Targeting support to SMEs in a tactical, meaningful way
- Pricing facilities in line with the actual risk, without penalizing small businesses for having a balance sheet that is appropriate for their business
- Automating the underwriting and paperwork by taking advantage of the massive improvements in information technology
- Utilizing Shariah compliant structures and contracts to meet the preferences of many regional traders
- Creating securitized assets of these facilities to offer Islamic financial institutions what they have long sought: a short-term, liquid, capital-protected Shariah compliant instrument that fuels the 'real economy'.

In combining these crucial elements, which have long been on the wish list of Islamic finance stakeholders, a breakthrough is truly in the making for 2015.

Many of the perennial questions heard at Islamic finance conferences are beginning to be answered in encouraging ways.

When will Islamic finance make a difference for the job-creating SME

sector? Answer: Now. Islamic and conventional banks will encounter greater pressures from governments to assume their social responsibilities in finding ways to support economies other than through their charitable contributions.

When will Islamic finance find a better way to service small business, rather than to charge them a high profit rate labeled under the banner of 'ethical banking'? Answer: A way forward has been developed with SCF as the most efficient tool in making a real difference for SMEs as well as for big corporates.

When will Islamic financial institutions have a wider selection of liquid asset classes available, outside of low-earning Murabahah and a scarce amount of Sukuk?

Answer: There is now another compelling choice for treasurers: short-term Sukuk backed by Shariah compliant alternative assets will have wide appeal with bank treasurers.

## Conclusion

While Shariah compliant SCF is a new concept to many, its potential impact is truly far-reaching, direct, and profound. The number of poorly and under-banked SMEs in the MENA region surely reaches into the millions, creating a colossal and eager demand for SCF clients. The amount of bank liquidity, including most notably at Islamic banks, is a staggeringly high and a historically large figure, bolstering the supply side of the equation.

What is needed now is knowledge transfer and most crucially, investor buy-in.☺

*Haitham Al Refaie is the CEO of Tawreeq Holdings. He can be contacted at haitham@iscf.com.*

# New banking charity scheme to free the underprivileged in Asia from poverty

2014 was a remarkable year for Islamic finance as the industry achieved several milestones and continues to move towards greater sustainability and in providing a wider range of financial services. There is clearly a market with high potential within the Islamic economy. Beyond boosting the economy, Islamic banking can and must play a larger role to alleviate social struggles in the world today – issues such as poverty, hunger and famine. DR ABDUL HALIM believes that there is much more Islamic banking can do for the world today.



**SADAQAH**

By Dr Abdul Halim

**I have a new idea that challenges finance practitioners today to push the envelope on innovation in Islamic finance to effect real change to the lives of those who need help most through Islamic banking.**

We have the knowledge and expertise to manage and grow wealth, so why not use it as a force for good? And now is an opportune time to do this, particularly given the increased familiarity and understanding of Islamic banking globally.

**“ Going beyond ‘ethical banking’, Islamic banking is well-placed to spearhead financial services championing social welfare ”**

Total Sukuk issuance reached US\$116.4 billion globally at year-end (S&P, report titled ‘For Sukuk issuance, emerging headwinds may cause turbulence in 2015’) with sovereign entities continuing to dominate the Sukuk market. Non-majority Muslim countries like the UK, Hong Kong and Luxembourg issued debut Sukuk and even international financial institutions such as Goldman Sachs, which issued US\$500 million-worth of Shariah compliant bonds in 2014, are getting involved.

Globally, the Islamic economy has further potential to reach a value of US\$6.7 trillion (according to an Islamic Economic Development Center study). Islamic finance is now a US\$2.1 trillion industry (KFH Research estimate, total global Islamic finance assets as at the end of 2014), with Islamic banking and the Sukuk market accounting for 95% of the industry’s assets worldwide (according to an article from Malaysia International Islamic Financial Center, titled ‘Islamic finance and economic growth mutually reinforcing’).

## ‘Sadaqah Houses’ to collect and manage charitable donations

I propose creating a platform for people to give to the needy in a more sustainable manner. It will give individuals the opportunity to give charity in perpetuity so that their contributions continue to help others long after the said individual passes on. Going beyond ‘ethical banking’, Islamic banking is well-placed to spearhead financial services championing social welfare.

My proposal would see the central banks of Asia Pacific issue licenses to Islamic banks allowing them to setup new ‘Sadaqah Houses’ which will collect charitable donations for the poorest sections of our communities. These financial institutions will also develop a raft of new products which donating individuals can choose to invest in. Individuals will recognize that their contributions for charitable causes will continue to grow through sound, ethical financial investments, and help even more people in the long term. Priority will be given to families living below the poverty line, the homeless and the long-term unemployed.

## The missing link in managing funds for charity

Conventional banks have created financial products and services to serve

governments and the public. However, there is currently no bank known for focusing on the needs and requirements of the social welfare sector.

Islamic banking is perfectly placed to spearhead such an innovation.

Many people of means are prepared to donate to charity in order to help people who are in need. They might think: “I want to give but I don’t know the best way.” Through new financial products created by the Sadaqah House, there would be a radical new way of facilitating donations to society’s most needy.

I also think it would reinforce what we stand for in the Islamic finance sector – transparency, strong ethics and empowering those we serve.

## The role of policymakers to establish a framework

Of course, the Sadaqah House is a financial institution so it would come under the supervision of the central bank or the monetary authority for licenses, audits and regulations.

When the central banks issue licenses to Islamic banking groups to setup Sadaqah Houses to collect various funds, then we will begin to see a real difference. And assuming the central bank issues licenses to five banking groups in order for them to compete and develop creative ways of working, that will encourage competition and innovation for more new financial products generating more donations that will help the social welfare sector.

Malaysia could be the test bed for this, but as big businesses increasingly put legacy planning front and center and want to stand for something more than just what they sell, I could see this idea being picked by banks all over the world.

*continued...*

Continued

It makes sense to put those with the greatest financial knowledge in charge of developing new ways of generating the biggest possible sums of money for charity.

The Sadaqah House will have to be a subsidiary, owned and controlled by a banking group. These groups will have investment management houses, unit trusts, wealth management functions and so on. The task is given to various subsidiaries where they manage the funds and generate income, and sustain the charity in perpetuity.

I would suggest the central banks allow those involved to keep the money within the group. The whole idea is to let the banks make some income by charging minimal fees and commission.

### Restoring faith in the financial and banking industries

With the global banking crisis still recovering, and the need to restore the public's faith in these institutions, this proposal would show that the financial and banking industries can be a genuine force for good. ☺

*Dr Abdul Halim is the recipient of The Royal Award for Islamic Finance 2014, founding member of Malaysia's first Islamic bank and former chairman of the Foundation for Economic Assistance of Malaysia.*

**Have you joined the leading Islamic finance Linked-In Group yet?**



**Come and join thousands of other like-minded industry practitioners now.**

## Asian Corporate Islamic Finance Market Program

Indonesia & Malaysia

NOW AVAILABLE

Institutional sized businesses in Malaysia plan to replace 28.8 percent of their conventional bank debt with Shariah compliant alternatives in the next 12 months.

**About the Asia Corporate Islamic Finance Markets Program**

East & Partners Asia and REDmoney's Asia Corporate Islamic Finance Markets Program is the first ever demand-side research program regularly monitoring and forecasting the Shariah compliant business banking markets of Malaysia and Indonesia.

Based on direct interviews (in person or on the phone) with over 1,000 corporate borrowers and issuers based in Malaysia and Indonesia, key outputs from the inaugural October 2014 research include:

- Shariah compliant product penetration today and tomorrow relative to conventional product uptake in:
  - o Bank lending
  - o Equity issuance
  - o Bond (Sukuk) issuance
  - o Deposits & fixed income
  - o Cash management
  - o Market share, wallet share and cross sell
- Competitive customer satisfaction and advocacy metrics:
  - o Shariah compliant products
  - o Relationship management
  - o Service and support attributes
- Market forecasts by product type, corporate segment and sector
- Customer views of Shariah compliant financing solutions across their mix of capital management strategies
- Key drivers of engagement with Islamic finance solutions
- Mind share and positioning analyses, bank by bank

This research is now available for subscription. Please contact East & Partners Asia Or REDmoney for subscription information.

<p>■ <b>East &amp; Partners Asia Pte Ltd</b> In Kai Khor Head of Client Services Phone: +65 6224 610 inkai.khor@east.com.au</p>	<p>■ <b>REDmoney Sdn Bhd</b> Andrew Morgan Managing Director Phone: +603 2162 7801 Andrew.morgan@redmoneygroup.com</p>
<p><b>About East &amp; Partners Asia</b> <i>East &amp; Partners Asia is a leading specialist market research firm in the business, corporate and institutional banking markets of the Asia Pacific delivering both multi-client and proprietary market analysis services to financial services providers.</i></p>	<p><b>About REDmoney Group</b> <i>REDmoney Group is the foremost global provider of specialized Islamic financial media services across three core divisions of events, publishing and training. Established in 2004, the firm has offices in Dubai and Kuala Lumpur: offering an unrivalled multi-channel service across the full spectrum of the global financial markets.</i></p>

# Islamic banking in Jordan

Ranked as one of the top 10 Islamic finance jurisdictions, Jordan is an interesting market despite its relatively small Islamic finance share. NAFITH NAZZAL walks us through the development of Islamic finance in Jordan.



JORDAN

By Nafith Nazzal

Islamic banking, 'the next economic giant', is banking or banking activity that is consistent with the principles of Islamic Shariah law and its practical application through the development of Islamic economics.

According to Shariah, acceptance of specific interest or fees for loans of money (known as Riba, or usury) is prohibited, whether the payment is fixed or floating.

In addition, investment in Islamic businesses should avoid uncertainty (Gharar), gambling, speculation (Maysir) and Haram activities (such as pork or alcohol). Shariah contracts can be represented by the three main types: contracts of sale (Murabahah, Istisnah, Salam), contracts of lease (Ijarah) and participation contracts (Musharakah, Mudarabah).

**“ Experts expect the number of Islamic banks in Jordan to increase due to the stability of the political and economic conditions ”**

In a published study named 'The advancement of Islamic banking and finance in global markets 2014', the future growth of the Islamic banking and finance industry is predicted using statistical tools like time series and forecasting. Among the most important results which were reached were: (i) Islamic banking assets are expected to grow at a compounded average growth rate of 20% over 2013–20 across the countries to reach US\$3.03 trillion by



2020. (ii) Global Islamic finance assets are worth US\$1.35 trillion at the end of 2012 and US\$1.71 trillion at the end of 2013. (iii) Malaysia's Islamic finance assets are worth US\$412 billion (30.51%). (iv) The three major markets dominating Islamic funds are: Saudi Arabia, Malaysia and Luxembourg reaching around 70% of global Islamic funds. (iiv) Sukuk is the most interesting investment instrument in Islamic finance.

According to the Global Islamic Economy Report 2014 issued by Thomson Reuters, Jordan ranked eighth among the top 10 countries in Islamic finance. Malaysia came first followed by the UAE and Bahrain respectively. Islamic finance received strong support from the Jordanian government despite being a small part of the Jordanian banking system.

The government issued a special law allowing the establishment of the first Islamic bank in Jordan in 1987. In 2000, the law was replaced by the private law for Islamic banks; this law organized the operations for Islamic banks and its own regulatory issues. Currently, Jordan has four operating

Islamic banks, six Islamic finance and investment companies and two Islamic insurance companies. Experts expect the number of Islamic banks in Jordan to increase due to the stability of the political and economic conditions. The Jordanian banking system consists of 13 local commercial banks and eight foreign commercial banks. These banks present innovative banking tools harmonized with modernity and the requirements of modern technology. Jordanian Islamic banks introduced a wide range of Islamic products linked with Murabahah, Mudarabah, Musharakah, Musawwamah, Ijarah, Istisnah, Salam, Qard Hassan, Sukuk (Islamic bonds), Takaful (Islamic insurance), etc.

On the 24<sup>th</sup> July 2014, Jordan officially inaugurated regulations for the issuance of Sukuk. The inauguration ceremony was organized by the Jordan Securities Commission (JSC) and followed its conclusion of the preparation of all legislation and instructions required by the Islamic Finance Sukuk Law No. 30/2012 and legislation governing the issuance process of Sukuk for all

*continued...*

Continued

economic activities in both the public and private sectors under the structure of Ijarah, Mudarabah and Musharakah. Sukuk regulations are prepared by the three capital market institutions: the Jordan Securities Commission, the Amman Stock Exchange and the Securities Depository Center.

The Central Bank of Jordan (CBJ) is a regular player in the bonds market. A clear sign was sent previously by the CBJ to the local financiers in order to participate in any upcoming Sukuk issues. The CBJ is expected to begin managing the first issue of sovereign Sukuk during 2015 in favor of the central government, CBJ deputy governor Adel Sharkas said, adding that the amount would range between JOD400 million (US\$562.43 million) and JOD500 million (US\$703.04 million). This issue will be directed towards financing part of the accumulated deficit in the government and independent public department budgets were made after the official institutions succeeded in endorsing the Sukuk law and its related regulations, the Jordan Times reported, quoting Sharkas as saying. Sharkas added that this action will benefit the government and Islamic banks operating in Jordan as they have a liquidity surplus of around JOD1.4 billion (US\$1.97 billion).

