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COVER STORY

7th January 2015 (Volume 12 Issue 01)

IFN Deals of the Year 2014: A momentous moment for Islamic finance

In a landmark year for Islamic finance, 2014 saw a consistent conveyor belt of innovative, benchmark and groundbreaking new deals from a variety of new markets, participants and sectors: supported by a stout base performance as volumes rose and the Islamic debt capital markets demonstrated their continued resilience and strong growth prospects. In our inaugural issue for 2015, the illustrious IFN DOTY Awards Board brings you the best deals of the last 12 months, selected via a rigorous and robust judging process based on peer nominations and expert independent industry analysis. For a comprehensive review of the prestigious IFN Deals of the Year (DOTY) winners for 2014, we leave you in their capable hands...

2014 was one of those years that brought forth unexpectedly interesting and diverse deal flows. Many economists and analysts anticipated that the combined effect of US dollar tightening and declining petroleum prices would put a damper on the Islamic capital markets. Add to the mix various surprising political developments which froze any evolution in markets like Libya and Iraq, and the pessimistic

view seems to have been borne out. The global banks are steadily reducing their footprints, and the Islamic financial sectors are eagerly stepping into their shoes. Yet 2014 saw a widening and a deepening of the Islamic capital market. As a result, 2014 production is estimated to top out just above 2013 production.

The three pillars of the Islamic capital market remain Malaysia, the UAE and Saudi Arabia. Not only are these three markets important centers for transacting, but their market players are carrying the message and practice of Islamic finance globally. UAE players are key to opening up Egypt and picking up the surprising slack in the overbanked Kuwait market. Malaysian leaders show on all landmark transactions and are making an impression in the United Kingdom, Luxembourg and Hong Kong.

This year, Malaysia and the UAE ran neck and neck in the number of submissions. Dealmakers in both markets submitted over 80 transactions each. And there was plenty of cross-fertilization between the two markets with UAE issuers and bankers active in Malaysia, and Malaysian bankers active in the UAE. Saudi deals represented

just under 50 of the universe. The key trend in these markets is the importance of local currency issuances and cross border issuers taking advantage of the favorable swap rates and local market issuers preferring local currency obligations.

“ If 2013 was the year of the tried and true, then 2014 was the year of the newly tried. Innovation, localization and globalization are the watchwords emerging from last year’s DOTY ”

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

Hadith narrated by Bukhari



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DEALS

Turkiye Finans confirms to IFN its TRY143 million (US\$61.22 million) Sukuk issuance

DRB-HICOM issues first tranche of RM2 billion (US\$569.01 million) Sukuk Musharakah program

KLCC Property Holdings issues Sukuk Murabahah programs worth RM600 million (US\$141.96 million)

Jordan likely to debut Sukuk in February

Oman picks banks for local currency Sukuk issuance

NEWS

Zambian central bank governor launches Islamic finance framework

VakifBank agrees to secure US\$300 million in financing from the **IDB** to set up Shariah compliant banking operations

Bank Negara Malaysia issues the Payment Card Reform Framework as a standard under the Islamic Financial Services Act 2013 and the Financial Services Act 2013

Islamic Bank of Thailand receives capital injection of THB16 billion (US\$485.88 million)

AK Bars Bank completes sophomore Islamic finance deal

IDB opens office in Jakarta

Kuwait Finance House – Turkey upsizes syndicated club Murabahah facility as deal twice oversubscribed by 12 banks

Chile keen to explore Islamic finance opportunities, seeking Bruneian expertise

Etihad Airways funds

Boeing 787-9 purchases Islamically via FGB and National Commercial Bank

Cambridge Academy for Higher Education announces plans to introduce Islamic economy programs this year

Elixir Capital invests US\$4 million in Turkish e-commerce company

Maybank Islamic provides RM600 million (US\$172.85 million) funding to high-performing SMEs

Alizz Islamic Bank opens new branch in Sohar with plans to expand in Salalah

National Bonds Corporation and Aafaq Islamic Finance form strategic collaboration to promote saving culture

ASSET MANAGEMENT

Indian real estate developers planning Shariah compliant REITS

Emirates REIT proposes interim dividend payment of US\$0.04 per share

TAKAFUL

Somalia welcomes its first Takaful company

Amana Takaful's life and general insurance businesses to run as separate entities effective the 1st January 2015

Brunei Insurance and Takaful Association implements new guidelines for industry

Securities and Exchange Commission of Pakistan maintains Family Takaful growth rates scenarios at 7%, 9% and 11% for 2015

Takaful sector to reach BHD102.8 Million

(US\$270.5 million) by 2018, says **Market Research Reports**

Takaful Oman plans to launch branch in Sohar

RATINGS

Fitch revises **National Bank of Bahrain's** and **BBK's** outlook to negative from stable

GB3 fully redeems Islamic debt securities

RAM reaffirms **Maybank Islamic's** 'AAA/Stable/P1' ratings

AM Best assigns stable ratings to **ACR ReTakaful Holdings** and its units

Al Rajhi Banking & Investment Corporation receives 'AA' rating from **Capital Intelligence**

JCR-VIS maintains 'A+' rating on **Engro Foods'** Sukuk program

MOVES

Zafar-u-Haq Hijazi assumes chairmanship of **Securities and Exchange Commission of Pakistan**

Commercial Bank of Dubai names former chief risk officer of Dubai Islamic Bank as general manager for Islamic banking operations

DIFC Authority appoints **Arif Amiri** as deputy CEO

1MDB names **Arul Kandasamy** as new president and group executive director with immediate effect

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.