Financial experts expect that the Jordanian government will benefit extensively from issuing sovereign Sukuk. Jordan has significantly contributed to the Islamic banking industry, for example, but not limited to, Jordanian Islamic banks were the first Islamic banks to apply some Islamic finance tools such as Istisnah and Ijarah in modern contracts. In addition, Dr Sami Hamoud, a Jordanian entrepreneur, was the first person to introduce the Murabahah contract, which was traded widely in Islamic banks in 1970, at the Dubai Islamic Bank. Not only that, Jordan was also the first country which organized special laws for the Sukuk (Islamic instrument) industry. This law was called the Muqarada bond law and was issued in 1982.☺

*Nafith Nazzal is an Islamic banking specialist, certified financial and investment advisor and statistical analyst (MBA, ACI Dealing, CISC Capital Market & NLP) in Jordan. He can be contacted at nafez1974@yahoo.com or 00962796101778 (mobile).*



**IFN FORUM**  
**INVESTOR**  
2015

**Investor Forum**  
1<sup>st</sup> April 2015 - Dubai



## Global Investment Trends and Outlook for Islamic Financial Markets

### Topics to be discussed:

- Key Growth Markets for Islamic Investments in 2015
- Sector Focus: Global Investment Opportunities in the Transportation Sector
- Transaction Roundtable - The Battersea Power Station Redevelopment Project
- Interview: How will Economic and Geopolitical Events Shape Investment Trends?
- Global Trends in Islamic Asset Management
- Asset Allocation Strategies and Cross Border Distribution
- Is Crowdfunding the Next Big Thing in Islamic Investing?
- Sector Focus: Where is the Shariah-Compliant Real Estate Investment Market Headed?
- Sector Focus: What Investment Opportunities Exist in Global Commodities?

REGISTER FREE NOW at  
[www.REDmoneyevents.com](http://www.REDmoneyevents.com)



**US Investor Forum**  
2<sup>nd</sup> April 2015 - Dubai

**IFN FORUM**  
**US INVESTOR**  
2015

## Trends, Innovation and Opportunities in Shariah Compliant Investments in the USA

### Topics to be discussed:

- Key Markets and Asset Classes in the Americas
- Sector Focus: Opportunities for Shariah Compliant Real Estate Investments in North America
- Panel Session: Attracting Cross Border Investments
- CEO Interview: How will the US Economy Shape the Growth of Islamic Investments in North America?
- Sector Focus: Agriculture Investment in South America

### SPONSORS

#### MULTILATERAL STRATEGIC PARTNER



#### LEAD MEDIA PARTNER



#### MEDIA PARTNERS



## DEALS

### Tunisia to issue Sukuk in second half

**TUNISIA:** Tunisia plans to debut its Sukuk offering this summer, reported Reuters. The country has picked four banks including Citigroup, Natixis and Standard Chartered for the issuance. <sup>(2)</sup>

### BNM plans sale of Islamic treasury bills

**MALAYSIA:** Bank Negara Malaysia in an announcement on its website plans to issue Islamic treasury bills worth RM100 million (US\$27.51 million) on the 6<sup>th</sup> February 2015. The paper will hold a tenor of one year, due to mature on the 5<sup>th</sup> February 2016. <sup>(2)</sup>

### Indonesia's Sukuk auction

**INDONESIA:** The Indonesian finance ministry sold IDR2.2 trillion (US\$176 million) in a three-tranche Sukuk auction on the 27<sup>th</sup> January 2015, according to an

announcement on the finance ministry website. The weighted average yield for the six-month Islamic T-bill was 6.07%, while its 1.4-year project-based Sukuk had a weighted average yield of 7.12%, and its 25-year project-based Sukuk had a weighted average yield of 8.15%. There were, however, no winning bids for the government's five-year project-based Sukuk. Total incoming bids at the auction reached IDR19.06 trillion (US\$1.52 billion). <sup>(2)</sup>

### K-Electric plans Sukuk

**PAKISTAN:** Utility company K-Electric plans to issue PKR22 billion (US\$214.99 million) in Sukuk (inclusive of a PKR2 billion (US\$19.54 million) green shoe option) to repay the firm's existing long-term debt. Assigned a preliminary rating of 'AA+' by JCR-VIS, the facility will have a tenor of seven years including a two-year grace period, and principal repayment will be made in 20 equal quarterly installments. According to the rating agency, K-Electric expects to be able to raise fresh funding at enhanced

pricing based on the firm's improving risk profile. <sup>(2)</sup>

### Banks mandated for UKEF Sukuk

**GLOBAL:** IFN learnt from sources close to the deal, that five banks have already been selected to arrange the proposed UK Export Finance (UKEF)-backed Sukuk deal. The banks are: National Bank of Abu Dhabi, Citi, HSBC, JPMorgan and Dubai Islamic Bank. Sources also indicated to IFN that the US\$1 billion Sukuk will be issued by Emirates Airline. <sup>(2)</sup>

### BNI Syariah to issue Sukuk

**INDONESIA:** Bank BNI Syariah is looking to issue up to IDR500 billion (US\$39.65 million) in Sukuk this year, reported the Jakarta Post. Quoting the bank's finance director Yap Tjay Soen, the local newspaper said the Sukuk issuance is intended to diversify the bank's funding as it looks to grow its financing by 25% this year. <sup>(2)</sup>

#### DEAL TRACKER

Full Deal Tracker on page 31

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	<b>BNI Syariah</b>	IDR500 billion	Sukuk	3 <sup>rd</sup> February 2015
TBA	<b>K-Electric</b>	PKR22 billion	Sukuk	3 <sup>rd</sup> February 2015
6 <sup>th</sup> February 2015	<b>Bank Negara Malaysia</b>	US\$100 million	Islamic Treasury Bills	2 <sup>nd</sup> February 2015
TBA	<b>Emirates Airline</b>	US\$1 billion	Sukuk	30 <sup>th</sup> January 2015
TBA	<b>Qatar Islamic Bank</b>	QAR2 billion	Sukuk	19 <sup>th</sup> January 2015
1 <sup>st</sup> quarter 2015	<b>Bank Islami Pakistan</b>	PKR3.5 billion	Sukuk	15 <sup>th</sup> January 2015
TBA	<b>Pakistan Mobile Communications (Mobilink)</b>	PKR6.9 billion	Sukuk	14 <sup>th</sup> January 2015
2015	<b>International Bank of Azerbaijan</b>	TBA	Sukuk	13 <sup>th</sup> January 2015
3 <sup>rd</sup> quarter 2015	<b>Government of Tunisia</b>	US\$500 million	Sukuk	13 <sup>th</sup> January 2015
Feb-15	<b>Government of Jordan</b>	TBA	Sukuk	6 <sup>th</sup> January 2014
TBA	<b>Turkiye Finans</b>	TRY71 million	Sukuk	5 <sup>th</sup> January

## AFRICA

### IRTI-AGIB enters into a partnership

**GAMBIA:** Following a change of management, Arab Gambian Islamic Bank (AGIB) signed an Advisory Services Agreement with the Islamic Research and Training Institute (IRTI) to assist with undertaking a current state

assessment and provide broad-based strategy recommendations to guide the bank in the future. AGIB is Gambia's sole Islamic bank. <sup>(2)</sup>

### Attijariwafa Bank's growth plans

**MOROCCO:** Following the final approval of the parliament's Islamic finance bill last November, Attijariwafa

Bank plans to build its own Islamic finance business rather than tying up with a foreign partner, reported Reuters. According to the newswire, the Moroccan bank received many partnership propositions from international Islamic banks. However, they were all declined as the bank intends to retain 100% of Dar Assafaa (the bank's Islamic business) to themselves for the time being. <sup>(2)</sup>

## ASIA

### RHB Capital pushes ahead with IGNITE 17

**MALAYSIA:** Following the collapse of a planned merger with CIMB Holdings and Malaysia Building Society, RHB Capital will continue to push for the implementation of its transformation program, IGNITE 17, which was introduced last year, reported local daily The Star quoting CIMB Research. RHB Capital will drive Islamic growth domestically and regionally as well as building world-class Islamic banking institutions with innovative product offerings and an enhanced distribution model. (2)

### Malaysian Shariah Index to be launched

**MALAYSIA:** Announced last December, Malaysia is on track to launch the Malaysian Shariah Index on the 10<sup>th</sup> February 2015, reported the Malay Mail Online. The index, which evaluates the country's achievement in implementing

the demands of Shariah, will cover the sectors of: economy, infrastructure, environment, law, health, politics, culture and society. (2)

### Pakistan to announce Sukuk regulations soon

**PAKISTAN:** The Securities and Exchange Commission of Pakistan (SECP), according to local daily The Express Tribune, will soon notify regulations for the issuance of Sukuk to develop the capital market and facilitate fund-raising activities via Shariah compliant financial products. The Sukuk Regulations 2015 will be issued under Section 506A of the 1984 Companies Ordinance. (2)

### MARC sets Sukuk expectations

**MALAYSIA:** MARC anticipates the volume of newly-rated bonds and Sukuk issuance to be in the range of RM50-60 billion (US\$13.75-16.51 billion) in 2015, reported local daily The Star. Together with newly-unrated government-guaranteed papers and unrated private

placements of an expected RM3 billion (US\$825.29 million), MARC predicts a total issuance of RM80-90 billion (US\$22.01-24.76 billion)-worth of new private debt securities in 2015, almost unchanged from the RM85.9 billion (US\$23.63 billion) recorded in 2014.

Higher issuances from the unrated quasi-government segment are also expected to fund ongoing mega infrastructure-related projects initiated by the government, such as the construction of the second Mass Rapid Transit (MRT) Line and the Light Rail Transit (LRT) 3 Project. (2)

### 90 North opens Malaysian office

**MALAYSIA:** 90 North has informed IFN that it is expanding its operations with the opening of its latest office in Kuala Lumpur. The company has received official approval from the Malaysian Investment and Development Authority for its representative office, clearing the way for its opening. (2)

## EUROPE

### Alchemiya's crowdfunding campaign confirmed Shariah compliant

**UK:** Alchemiya Media, an online television platform targeting Muslims, confirmed to IFN that its crowdfunding campaign on CrowdCube has been certified Shariah compliant by Mufti Barkatulla (Shariah advisor at Taqwaa Advisory and Shariah Investment

Solutions as well as Al Rayan Bank among others) and Shaikh Haytham Tamim (Association of Shariah Scholars in Islamic Finance's vice-president for Europe and director and founder of Shariah Solutions). (2)

### 90 North eyes largest deal

**UK:** Shariah compliant real estate specialist, 90 North Real Estate Partners, is due to close its largest deal to date, a US contract worth US\$127 million, in

the next few weeks, Philip Churchill, the firm's founder and managing partner, told IFN. The firm is also looking to acquire a logistic facility in Europe. (2)

### Al Rayan expands ISA suite

**UK:** Al Rayan Bank on the 2<sup>nd</sup> February launched its new product: Instant Access Cash ISA, following the success of its 120-day Notice Cash Individual Saving Account (ISA), the Islamic bank informed IFN. (2)

## STRUCTURING SUKUK & ISLAMIC CAPITAL MARKETS PRODUCTS

26<sup>th</sup> – 28<sup>th</sup> April 2015, MUSCAT

### Course Highlights:

- Essential Shariah contracts for Islamic Capital Markets activities
- Key characteristics, uses and issues in Sukuk structuring
- Analysis of the differences in Sukuk structures and applications
- Case study discussion and practical exercises

Islamic Finance *training*

www.REDmoneytraining.com | enquiry@redmoneytraining.com

## GLOBAL

### Bahrain shares expertise with Morocco

**GLOBAL:** A nine-member delegation comprising leading Shariah scholars from Morocco met with Rasheed Al Maraj, the governor of the Central Bank of Bahrain (CBB), on the 27<sup>th</sup> January 2015. The visiting delegation was given presentations on the CBB regulatory and supervisory frameworks as relevant for Islamic finance. (f)

### IFSB's Arabic website

**GLOBAL:** The IFSB successfully launched its Arabic website on the 27<sup>th</sup> January 2015, according to a press release. The IFSB Arabic website is a mirror version of its English website, which provides information on the IFSB structure, standards and guidelines, membership as well as current and future activities. It also features the IFSB publications and press releases. (f)

### DIB receives Kenyan approval

**GLOBAL:** Dubai Islamic Bank (DIB) has received 'in principle approval' from the Kenyan regulator to open a Shariah compliant arm in the country, reported Bloomberg. Yet to receive its final license, the bank will operate under the name of 'DIB Kenya' with 70% held by the bank and 30% owned by local partners. (f)

### IDB-UK collaboration for women

**GLOBAL:** The IDB and the UK's Department for International Development have signed an MoU to boost business opportunities and create jobs for women across the Middle East and North Africa. According to a press release on the UK government's website, the Arab Women's Enterprise Fund will see the IDB and the Department for International Development working together to improve the competitiveness of women entrepreneurs in the Arab world. It will also address legal and cultural barriers that block women getting ahead in business. (f)

### Egypt's oil and gas support

**GLOBAL:** The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the insurance arm of the IDB Group, according to a press release has provided reinsurance support of US\$80 million to the Overseas Private

Investment Corporation (OPIC) for the latter's political risk insurance policy to Apache Corporation.

The policy was issued to Apache to cover its investment in Egypt against political risks for a tenor in excess of five years. Apache's project in Egypt involves exploration of oil and gas under various concessions granted by the Egyptian government in several locations in Egypt with main activities in the Western Desert. (f)

### IDB signs MoU with OIC

**GLOBAL:** The IDB and Organization of Islamic Cooperation (OIC) on the 1<sup>st</sup> February contracted an MoU to manage and implement a joint program for

combating the Ebola epidemic in West Africa, which includes exchange of information, consultation, cooperation and coordination of efforts between the two entities. (f)

### New Saudi trading platform

**GLOBAL:** Dubai-based Emirates NBD Securities in a press release announced the launch of its new trading platform on Tadawul, the Saudi Stock Exchange. The addition of Tadawul trading is expected to benefit eligible investors, who currently hold a regular trading account with the firm, to trade on the Saudi exchange without having to request new settlement bank accounts. (f)



Unrivalled knowledge. Unique solutions.

Recognised as the leading law firm on Cayman Islands, British Virgin Islands and Irish law, Maples and Calder has been ranked Best Law Firm of the year in Offshore Finance for three consecutive years by Islamic Finance News.

In the Middle East, Maples and Calder offers clients a wide range of legal services including advising on offshore fund formation and Sharia compliant finance structures.

MaplesFS brings deep industry leadership for fiduciary, corporate governance and fund administration services that meet the demanding standards you expect.

Our highly qualified professionals have been involved in many of the most innovative Islamic finance transactions and are here to help you achieve your objectives.

maplesandcalder.com  
maplesfs.com

Tahir Jawed  
+971 4 360 4070  
tahir.jawed@maplesandcalder.com

## MIDDLE EAST

### Ahlibank-SEZAD collaboration

OMAN: Ahlibank and its Islamic counterpart Al Hilal Islamic Banking Services according to a press release have signed an MoU with the Special Economic Zone in Duqm (SEZAD) to provide banking services and finance, for investors and companies that will be establishing business ventures in Duqm. Under the MoU, SEZAD will present the offers provided by Ahlibank and Al Hilal Islamic Banking Services to potential investors. In the corporate banking and SME arenas, the bank will offer working capital and term loans, lease finance, trade finance, guarantees and 'B2B' electronic banking. <sup>(f)</sup>

### Saudi to open market as planned

SAUDI ARABIA: Saudi Arabia will open its stock market to foreign investors before the end of the first half of this year as planned, according to Saudi Gazette which quoted Capital Market Authority (CMA)'s chairman Mohammed Al Sheikh. It is reported that the CMA will also publish the finalized regulations regarding the opening of the market "very soon". <sup>(f)</sup>

### CISI-CMA Kuwait collaboration

KUWAIT: The Chartered Institute for Securities & Investment (CISI) recently signed an MoU with the Capital Markets Authority (CMA) of Kuwait to bring globally recognized qualifications to the country's finance professionals through accredited training partners. CISI's Middle East operation which is headquartered in Dubai, has in the last financial year reported that 4,000 exams were taken in the Middle East covering a range of subjects from Islamic finance and wealth management to compliance and risk. <sup>(f)</sup>

### AAOIFI discusses advancements in Morocco

BAHRAIN: AAOIFI recently met with the Supreme Ulema Council of Morocco to discuss potential collaborative efforts in all relevant aspects. According to a press release, the meeting and other collaborative activities are carried out in the context of strengthening AAOIFI's role, especially subsequent to the issuance of Islamic banking laws in the

Kingdom of Morocco, Islamic finance's gateway to Africa. <sup>(f)</sup>

### StanChart Saadiq educates the masses

UAE: According to a press release, Standard Chartered Saadiq launched an Islamic financial education program which seeks to educate the UAE community in the ways of responsibly handling their financial future in a Shariah compliant and Halal manner. The modules focus on the prohibition of transactions which involve Riba, fair distribution of profit and loss as well as prohibition of transactions which involves uncertainty or speculation. <sup>(f)</sup>

### Barwa Real Estate expands project

QATAR: Barwa Real Estate recently signed an agreement to collaborate with the Arab Engineering Bureau under which the bureau will provide the project with consultancy and design services. The decision to expand Barwa Village comes in response to the desire of business owners and tenants for Barwa to release more units with competitive rent value, especially after the rise in rents of both commercial and residential units which the real estate market is experiencing. <sup>(f)</sup>

### Bank Nizwa-Zawaya Development collaboration

OMAN: Bank Nizwa recently signed an agreement with Zawaya Development to provide mortgage solutions for potential buyers of Al Taif 1, an integrated residential project in Al Mawalleh. According to a press release, the home financing propositions are now available through Bank Nizwa for one and two-bedroom apartments at Al Taif 1, scheduled for completion in the second quarter of 2016. <sup>(f)</sup>

### Vodafone Qatar goes Islamic

QATAR: Vodafone Qatar in a press release announced the completion of its transformation to a fully Shariah compliant company. Vodafone refinanced its conventional interest-bearing borrowings with a Shariah compliant Wakalah investment agreement in December 2014. The transition was completed in accordance with the current, effective laws that do not contradict Shariah rules. Vodafone's bank accounts and other commercial matters

were also reviewed and arranged in a Shariah compliant manner. A Fatwa was issued affirming Vodafone's qualification to commit to the Shariah rules and start its Shariah compliant operations. As of the 1<sup>st</sup> January 2015 the telecommunications company is a Shariah compliant entity whose shares can be traded — bought and sold — without religious disconcertment or the need for money purification. <sup>(f)</sup>

### BLME's Dubai expansion plans

GLOBAL: Bank of London and The Middle East (BLME) plans to boost its asset-management business in the emirate, making Dubai its global center for asset management, reported The National. According to the news agency, the bank would not seek a full banking licence in Dubai, avoiding competition with local banks, some of which distribute BLME's own Shariah compliant products.

The bank also aims to launch another property fund this year, which would follow its Light Industrial Building Fund, now closed to investors. It is also studying the launch of its first leasing fund, which would be primarily aimed at Middle East financial institutions. <sup>(f)</sup>

**IFN Islamic Finance news**  
The World's Leading Islamic Finance News Provider



Too many pieces  
in the puzzle?

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

**SUBSCRIBE TO IFN TODAY**  
[www.IslamicFinanceNews.com](http://www.IslamicFinanceNews.com)

## ASSET MANAGEMENT

### Al Hilal declares dividend for Sukuk fund

**UAE:** Al Hilal Bank in a press release announced the dividend payout of the Al Hilal Global Sukuk Fund. The fund, which was launched in March 2012, distributed a 4.78% dividend to all registered unit holders as of the 31<sup>st</sup> December 2014. The fund aims to generate a regular stream income as well as achieve capital growth by investing in a global universe of Sukuk issued by sovereign, quasi-sovereign and corporate organizations. <sup>(f)</sup>

### UNB's Islamic fund tops table

**UAE:** Union National Bank in a press release revealed the performance of Al Samaha Islamic Fund, its Shariah compliant investment vehicle. The fund which invests in Shariah compliant large caps across the Middle East region, achieved a growth of 3.3% as of the 31<sup>st</sup> December 2014. Strategic investment policies and risk diversification backed by fundamental and technical analysis placed Al Samaha Islamic Fund among the best performing Islamic funds in the UAE for 2014. <sup>(f)</sup>

### Closing of Powervest Fund

**SAUDI ARABIA:** The International Company for Water & Power Projects

(ACWA Power) in a press release announced the official first closing of the Powervest Fund with commitments of circa SAR596 million (US\$159 million). Domiciled in the Kingdom and managed by SAMBA Capital and Investment Management Company, the fund is said to be the first of its kind in the region, involving a dedicated captive infrastructure fund that has the right to co-invest with ACWA Power in various projects in the conventional power generation and water desalination space across the company's investment regions. Additionally, the fund is also the first Shariah compliant specialized infrastructure investment vehicle in the Kingdom. <sup>(f)</sup>

## RESULTS

### Abu Dhabi Islamic Bank

**UAE:** Abu Dhabi Islamic Bank announced a 20.7% year-on-year growth in 2014 net profit to AED1.75 billion (US\$476.43 million) and an 8.5% increase in total assets to AED111.9 billion (US\$30.46 billion) at the end of 2014 as compared to the corresponding period of 2013. <sup>(f)</sup>

### RAKBANK

**UAE:** RAKBANK, which offers Islamic banking products through RAKBANK Amal Islamic banking, announced a 2014 net profit AED1.45 billion (US\$394.75 million), a AED23.8 million (US\$6.48 million) increment from 2013. Total assets were up 15.6% at the end of last year to AED34.8 billion (US\$9.47 billion). <sup>(f)</sup>

### ADCB

**UAE:** Abu Dhabi Commercial Bank (ADCB), which offers Islamic banking services, reported a net profit of AED4.2 billion (US\$1.14 billion) for the 2014 fiscal year, up 16% from AED3.62 billion (US\$985.36 million) it made in 2013. The bank's net profit is attributed to shareholders' equity which was up 20% to AED4.05 billion (US\$1.1 billion). <sup>(f)</sup>

### National Bank of Abu Dhabi

**UAE:** National Bank of Abu Dhabi, which offers Islamic financial services, disclosed an 18% year-on-year increase in net profit for the 12-month period ended the 31<sup>st</sup> December 2014 to AED5.58 billion (US\$1.52 billion). Total assets grew 16%

to stand at AED376.1 billion (US\$102.39 billion) as at the end of last year. <sup>(f)</sup>

### FGB

**UAE:** FGB, which offers Islamic banking products through Siraj, reported a net profit of AED5.66 billion (US\$1.54 billion) in 2014, marking an 18% accretion against the AED4.77 billion (US\$1.3 billion) recorded the year before. Total assets as at the end of last year stood at AED212.2 billion (US\$57.77 billion). <sup>(f)</sup>

### CBD

**UAE:** Commercial Bank of Dubai (CBD), which operates Attijari Al Islami, announced a net profit of AED1.2 billion (US\$326.63 million) for 2014, a 19% increase compared to AED1 billion (US\$272.19 million) in 2013, marking a sixth consecutive year of profit growth, reported Gulf News. The bank's operating income increased by 10.2% to AED2.24 billion (US\$609.72 million) in 2014, largely due to a 9.3% increase in net interest income to AED1.58 billion (US\$430.07 million) compared to AED1.44 billion (US\$391.96 million) in 2013 and a 12.5% increase in non-interest income to AED657.5 million (US\$178.97 million). CBD's total assets were up 5.5% in 2014 to AED46.9 billion (US\$12.76 billion). <sup>(f)</sup>

### Al Khaleej Takaful

**UAE:** Al Khaleej Takaful Group on its website announced QAR74.4 million (US\$20.41 million) in net profit for 2014, an increase from QAR66.1 million (US\$18.13 million) made the previous year. <sup>(f)</sup>

### Al Wifaq Islamic Finance

**UAE:** Al Wifaq Islamic Finance Company in a press release disclosed a profit of AED93.3 million (US\$25.4 million) for 2014, marking a 435% increase from the previous year. Financing portfolio grew 13% to reach AED1.6 billion (US\$435.59 million) as at the 31<sup>st</sup> December 2014. <sup>(f)</sup>

### Warba Bank

**KUWAIT:** For the year ending the 31<sup>st</sup> December 2014, Warba Bank in a press release disclosed operating revenue of KWD18.53 million (US\$62.7 million), a 79% increase compared to KWD10.32 million (US\$34.92 million) for the year ended the 31<sup>st</sup> December 2013.

The financial statements demonstrated that the bank generated a net profit of KWD115,000 (US\$389,118) for the 12 months of 2014, an increase of 103% compared to a loss of KWD3.7 million (US\$12.52 million) for 2013.

Total assets grew reaching KWD594.8 million (US\$2.01 billion) as of December 2014 compared to KWD405.51 million (US\$1.37 billion) at the end of 2013. <sup>(f)</sup>

### Al Baraka Bank Egypt

**EGYPT:** Al Baraka Bank Egypt, a subsidiary banking unit of Bahrain's Al Baraka Banking Group, in an announcement on NASDAQ Dubai reported a 36.1% year-on-year jump in 2014 net income to EGP225.5 million (US\$31.6 million). Total assets increased by 22.1% to EGP22.3 billion (US\$182 million). <sup>(f)</sup>

## RATINGS

### 'AAA' rating for CGC

**MALAYSIA:** Government-related Credit Guarantee Corporation Malaysia (CGC), which offers Shariah compliant financing schemes, has been affirmed an 'AAA' rating by MARC, with a stable outlook. (f)

### PLUS Sukuk receives rating

**MALAYSIA:** Projek Lebuh raya Usahasama (PLUS)'s RM23.35 billion (US\$6.47 billion) Sukuk Musharakah program has been affirmed at 'AAAIIS' with a stable outlook by MARC. According to the rating agency, the rating incorporates a two-notch rating upgrade from PLUS's standalone rating of 'AA' based on the government's golden share and indirect shareholding via UEM Group which is a wholly-owned subsidiary of sovereign wealth fund Khazanah Nasional. (f)

### Malaysia looking positive

**MALAYSIA:** Moody's has affirmed the government bond and issuer ratings of the government of Malaysia at 'A3', with a positive outlook. According to the press release, key drivers of the rating action are: (1) the government's intention to adhere to its policy of deficit reduction, driven by fiscal reforms that have already bolstered the government's resilience to cyclical commodity price shocks; and (2) the resistance of Malaysia's

fundamental credit strengths — notably macroeconomic stability, domestic capital market depth, and a favorable government debt structure — to a more adverse external economic environment, lower oil prices, and global financial market volatility. (f)

### MAHB's rating affirmed

**MALAYSIA:** Moody's has accorded Malaysia Airports Holdings (MAHB) with an 'A3' issuer rating with a positive rating outlook. The rating and outlook are in line with the Malaysian government's 'A3' sovereign rating and positive rating outlook. MAHB issued a perpetual Sukuk in December 2014. (f)

### Oman receives ratings

**OMAN:** Capital Intelligence (CI), in an announcement on its website has affirmed Oman's long-term foreign currency and local currency ratings of 'A' and its short-term foreign and local currency ratings of 'A1'. (f)

### Cerah Sama's Sukuk

**MALAYSIA:** Cerah Sama, the investment holding company of highway concessionaire Grand Saga, has had the 'AA-IS' rating on its RM420 million (US\$116.36 million) Sukuk Musharakah affirmed by MARC, with a stable outlook. The Sukuk was issued under the firm's RM750 million (US\$207.78 million) Sukuk Musharakah program. (f)

### Cagamas papers rated

**MALAYSIA:** RAM has assigned final 'P1' ratings to Cagamas's RM20 billion (US\$5.5 billion) Islamic and conventional commercial paper programs, according to a press release. The ratings reflect the company's robust asset quality, solid capitalization and systemic position within the domestic capital markets in its role as a liquidity provider. (f)

### Takaful Re revised to negative

**UAE:** S&P in a press release has revised the outlook on Dubai-based reinsurer Takaful Re (TRL) from stable to negative. Concurrently, the ratings agency affirmed its 'BBB' insurer financial strength and counterparty credit ratings on the company. The outlook revision follows TRL's material reduction in premium and anticipated poor results in 2014. S&P expects the company to restore its premium and earnings over the next two years, with its risk-based capital remaining extremely strong (well above the 'AAA' level). (f)

JOIN THE MOST ACTIVE ISLAMIC  
FINANCE FOCUSED GROUP ON  
LINKED-IN



LINKEDIN/  
ISLAMICFINANCENEWS

## MOVES

### Gatehouse Bank

**UK:** Shariah compliant Gatehouse Bank has appointed **David Swan** as the firm's head of real estate investment, according to a press release. Swan will lead the firm's real estate investment department in the origination, management and realisation of real estate equity investments. (f)

### Islamic National Bank

**PALESTINE:** The General Authority of Islamic National Bank has elected its board of directors, members of the reserve and its Shariah committee in the presence of representatives from the central bank and the Ministry of Commerce, according to The I.Q.D Team Connection website. The annual meeting was also held to enhance the business level and the renewal of work

responsibilities within the bank through assigned organs for the distribution of tasks. (f)

### AUB

**BAHRAIN:** Ahli United Bank (AUB) has accepted the resignation of its chairman, **Fahad al-Rajaan**, according to an announcement on the bank's website. Stepping down for personal reasons, Fahad has been a director on the bank's board since July 2000. (f)

### Standard Chartered Bahrain

**BAHRAIN:** Standard Chartered Bank Bahrain has appointed **Abdulla Abdulrazaq Bukhowa** as head of corporate and institutional clients in addition to his role as head of financial markets, reported Gulf Daily News. Abdulla will oversee the overall management of the corporate, institutional, and financial markets

business in Bahrain in accordance with the global business strategy. Before joining Standard Chartered in 2010, Abdulla held senior management positions at the Central Bank of Bahrain most notably as head of portfolio management. (f)

### RHB Banking Group

**MALAYSIA:** RHB Banking Group, the parent company of RHB Islamic, has appointed **U Chen Hock** as its head for group retail banking effective the 1<sup>st</sup> February 2015.

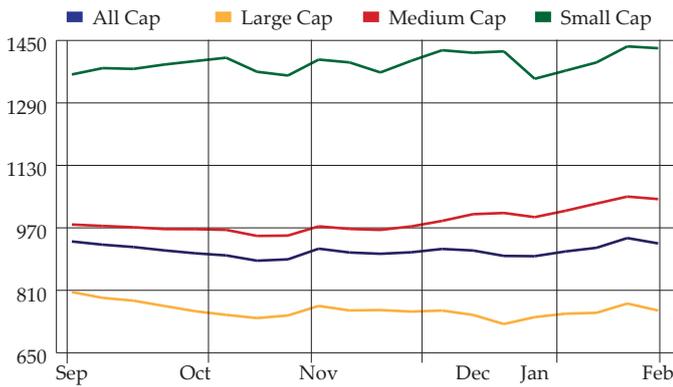
According to local newspaper Bernama, U was previously the executive director of RHB Bank's group international business. In his new role, U will lead the retail banking business in Malaysia and continue to oversee the group's retail banking business throughout the region. (f)

# DEAL TRACKER

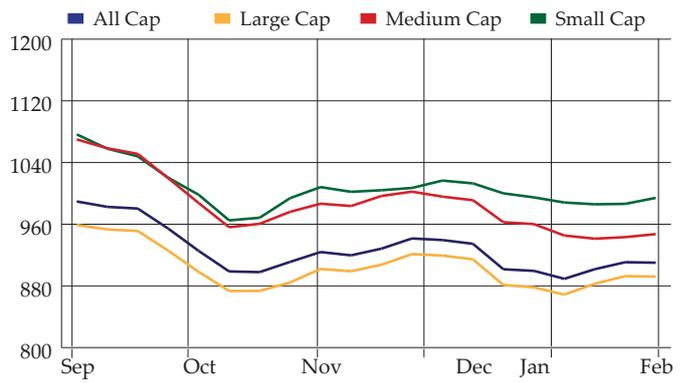
Expected date	Company's name	Size	Structure	Announcement Date
TBA	BNI Syariah	IDR500 billion	Sukuk	3 <sup>rd</sup> February 2015
TBA	K-Electric	PKR22 billion	Sukuk	3 <sup>rd</sup> February 2015
6 <sup>th</sup> February 2015	Bank Negara Malaysia	US\$100 million	Islamic Treasury Bills	2 <sup>nd</sup> February 2015
TBA	Emirates Airline	US\$1 billion	Sukuk	30 <sup>th</sup> January 2015
TBA	Qatar Islamic Bank	QAR2 billion	Sukuk	19 <sup>th</sup> January 2015
1 <sup>st</sup> quarter 2015	Bank Islami Pakistan	PKR3.5 billion	Sukuk	15 <sup>th</sup> January 2015
TBA	Pakistan Mobile Communications (Mobilink)	PKR6.9 billion	Sukuk	14 <sup>th</sup> January 2015
2015	International Bank of Azerbaijan	TBA	Sukuk	13 <sup>th</sup> January 2015
3 <sup>rd</sup> quarter 2015	Government of Tunisia	US\$500 million	Sukuk	13 <sup>th</sup> January 2015
Feb-15	Government of Jordan	TBA	Sukuk	6 <sup>th</sup> January 2014
TBA	Turkiye Finans	TRY71 million	Sukuk	5 <sup>th</sup> January
TBA	Turkiye Finans	TRY143 million	Sukuk	5 <sup>th</sup> January
2015	Government of Indonesia	IDR7.14 trillion	Sukuk	15 <sup>th</sup> December 2014
TBA	UniTapah	RM600 million	Sukuk	9 <sup>th</sup> December 2014
Apr-15	Government of Indonesia	IDR20 trillion	Sukuk	4 <sup>th</sup> December 2014
H2 2015	Government of Indonesia	TBA	Sukuk	3 <sup>rd</sup> December 2014
2015-16	Government of Kenya	TBA	Sukuk	2 <sup>nd</sup> December 2014
TBA	KPJ Healthcare	RM1.5 billion	Sukuk	28 <sup>th</sup> November 2014
TBA	ICD	US\$1.2 billion	Sukuk	27 <sup>th</sup> November 2014
Q2 2015	Khazanah Nasional	TBA	Sukuk	26 <sup>th</sup> November 2014
2 <sup>nd</sup> December 2014	Indosat	IDR2.5 trillion	Sukuk + conventional	13 <sup>th</sup> November 2014
18 <sup>th</sup> November 2014	Government of Turkey	TRY1.84 billion	Sukuk	30 <sup>th</sup> September 2014
2014	Adira Dinamika Multi Finance	IDR1.5 trillion	Sukuk	2 <sup>nd</sup> July 2014
2014	Bank Islam Malaysia	Up to RM1 billion	Sukuk	2 <sup>nd</sup> June 2014
2H 2014	Felda Global Ventures Holdings	US\$1 billion	Exchangable Sukuk	22 <sup>nd</sup> May 2014
Nov-14	1MDB	RM8.4 billion	Sukuk	9 <sup>th</sup> October 2014
Nov-14	Government of Tunisia	US\$140 million	Sukuk	7 <sup>th</sup> February 2014
Q1 2015	Meethaq	Up to OMR500 million	Sukuk	5 <sup>th</sup> May 2014
pre-2015	Government of Indonesia	IDR6.4 trillion	Sukuk	18 <sup>th</sup> August 2014
2015	International Finance Corp	TBA	Sukuk	17 <sup>th</sup> June 2014
Q1 2015	Government of Oman	OMR300-400 million	Sukuk	27 <sup>th</sup> October 2014
Q1 2015	Etisalat	US\$500 million	Sukuk	13 <sup>th</sup> October 2014
Q2 2015	Export-Import Bank of Malaysia	US\$200-300 million	Sukuk	12 <sup>th</sup> November 2014
2016	Government of the Philippines	TBA	Sukuk	26 <sup>th</sup> May 2014
TBA	Turkiye Finans Katilim Bankasi	TRY71 million	Sukuk	25 <sup>th</sup> November 2014
TBA	Point Zone	RM1.5 billion	Sukuk	21 <sup>st</sup> November 2014
TBA	Northport	RM1.5 billion	Sukuk	20 <sup>th</sup> November 2014
TBA	Malaysia Building Society	RM700 million	Sukuk	19 <sup>th</sup> November 2014
TBA	Fleetcorp	Up to TRY150 million	Sukuk	7 <sup>th</sup> November 2014
TBA	DRB-Hicom	Up to RM2 billion	Sukuk Musharakah	4 <sup>th</sup> November 2014
TBA	AirAsia	Up to RM1 billion	Sukuk	31 <sup>st</sup> October 2014
TBA	Government of Mexico	TBA	Sukuk	30 <sup>th</sup> October 2014
TBA	Pemex	TBA	Sukuk	30 <sup>th</sup> October 2014
TBA	Government of Kazakhstan	TBA	Sukuk	29 <sup>th</sup> December 2014
TBA	ACWA Power	TBA	Sukuk	24 <sup>th</sup> October 2014
TBA	Kesas	RM735 million	Sukuk	1 <sup>st</sup> October 2014
TBA	WCT Holdings	Up to RM1.5 billion	Sukuk Murabahah	29 <sup>th</sup> September 2014
TBA	Malaysia Marine and Heavy Engineering Holdings	Up to RM1 billion	Sukuk Murabahah	29 <sup>th</sup> September 2014
TBA	Agaoglu Group	Up to US\$300 million	Sukuk	16 <sup>th</sup> September 2014
TBA	Kuveyt Turk	Up to RM2 billion	Sukuk	15 <sup>th</sup> September 2014
TBC	Zain Group	TBC	Sukuk	27 <sup>th</sup> August 2014
TBA	CIMB Islamic	Up to RM5 billion	Sukuk	26 <sup>th</sup> August 2014
TBA	Sunway Treasury Sukuk	Up to RM2 billion	Sukuk Mudarabah	25 <sup>th</sup> August 2014
TBA	Malaysia Airport Holdings	TBA	Sukuk	19 <sup>th</sup> August 2014

# SHARIAH INDEXES

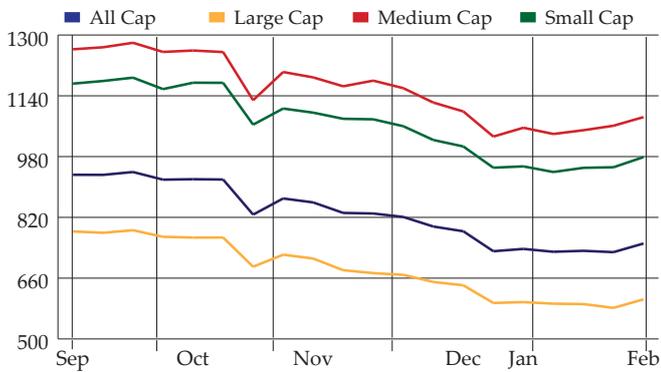
**REDmoney Asia ex. Japan** 6 Months



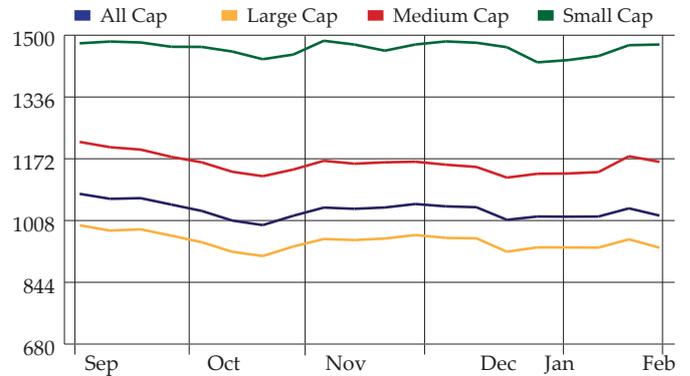
**REDmoney Europe** 6 Months



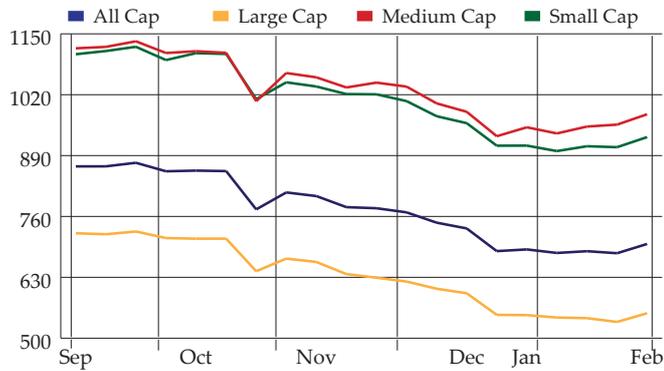
**REDmoney GCC** 6 Months



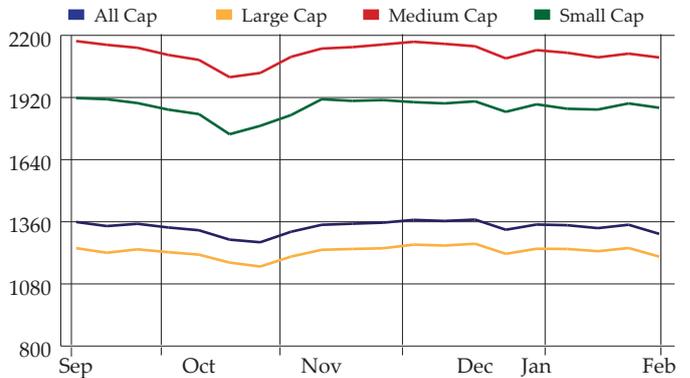
**REDmoney Global** 6 Months



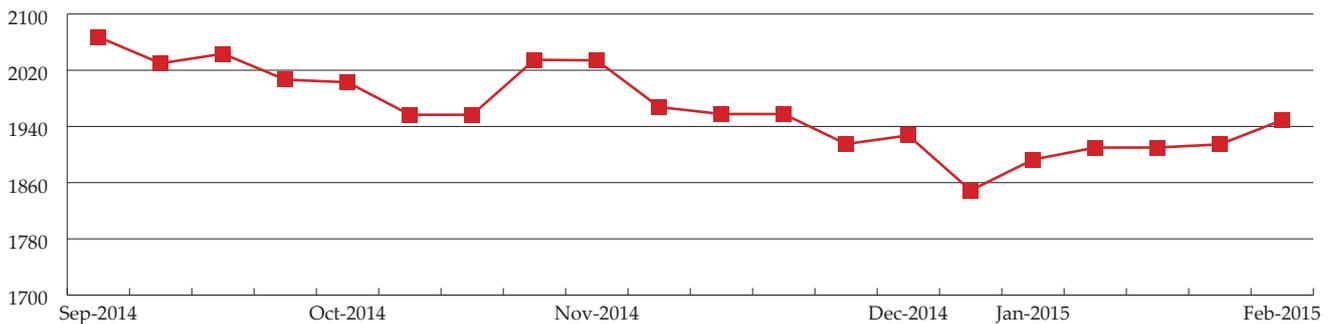
**REDmoney MENA** 6 Months



**REDmoney US** 6 Months

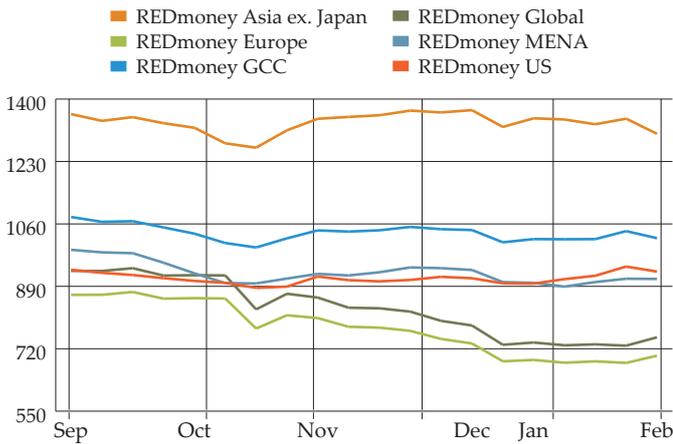


**SAMI Halal Food Participation (All Cap)** 6 months

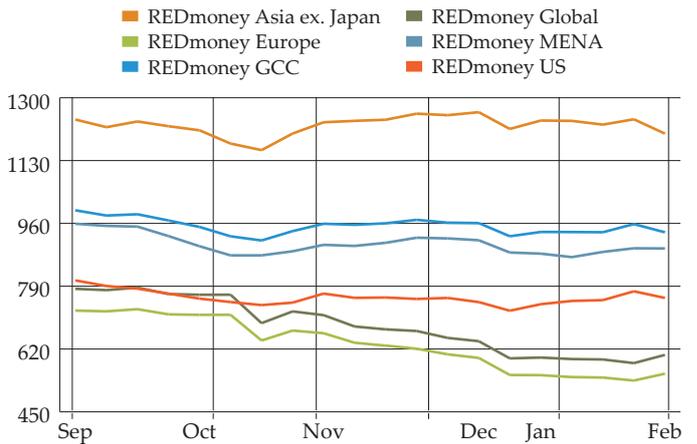


# SHARIAH INDEXES

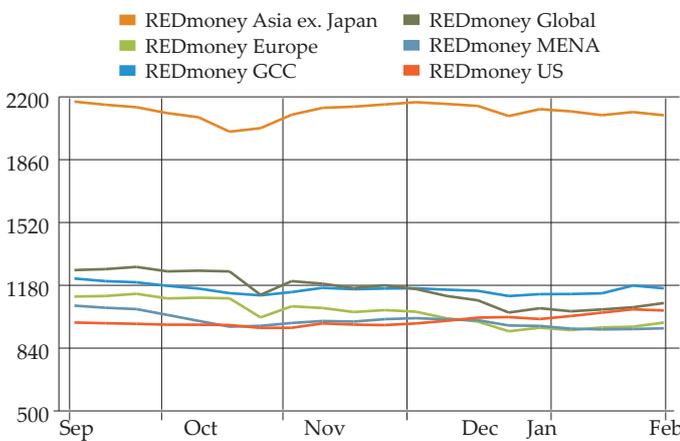
**REDmoney Global Shariah Index Series (All Cap)** 6 Months



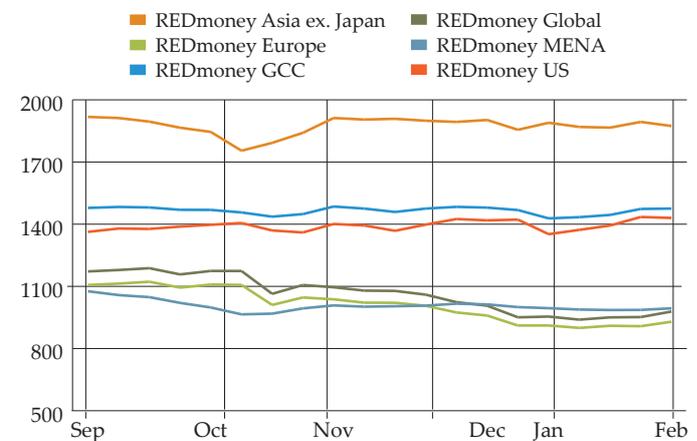
**REDmoney Global Shariah Index Series (Large Cap)** 6 Months



**REDmoney Global Shariah Index Series (Medium Cap)** 6 Months



**REDmoney Global Shariah Index Series (Small Cap)** 6 Months



## REDmoney Global Shariah

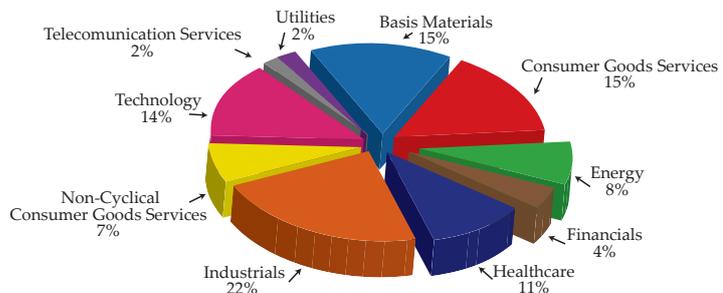
Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

Once the index eligible universe is determined the underlying constituents are screened using a set of business and financial Shariah guidelines.

The REDmoney Global Shariah Index Series powered by IdealRatings consists of a rich subset of global listed equities that adhere to clearly defined and transparent Shariah guidelines defined by Shariyah Review Bureau in Jeddah, Saudi Arabia.

The REDmoney Shariah Indexes provides Islamic investors with an accurate and Shariah-specific equity performance benchmark with optimized compliance credibility due to the intensive research conducted to ensure that index constituents do not conflict with the defined Shariah requirements.

IdealRatings™ is the leading provider of Shariah investment decision support tools to investors globally, including asset managers, brokers, index providers, and banks to empower them to develop, manage and monitor Shariah investment products and Shariah compliant funds. IdealRatings is headquartered in San Francisco, California. For more information about IdealRatings visit: [www.idealratings.com](http://www.idealratings.com)



## REDmoney Global Shariah Index Series

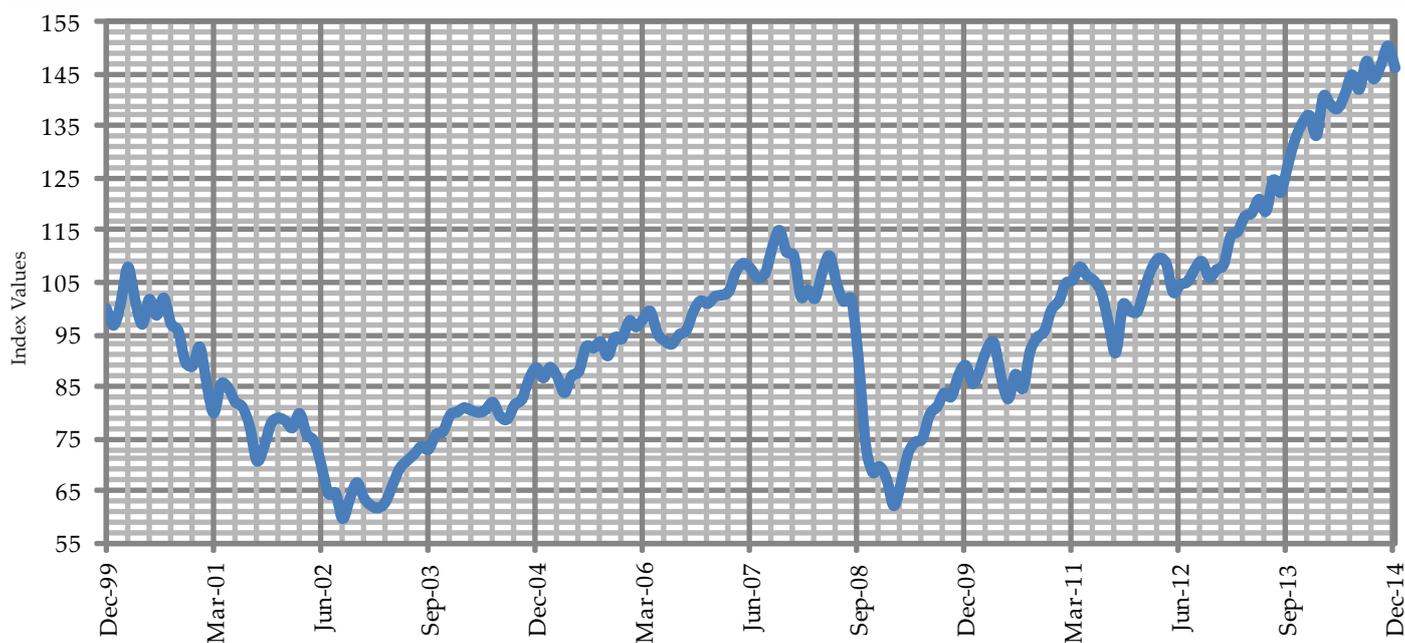
REDmoney Indexes IdealRatings®

For further information regarding REDmoney Indexes contact:

Andrew Morgan  
Managing Director, REDmoney Group

Email: [Andrew.Morgan@REDmoneygroup.com](mailto:Andrew.Morgan@REDmoneygroup.com)  
Tel +603 2162 7800

## Eurekahedge North America Islamic Fund Index



### Top 10 Monthly Returns for ALL Islamic Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 AmOasis Global Islamic Equity	AmInvestment Management	3.78	Malaysia
2 Atlas Pension Islamic - Equity Sub	Atlas Asset Management	2.09	Pakistan
3 Namaa' Asia-Pacific Equity Growth	AmInvestment Services	2.07	Malaysia
4 Alkhair Capital Index	Alkhair Portfoy Yonetimi	1.80	Turkey
5 Alkhair Capital Istanbul	Alkhair Portfoy Yonetimi	1.71	Turkey
6 Atlas Islamic Stock	Atlas Asset Management	1.44	Pakistan
7 ETFs Physical Gold	ETFs Metal Securities	1.36	Jersey
8 Meezan Balanced	Al Meezan Investment Management	1.13	Pakistan
9 Al Meezan Mutual	Al Meezan Investment Management	0.78	Pakistan
10 Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	0.66	Pakistan
<b>Eurekahedge Islamic Fund Index</b>		<b>(1.03)</b>	

Based on 51.30% of funds which have reported December 2014 returns as at the 2<sup>nd</sup> February 2015

### Top 10 Monthly Returns for Global Islamic Funds

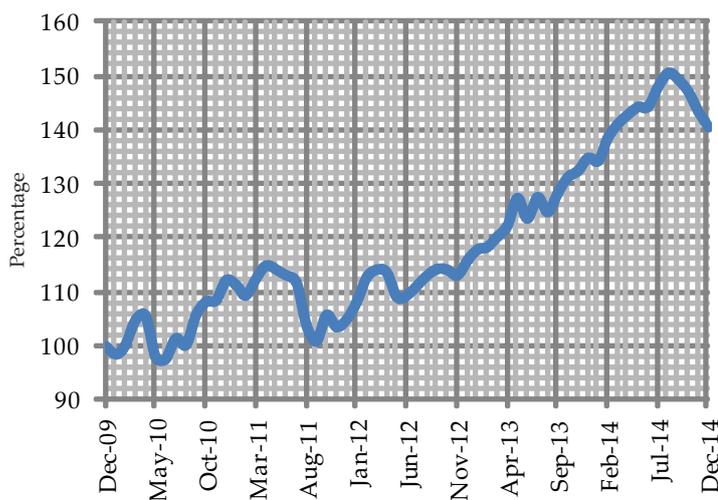
Fund	Fund Manager	Performance Measure	Fund Domicile
1 AmOasis Global Islamic Equity	AmInvestment Management	3.78	Malaysia
2 ETFs Physical Gold	ETFs Metal Securities	1.36	Jersey
3 ETFs Physical PM Basket	ETFs Metal Securities	0.48	Jersey
4 ETFs Physical Platinum	ETFs Metal Securities	0.37	Jersey
5 CIMB Islamic Greater China Equity	CIMB-Principal Asset Management	0.33	Malaysia
6 Watani KD Money Market	National Bank of Kuwait	0.05	Cayman Islands
7 Jadwa Saudi Riyal Murabaha	Jadwa Investment	0.05	Saudi Arabia
8 Commodity Trading - SAR	Riyad Bank	0.04	Saudi Arabia
9 QInvest JOHCM Sharia'a	J O Hambro Capital Management	0.03	Cayman Islands
10 Watani USD Money Market	National Bank of Kuwait	0.02	Cayman Islands
<b>Eurekahedge Islamic Fund Index</b>		<b>(0.68)</b>	

Based on 75.76% of funds which have reported December 2014 returns as at the 2<sup>nd</sup> February 2015

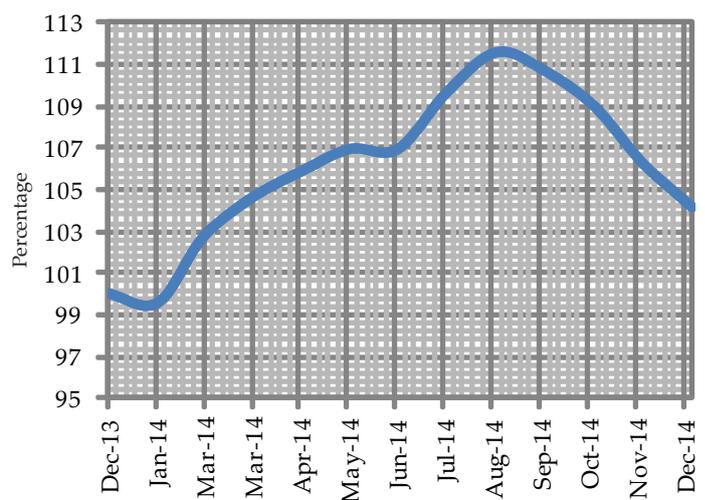
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity, global investing (which would focus on funds investing with global mandate instead of a specific country or geographical region), fund of funds, real estate as well as the Sortino ratio. Each table covering the duration, region, asset class and ratio will be featured on a five-week rotational basis.

# FUNDS TABLES

Eurekahedge Islamic Fund Equity Index over the last 5 years



Eurekahedge Islamic Fund Equity Index over the last 1 year



Top 10 Islamic Equity Funds by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	9.81	Pakistan
2 AmOasis Global Islamic Equity	AmInvestment Management	7.84	Malaysia
3 Al Meezan Mutual	Al Meezan Investment Management	7.30	Pakistan
4 Meezan Islamic	Al Meezan Investment Management	7.14	Pakistan
5 Atlas Pension Islamic - Equity Sub	Atlas Asset Management	6.57	Pakistan
6 Atlas Islamic Stock	Atlas Asset Management	5.32	Pakistan
7 QInvest Edgewood Sharia'a	QInvest	3.81	Cayman Islands
8 Amana Income	Saturna Capital	2.96	US
9 WSF Global Equity - USD I	Cogent Asset Management	2.86	Guernsey
10 Atlas Islamic Income	Atlas Asset Management	1.67	Pakistan
<b>Eurekahedge Islamic Fund Index</b>		<b>(5.92)</b>	

Based on 47.37% of funds which have reported December 2014 returns as at the 2<sup>nd</sup> February 2015

Top 10 Islamic Globally Investing Funds by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 AmOasis Global Islamic Equity	AmInvestment Management	7.84	Malaysia
2 WSF Global Equity - USD I	Cogent Asset Management	2.86	Guernsey
3 ETFs Physical Palladium	ETFs Metal Securities	2.84	Jersey
4 QInvest JOHCM Sharia'a	J O Hambro Capital Management	2.60	Cayman Islands
5 CIMB Islamic Greater China Equity	CIMB-Principal Asset Management	2.39	Malaysia
6 HSBC Amanah Global Equity Index	HSBC Amanah Central Shariah Committee	1.09	Saudi Arabia
7 QInvest GAM Sharia'a	GAM International Management	1.04	Cayman Islands
8 QInvest Sukuk	QInvest	0.56	Cayman Islands
9 BLME Sharia'a Umbrella SICAV-SIF Global Sukuk - Class A USD	Bank of London and The Middle East	0.32	Luxembourg
10 Global Equity - Musharaka	Riyad Bank	0.24	Saudi Arabia
<b>Eurekahedge Islamic Fund Index</b>		<b>(0.81)</b>	

Based on 75.76% of funds which have reported December 2014 returns as at the 2<sup>nd</sup> February 2015

#### Contact Eurekahedge

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

#### Disclaimer

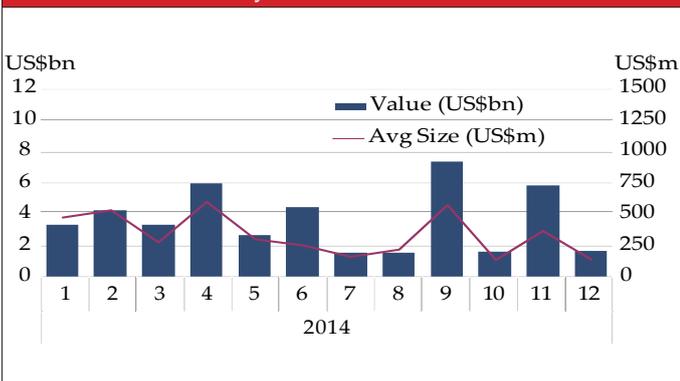
Copyright Eurekahedge 2007, All Rights Reserved. You, the user, may freely use the data for internal purposes and may reproduce the index data provided that reference to Eurekahedge is provided in your dissemination and/or reproduction. The information is provided on an "as is" basis and you assume and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



# LEAGUE TABLES

Most Recent Global Sukuk						
Priced	Issuer	Nationality	Instrument	Market	US\$ (mn)	Managers
14 <sup>th</sup> Jan 2015	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Noor Bank, Al Hilal Bank
19 <sup>th</sup> Dec 2014	DRB-HICOM	Malaysia	Sukuk	Domestic market private placement	206	CIMB Group
19 <sup>th</sup> Dec 2014	Northport (Malaysia)	Malaysia	Sukuk	Domestic market public issue	101	Maybank, Affin Investment Bank
15 <sup>th</sup> Dec 2014	Malaysia Airports Holdings	Malaysia	Sukuk	Domestic market public issue	286	HSBC, Maybank, CIMB Group
12 <sup>th</sup> Dec 2014	Unitapah	Malaysia	Sukuk	Domestic market public issue	146	Kenanga Investment Bank
11 <sup>th</sup> Dec 2014	Suria KLCC	Malaysia	Sukuk	Domestic market public issue	172	CIMB Group
9 <sup>th</sup> Dec 2014	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	287	Maybank, CIMB Group
8 <sup>th</sup> Dec 2014	Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	201	RHB Capital, DRB-HICOM, AmInvestment Bank
5 <sup>th</sup> Dec 2014	Jana Kapital	Malaysia	Sukuk	Domestic market public issue	270	RHB Capital
25 <sup>th</sup> Nov 2014	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup
25 <sup>th</sup> Nov 2014	IFFIm Sukuk	United Kingdom	Sukuk	Euro market public issue	500	Saudi National Commercial Bank, Standard Chartered Bank, National Bank of Abu Dhabi, CIMB Group, Barwa Bank
18 <sup>th</sup> Nov 2014	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	HSBC, CIMB Group, Citigroup
17 <sup>th</sup> Nov 2014	Flydubai	UAE	Sukuk	Euro market public issue	500	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Emirates NBD, Noor Bank, Credit Agricole
17 <sup>th</sup> Nov 2014	Mumtalakat Sukuk Holding	Bahrain	Sukuk	Euro market public issue	600	Standard Chartered Bank, Deutsche Bank, BNP Paribas, Mitsubishi UFJ Financial Group
17 <sup>th</sup> Nov 2014	Advanced Petrochemicals	Saudi Arabia	Sukuk	Domestic market private placement	267	HSBC, Riyadh Bank
14 <sup>th</sup> Nov 2014	Tan Chong Motor Holdings	Malaysia	Sukuk	Domestic market public issue	225	CIMB Group, AmInvestment Bank
13 <sup>th</sup> Nov 2014	Imtiaz Sukuk II	Malaysia	Sukuk	Domestic market public issue	150	Maybank, CIMB Group
11 <sup>th</sup> Nov 2014	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	720	RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, AmInvestment Bank
3 <sup>rd</sup> Nov 2014	Dubai International Financial Centre	UAE	Sukuk	Euro market public issue	700	Standard Chartered Bank, Dubai Islamic Bank, Emirates NBD, Noor Bank
28 <sup>th</sup> Oct 2014	Cagamas	Malaysia	Sukuk	Domestic market public issue	305	Standard Chartered Bank, AmInvestment Bank

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter

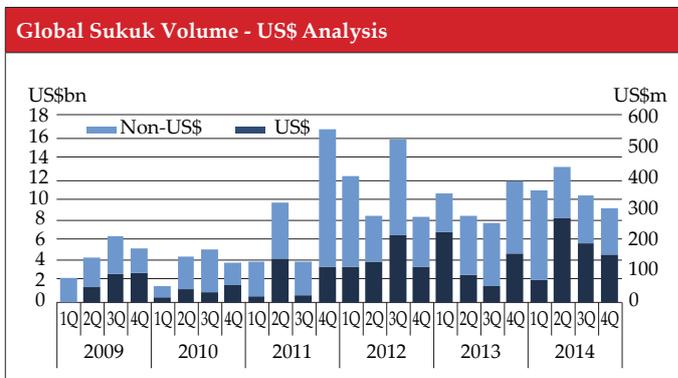
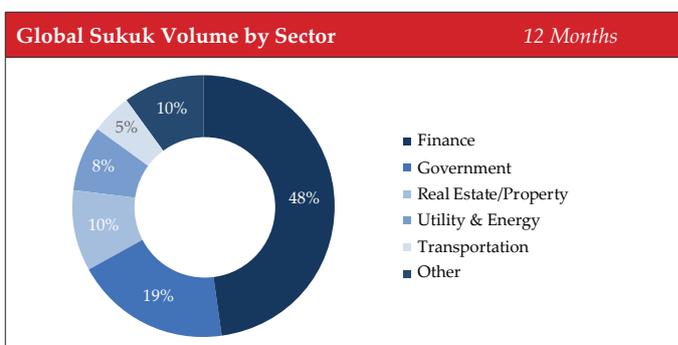
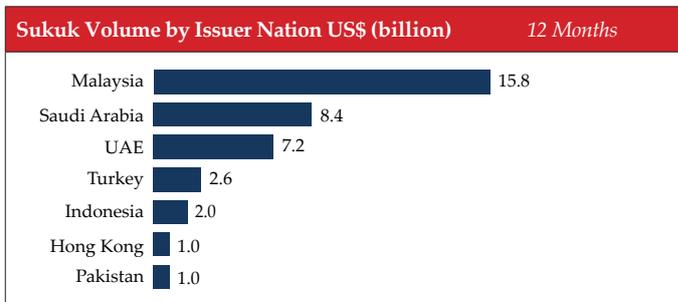
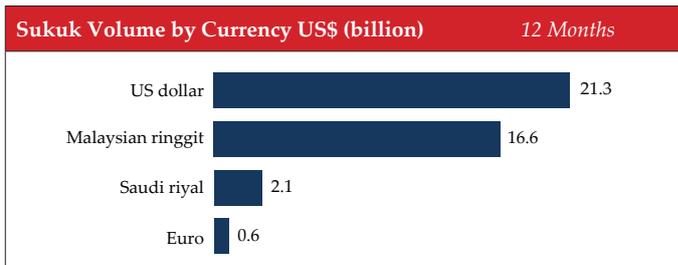


# LEAGUE TABLES

Top 30 Issuers of Global Sukuk							12 Months
Issuer	Nationality	Instrument	Market	US\$(mln)	Iss(%)	Managers	
1 IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	3,381	8.2	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, RHB Capital, Natixis, CIMB Group, Commerzbank Group, Deutsche Bank, Maybank, Gulf International Bank	
2 Saudi Electricity	Saudi Arabia	Sukuk	Euro market public issue	2,500	6.1	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, RHB Capital, Natixis, CIMB Group, Commerzbank Group, Deutsche Bank, Maybank, Gulf International Bank	
3 DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	2,337	5.7	RHB Capital, Maybank, CIMB Group, AmInvestment Bank, RHB Capital, HSBC, Standard Chartered Bank, Affin Investment Bank, Bank Islam Malaysia	
4 Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	1,500	3.6	Standard Chartered Bank, HSBC, CIMB Group, Emirates NBD	
5 National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	1,361	3.3	Maybank, CIMB Group	
6 National Commercial Bank	Saudi Arabia	Sukuk	Domestic market public issue	1,333	3.2	Saudi National Commercial Bank, JPMorgan, HSBC, Gulf International Bank	
7 Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	2.4	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup	
7 Hong Kong Sukuk 2014	Hong Kong	Sukuk	Euro market public issue	1,000	2.4	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, CIMB Group	
7 Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	2.4	HSBC, CIMB Group, Citigroup	
7 Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,000	2.4	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Noor Bank, Al Hilal Bank	
11 Bank Pembangunan Malaysia	Malaysia	Sukuk	Domestic market public issue	948	2.3	HSBC, CIMB Group	
12 Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	781	1.9	Standard Chartered Bank, HSBC, CIMB Group, RHB Capital, Maybank, Bank Islam Malaysia	
13 Sharjah Sukuk	UAE	Sukuk	Euro market public issue	750	1.8	Standard Chartered Bank, HSBC, CIMB Group, RHB Capital, Maybank, Bank Islam Malaysia	
13 Government of Dubai	UAE	Sukuk	Euro market public issue	750	1.8	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Emirates NBD	
13 Emaar Malls Group	UAE	Sukuk	Euro market public issue	750	1.8	Mashreqbank, Standard Chartered Bank, Morgan Stanley, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Union National Bank, Abu Dhabi Islamic Bank, Emirates NBD, Noor Bank, Al Hilal Bank	
16 ICD	UAE	Sukuk	Euro market public issue	700	1.7	Standard Chartered Bank, HSBC, Dubai Islamic Bank, Citigroup, Emirates NBD	
16 Dubai International Financial Centre	UAE	Sukuk	Euro market public issue	700	1.7	RHB Capital, Bank Islam Malaysia, CIMB Group, AmInvestment Bank	
18 DAMAC Real Estate Development	UAE	Sukuk	Euro market public issue	650	1.6	Deutsche Bank, National Bank of Abu Dhabi, Barclays, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD	
19 Syarikat Prasarana Negara	Malaysia	Sukuk	Domestic market public issue	610	1.5	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group	
20 TDIC Finance	UAE	Sukuk	Domestic market private placement	600	1.5	National Bank of Abu Dhabi	
21 Mumtalakat Sukuk Holding	Bahrain	Sukuk	Euro market public issue	594	1.4	Standard Chartered Bank, Deutsche Bank, BNP Paribas, Mitsubishi UFJ Financial Group	
22 Saudi Telecom	Saudi Arabia	Sukuk	Domestic market public issue	533	1.3	Saudi National Commercial Bank, Standard Chartered Bank, JPMorgan	
23 ZAR Sovereign Capital Fund	South Africa	Sukuk	Euro market public issue	500	1.2	BNP Paribas, Standard Bank, Kuwait Finance House	
23 Turkiye Finans Katilim Bankasi	Turkey	Sukuk	Euro market public issue	500	1.2	HSBC, Citigroup, Emirates NBD, QInvest	
23 Kuveyt Turk Katilim Bankasi	Turkey	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, Kuwait Finance House, Citigroup, Emirates NBD	
23 JANY Sukuk	US	Sukuk	Euro market public issue	500	1.2	Saudi National Commercial Bank, Goldman Sachs, National Bank of Abu Dhabi, Abu Dhabi Islamic Bank, Emirates NBD, QInvest	
23 IFFIm Sukuk	United Kingdom	Sukuk	Euro market public issue	500	1.2	Saudi National Commercial Bank, Standard Chartered Bank, National Bank of Abu Dhabi, CIMB Group, Barwa Bank	
23 Flydubai	UAE	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Emirates NBD, Noor Bank, Credit Agricole	
23 Al Hilal Bank	UAE	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Citigroup, Emirates NBD, Al Hilal Bank	
30 Aman Sukuk	Malaysia	Sukuk	Domestic market public issue	491	1.2	RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, AmInvestment Bank	
				<b>41,301</b>	<b>100</b>		

# LEAGUE TABLES

Top Managers of Sukuk		12 Months		
Manager	US\$ (mln)	Iss	%	
1	CIMB Group	5,726	49	13.9
2	HSBC	5,190	33	12.6
3	Maybank	4,356	38	10.6
4	Standard Chartered Bank	3,362	24	8.1
5	RHB Capital	2,694	42	6.5
6	AmInvestment Bank	2,449	27	5.9
7	National Bank of Abu Dhabi	2,196	14	5.3
8	Emirates NBD	1,801	15	4.4
9	Deutsche Bank	1,541	6	3.7
10	JPMorgan	1,344	3	3.3
11	Citigroup	1,200	8	2.9
12	Dubai Islamic Bank	1,147	9	2.8
13	Natixis	735	3	1.8
14	Saudi National Commercial Bank	694	4	1.7
15	Kuwait Finance House	518	4	1.3
16	BNP Paribas	517	4	1.3
17	Gulf International Bank	500	2	1.2
18	Kenanga Investment Bank	450	3	1.1
19	Noor Bank	440	4	1.1
20	First Gulf Bank	422	3	1.0
21	Al Hilal Bank	401	5	1.0
22	Bank Islam Malaysia	389	4	0.9
23	QInvest	345	4	0.8
24	Sharjah Islamic Bank	275	2	0.7
25	Abu Dhabi Islamic Bank	244	3	0.6
26	Hong Leong Financial Group	219	7	0.5
27	Barwa Bank	217	3	0.5
28	Affin Investment Bank	198	6	0.5
29	Commerzbank Group	188	1	0.5
30	Standard Bank	167	1	0.4
31	Mitsubishi UFJ Financial Group	149	1	0.4
32	Riyad Bank	133	1	0.3
33	Goldman Sachs	133	2	0.3
34	UOB	111	3	0.3
<b>Total</b>	<b>41,301</b>	<b>130</b>	<b>100.0</b>	



Top Islamic Finance Related Project Finance Mandated Lead Arrangers		12 Months		
Mandated Lead Arranger	US\$ (million)	No	%	
1	Public Investment Fund	2,571	2	29.0
2	Samba Financial Group	438	2	4.9
3	Al Rajhi Bank	320	2	3.6
4	Banque Saudi Fransi	312	2	3.5
5	National Bank of Kuwait	290	1	3.3
6	HSBC Holdings	286	1	3.2
7	Attijariwafa Bank	267	1	3.0
7	BMCE Bank - Banque Marocaine du Commerce Extérieur	267	1	3.0
9	Sumitomo Mitsui Financial Group	252	2	2.8
10	Mitsubishi UFJ Financial Group	248	3	2.8

Top Islamic Finance Related Project Financing Legal Advisors Ranking		12 Months		
Legal Advisor	US\$ (million)	No	%	
1	Allen & Overy	6,387	6	37.7
2	Baker & McKenzie	2,676	1	15.8
3	Clifford Chance	1,578	4	9.3
4	Linklaters	1,320	1	7.8
5	White & Case	811	2	4.8
6	Adnan Sundra & Low	767	1	4.5
6	Zaid Ibrahim & Co	767	1	4.5
8	Chadbourne & Parke	660	1	3.9
9	Salans FMC SNR Denton Group	650	1	3.8
10	Norton Rose Fulbright	354	1	2.1
10	Pekin & Pekin	354	1	2.1

# LEAGUE TABLES

## Top Islamic Finance Related Financing Mandated Lead Arrangers Ranking 12 Months

	Mandated Lead Arranger	US\$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,389	10	13.2
2	First Gulf Bank	937	9	8.9
3	National Bank of Abu Dhabi	893	5	8.5
4	Mashreqbank	644	4	6.1
5	Samba Capital	613	2	5.8
6	Abu Dhabi Commercial Bank	596	5	5.7
7	Dubai Islamic Bank	558	5	5.3
8	Noor Islamic Bank	395	3	3.8
9	Emirates NBD	362	6	3.4
10	Al Hilal Bank	338	5	3.2
11	SG Corporate & Investment Banking	267	2	2.5
11	Credit Agricole	267	2	2.5
13	Standard Chartered Bank	253	5	2.4
14	HSBC	221	2	2.1
15	Alinma Bank	220	1	2.1
15	Al Rajhi Capital	220	1	2.1
17	Union National Bank	208	4	2.0
18	Deutsche Bank	187	1	1.8
19	Saudi National Commercial Bank	171	1	1.6
19	Saudi Investment Bank	171	1	1.6
19	Riyad Bank	171	1	1.6
19	Banque Saudi Fransi	171	1	1.6
23	Commercial Bank of Dubai	167	2	1.6
24	Ahli United Bank	145	2	1.4
25	Arab Banking Corporation	139	3	1.3
26	Barwa Bank	139	3	1.3
27	Commercial Bank International	134	2	1.3
28	National Bank of Kuwait	87	1	0.8
28	Kuwait International Bank	87	1	0.8
30	Mitsubishi UFJ Financial Group	80	2	0.8

## Top Islamic Finance Related Financing Mandated Lead Arrangers 12 Months

	Bookrunner	US\$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,611	6	38.8
2	Samba Capital	1,327	1	32.0
3	Barwa Bank	405	2	9.8
4	Standard Chartered Bank	171	4	4.1
5	Emirates NBD	141	3	3.4
6	Arab Banking Corporation	126	2	3.0
7	Noor Islamic Bank	100	2	2.4
8	Abu Dhabi Commercial Bank	70	1	1.7
9	United Bank	30	1	0.7
9	Al Hilal Bank	30	1	0.7
11	Taiwan Business Bank	20	1	0.5

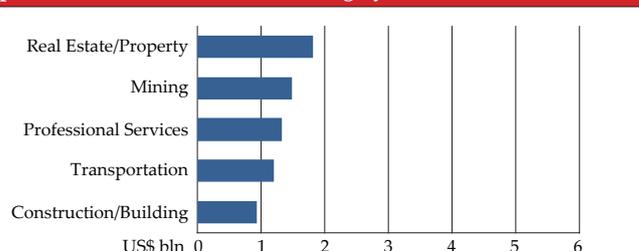
## Top Islamic Finance Related Financing Deal List 12 Months

Credit Date	Borrower	Nationality	US\$ (mln)
30 <sup>th</sup> Jun 2014	Ma'aden Waad al-Shamal Phosphate	Saudi Arabia	2,350
21 <sup>st</sup> May 2014	Emaar Malls Group	UAE	1,500
19 <sup>th</sup> Nov 2014	Saudi BinLaden Group	Saudi Arabia	1,327
7 <sup>th</sup> May 2014	Emirates Steel Industries	UAE	1,300
8 <sup>th</sup> Sep 2014	Atlantis The Palm	UAE	1,100
26 <sup>th</sup> Feb 2014	Mobily	Saudi Arabia	761
24 <sup>th</sup> Dec 2014	National Central Cooling - Tabreed	UAE	706
7 <sup>th</sup> Dec 2014	Utilities Development	Kuwait	624
31 <sup>st</sup> Jul 2014	Emirates Airlines	UAE	425
10 <sup>th</sup> Nov 2014	Zakher Marine International	UAE	420

## Top Islamic Finance Related Financing by Country 12 Months

Nationality	US\$ (mln)	No	%
1 UAE	5,064	13	48.0
2 Saudi Arabia	3,705	4	35.1
3 Turkey	573	2	5.4
4 Qatar	350	1	3.3
5 India	272	1	2.6
6 Kuwait	261	1	2.5
7 Sri Lanka	150	1	1.4
8 Indonesia	90	1	0.9
9 Taiwan	80	1	0.8

## Top Islamic Finance Related Financing by Sector 12 Months



## Global Islamic Financing - Years to Maturity (YTD Comparison)



### Are your deals listed here?

If you feel that the information within these tables is inaccurate, you may contact

the following directly: Shireen Farhana (Media Relations)  
Email: shireen.farhana@dealogic.com

Tel: +852 2804 1223

**dealogic**

## REDmoney events

### MARCH 2015

23 <sup>rd</sup>	<b>IFN Student Forum (ASIA)</b>	Kuala Lumpur, Malaysia
25 <sup>th</sup>	<b>IFN Qatar Forum</b>	Doha, Qatar

### APRIL 2015

1 <sup>st</sup>	<b>IFN Investor Forum</b>	Dubai, UAE
2 <sup>nd</sup>	<b>IFN US Investor Forum</b>	Dubai, UAE
22 <sup>nd</sup>	<b>IFN Indonesia Forum</b>	Jakarta, Indonesia

### MAY 2015

25 <sup>th</sup> – 26 <sup>th</sup>	<b>IFN Asia Forum</b>	Kuala Lumpur, Malaysia
-------------------------------------	-----------------------	------------------------

### JUNE 2015

10 <sup>th</sup>	<b>IFN Europe Forum</b>	Luxembourg
------------------	-------------------------	------------

### SEPTEMBER 2015

13 <sup>th</sup>	<b>IFN Issuer Forum</b>	Dubai, UAE
18 <sup>th</sup>	<b>IFN Iran Forum</b>	Tehran, Iran

### OCTOBER 2015

5 <sup>th</sup>	<b>IFN Kuwait Forum</b>	Kuwait City
27 <sup>th</sup>	<b>IFN Egypt Forum</b>	Cairo, Egypt

### NOVEMBER 2015

17 <sup>th</sup>	<b>IFN Turkey Forum</b>	Istanbul, Turkey
30 <sup>th</sup>	<b>IFN Saudi Arabia Forum</b>	Riyadh, Saudi Arabia

## REDmoney training

### FEBRUARY 2015

10 <sup>th</sup>	<b>IFSA 2013 and Islamic Investment Accounts</b>	Kuala Lumpur, Malaysia
10 <sup>th</sup> – 11 <sup>th</sup>	<b>Ethical Banking, Sustainable &amp; Responsible Investment (SRI) Sukuk</b>	Kuala Lumpur, Malaysia
12 <sup>th</sup>	<b>GST for Islamic Financial Institutions</b>	Kuala Lumpur, Malaysia
16 <sup>th</sup> – 17 <sup>th</sup>	<b>Shariah Audit for Islamic Investment &amp; Capital Market Instruments</b>	Kuala Lumpur, Malaysia
23 <sup>rd</sup> – 25 <sup>th</sup>	<b>Shariah Governance &amp; Islamic Law of Business Transactions</b>	Dubai, UAE

### MARCH 2015

1 <sup>st</sup> – 3 <sup>rd</sup>	<b>Bonds &amp; Fixed Income Instruments</b>	Riyadh, Saudi Arabia
9 <sup>th</sup> – 10 <sup>th</sup>	<b>Fixed Income Products &amp; Bond Markets</b>	Kuala Lumpur, Malaysia
9 <sup>th</sup> – 11 <sup>th</sup>	<b>Islamic Finance Qualification (IFQ)</b>	Kuala Lumpur, Malaysia
11 <sup>th</sup> – 13 <sup>th</sup>	<b>Understanding &amp; Applying Structured Products</b>	Kuala Lumpur, Malaysia
15 <sup>th</sup> – 17 <sup>th</sup>	<b>Structuring Sukuk &amp; Islamic Capital Markets Products</b>	Dubai, UAE
17 <sup>th</sup> – 19 <sup>th</sup>	<b>Islamic Treasury &amp; Risk Management Products</b>	Riyadh, Saudi Arabia

## Islamic Finance news

**Group Managing Editor** Lauren Mcaughtry  
lauren.mcaughtry@REDmoneygroup.com

**Associate Publisher** Sandra Spencer  
sandra.spencer@REDmoneygroup.com  
Tel: +9714 427 3624

**Contributions Editor** Sasikala Thiagaraja  
sasikala@REDmoneygroup.com

**Features Editor** Nabilah Annuar  
nabilah.annuar@REDmoneygroup.com

**News Editor** Vineeta Tan  
vineeta.tan@REDmoneygroup.com

**Senior Copy Editor** Kenny Ng  
kenny.ng@REDmoneygroup.com

**Head of Production** Hasnani Aspari  
hasnani.aspari@REDmoneygroup.com

**Senior Production Manager** Norzabidi Abdullah  
zabidi.abdullah@REDmoneygroup.com

**Senior Graphic Designer** Eumir Shazwan Kamal Bahrain  
eumir.shazwan@REDmoneygroup.com

**Senior Production Designer** Mohamad Rozman Besiri  
rozman.besiri@REDmoneygroup.com

**Business Development Manager** Steve Stubbs  
steve.stubbs@REDmoneygroup.com  
Tel: +603 2162 7800 x 55

**Subscriptions Manager** Faizan Haider  
faizan.haider@REDmoneygroup.com  
Tel: +603 2162 7800 x 24

**Subscriptions Manager** Ifran Tarmizi  
ifran.tarmizi@REDmoneygroup.com  
Tel: +603 2162 7800 x 63

**Head of Subscriptions EMEA** Mithun N Gangolli (Dubai office)  
mithun.gangolli@REDmoneygroup.com  
Tel: +971 4 427 3638

**Financial Director** Faizah Hassan  
faizah.hassan@REDmoneygroup.com

**Deputy Publisher & Director** Geraldine Chan (Dubai office)  
geraldine.chan@REDmoneygroup.com

**Managing Director** Andrew Tebbutt  
andrew.tebbutt@REDmoneygroup.com

**Managing Director & Publisher** Andrew Morgan  
andrew.morgan@REDmoneygroup.com

Published By: REDmoney

MALAYSIA  
Suite 22-06, 22<sup>nd</sup> Floor  
Menara Tan & Tan  
207, Jalan Tun Razak  
50400 Kuala Lumpur, Malaysia  
Tel: +603 2162 7800  
Fax: +603 2162 7810

UAE  
PO Box 126732, 3<sup>rd</sup> Floor,  
X2 Tower, Jumeirah Lake  
Tower (JLT), Jumeirah Bay,  
Dubai, UAE  
Tel: +971 4 427 36 23  
Fax: +971 4 431 4614

### DISCLAIMER

All rights reserved. No part of this publication may be reproduced, duplicated or copied by any means without the prior consent of the holder of the copyright, requests for which should be addressed to the publisher. While every care is taken in the preparation of this publication, no responsibility can be accepted for any errors, however caused.



# COMPANY INDEX

90 North Real Estate Partners	17,26	Deloitte	13	Mitsubishi UFJ Financial Group	12
AAOIFI	13,28	Doha Bank	3	Mizuho Bank (Malaysia)	12
Abu Dhabi Commercial Bank	29	Dubai Islamic Bank		Mizuho Financial Group	12
Abu Dhabi Islamic Bank	29	1,3,4,13,14,24,25,27		Moody's	30
Accenture	13	Emaar	10	MPM Properties	10
ACWA Power	29	Emirates Airline	25	Natixis	8,25
Ahli Bank	28	Emirates Islamic	13	NBAD	25,29
Ahli United Bank	30	Emirates NBD Securities	27	Nomura Asset Management Malaysia	12
Al Baraka Bank Egypt	29	ESKADENIA Software		Noor Bank	13,14
Al Baraka Turk	11	European Central Bank	17	Oasis Financial Holdings	19
Al Hilal Bank	1,3,14,29	FGB	29	OPIC	27
Al Khaleej Takaful Group	29	Financial Investment Bank	13	Path Solutions	13
Al Rayan Bank	26	Foundation for Economic Assistance of Malaysia	22	Premier Bank	13
Al Shiddi Group	6	Gatehouse Bank	30	PwC	18
Al Wifaq Islamic Finance Company	29	GFH	3	QIB	3
Alchemiya Media	26	Grata	14	RAKBank	29
Alizz Islamic Bank	13	Gulf International Bank	13	RAM Ratings	12,30
Amman Stock Exchange	24	Halal Industry Development Corporation	11	Rating and Investment Information	12
Arab Gambian Islamic Bank	25	Haraguchi International Law Office	12	RHB Banking Group	30
Attijariwafa Bank	25	Hong Leong Islamic Bank	13	RHB Capital	26
Bank BNI Syariah	3,25	HSBC	25	S&P	3,10,30
Bank Negara Malaysia	25	ICD	12	SAMBA Capital	29
Bank Nizwa	28	ICIEC	27	SECP	26
Bank of Japan	12	IDB	18,27	Securities & Investment Company	11
Bank of Khartoum	13	IFSB	3,18,27	Securities Depository Center	24
Bank of Maldives	15	Insurance Authority	9	Solidarity Saudi Takaful Company	13
Bank of Tokyo-Mitsubishi UFJ (Malaysia)	12	International Bank of Azerbaijan	14	Standard Chartered	1,8,25,28
Barwa Bank	14,28	International Investment Bank	6	Standard Chartered (Bahrain)	30
Baspinar & Partners Law Firm	15	International Turnkey Systems	13	Starwood Hotels & Resort	6
BBK	3	Investcorp	11	Strategy&	1
BLME	6,28	Investment Management Company	29	Sumitomo Mitsui Banking Corporation	12
Cagamas	30	IRTI	18,25	Supreme Ulema Council of Morocco	28
CBD	29	ISFIN	12,16	Tadawul	27
Central Bank of Bahrain	27	Islamic National Bank	30	Takaful Re	30
Central Bank of Jordan	24	Japan Bank for International Cooperation	12	TASWEEK	10
Cherah Sama	30	Japan International Corporation Agency	12	Tawreeq Holdings	20
CIMB Holdings	26	Japan Securities Dealers Association	12	TFKB Varlık Kiralama	15
CIMB Research	26	JCR-VIS	25	Turkiye Finans	15
CISI	28	Jones Lang LaSalle	10	UEM	30
Citi	25	Jordan Securities Commission	23,24	UKEF	25
Citibank (London)	14	JP Morgan	14,25	Union National Bank	29
Citigroup	8,25	K-Electric	25	US Federal Reserve	7
CMA (Kuwait)	28	Khazanah Nasional	30	ValuStrat	13
CMA (Saudi)	28	Linklaters	14	Vodafone Qatar	28
Credit Guarantee Corporation Malaysia	30	Malaysia Building Society	26	Warba Bank	29
Credit Union	19	Maldives Monetary Authority	15	Your Credit Union	19
CrowdCube	26	MARC	26,30	Zorlu Enerji	15
Damac	10	MASIC	5		
Dar Al Sharia	14	McMasters Credit Union	19		
Dealogic	7	Meem	13		

## Subscribe me to **Islamic Finance news**



### Each subscription will receive:

- 50 issues of Islamic Finance news available every Wednesday
- Daily news alerts
- Exclusive login details for each subscriber
- Unlimited access to entire archived library
- All additional supplements, guides and reports

#### INDIVIDUAL SUBSCRIPTION

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

#### COMPANY WIDE SUBSCRIPTION

- 1 Year at US\$5,250 nett  
 2 Years at US\$9,450 nett  
 (Max: 10 Individual Subscriptions)

#### GROUP WIDE SUBSCRIPTION

- 1 Year: US\$12,500  
 2 Years: US\$22,500

#### YOUR DETAILS

Full Name: .....  
(First Name) (Surname)

Company Name: ..... Job Title: .....

Address: .....

Postal/Zip: ..... Country: .....

Work Email: ..... Telephone: ..... Fax: .....

#### Payment can be made in US\$ by:

- Credit Card – Go to [www.islamicfinancenews.com/subscribe.asp](http://www.islamicfinancenews.com/subscribe.asp)  Check  Telegraphic Transfer (T/T)



Please send your T/T advice with your subscription form to us either by post or fax. A confirmation will be sent once payment is received. Subscription is not confirmed until payment has been made in full.

How to subscribe: @ [Subs@IslamicFinanceNews.com](mailto:Subs@IslamicFinanceNews.com)

**Malaysia office:** Suite 22-06, 22<sup>nd</sup> Floor, Menara Tan & Tan, 207, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia **T +603 2162 7800 F +603 2162 7810**  
**Dubai office:** PO Box 126732, 3/F, X2 Tower, Jumeirah Lake Towers (JLT), Jumeirah Bay, Dubai, UAE **T +971 4427 3600 F +971 4431 4614**