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Important markers were laid down by London, Luxembourg and Hong Kong to consolidate their roles and to open new frontiers for the issuers, underwriters and investors. Senegal joined the UK and Luxembourg in establishing a sovereign benchmark for the domestic Islamic finance industry. Pakistan, Indonesia and Africa are continuing their expansion of Islamic markets regulation and activity. All of these markets saw new sovereign benchmarks. And many saw a powerful

contribution from the IDB. Growth, however, is in fits and starts. 2013 newcomers Nigeria and Oman had no follow-up deals. Nominations for private equity deals faltered, but real estate kept its historical pace.

2014 nominations were on par with 2013. However, categories changed as we saw more banks come to market to bolster their regulatory capital. We also saw the hybrid structure pioneered by Malaysia in 2011 grow in popularity and

undergo many interesting adaptations. 2014 is also the first year that you brought forward nominations in the new **Social Impact Category** and the new **Regulatory Capital Category**.

The 2014 nominations reversed 2013 in composition. If 2013 was the year of the tried and true, then 2014 was the year of the newly tried. Innovation, localization and globalization are the watchwords emerging from last year's DOTY.

CORPORATE FINANCE: Barclays Bank's disposal of certain retail and business banking products to Abu Dhabi Islamic Bank

Size:	AED650 million (US\$177 million)	
Seller:	Barclays Bank	
Buyer:	Abu Dhabi Islamic Bank	
Lawyers:	Latham & Watkins (Legal counsel to acquirer), Linklaters and Al Tamimi & Co. (Legal counsels to seller)	
Date Closed:	April 2014	
Shariah Advisor:	Abu Dhabi Islamic Bank	
<p>The 2014 corporate finance market was rife with companies going private, acquisitions, and plain vanilla corporate deals. Abu Dhabi Islamic Bank (ADIB) made its second acquisition in the conventional market. Unlike its 2007 acquisition of Egypt's National Bank for Development, ADIB acquired the UAE conventional retail banking portfolio of a global bank. This is the first time that an Islamic bank in the UAE acquired conventional banking assets with the</p>	<p>intention of retaining the customers, converting the business platform, and expanding ADIB's own footprint across the UAE. The transaction required the sale and purchase agreement to be structured in a 100% Shariah compliant manner and thus represented one of the few Shariah compliant sale and purchase agreements ever crafted and used on a transaction of this scale. Many of the important challenges of the deal are post closing. ADIB has</p>	<p>acquired a robust portfolio of retail credit cards, retail deposits, retail mortgages and personal loans. These are now undergoing conversion to Shariah compliant retail banking relationships.</p> <p><i>Honorable Mention: Axiom Telecom, SapuraKencana Petroleum, Cherat Cement Company, and Saudi Aerospace Engineering Industries (SAEI).</i></p>

CROSS-BORDER: The Islamic Corporation for the Development of the Private Sector (ICD)

Size:	US\$100 million	
Arrangers:	Bank of Tokyo-Mitsubishi UFJ (Malaysia) (BTMU)	
Lawyer:	Dentons for BTMU	
Rating:	Unrated bilateral transaction	
Date Closed:	September 2014	
Shariah Advisor:	ICD	
<p>The purpose of this deal was to fund the ICD's multi-jurisdictional Islamic financing activities. As the ICD provides deep support to IDB Group member countries in the development of Islamic finance, it has needed to diversify its sources of funding. The Japanese banks have been slowly flirting with Islamic finance. As the first facility is the first agreement to be contracted by BTMU with a multilateral international financial entity, this is a landmark transaction. Operating from the Malaysian International</p>	<p>Islamic Finance Center, the BTMU deal achieved three milestones:</p> <ul style="list-style-type: none"> • The first Islamic financing deal with a multilateral international financial institution provided by a Japanese bank; • The first collaboration between any IDB Group entity with a Japanese Bank; and • The first cross-border transaction to an Islamic multilateral international financial institution by a Japanese bank. 	<p>The base structure is a simple commodity Murabahah which helps to mitigate challenges of dealing between Malaysia and Saudi Arabia, and overcomes the need for specific underliers required for an Ijarah. Moreover, the deal utilized Bursa Malaysia's Suq Al Sila for the execution of the Tawarruq steps.</p> <p><i>Honorable Mention: OPES Holding, Param Mitra Coal Resources, Sonatrach, and JANY Sukuk Company.</i></p>

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MOST INNOVATIVE: OPES Holding

Size:	EUR7.5 million (US\$9 million)		
Arrangers:	Inoks Capital & Sidra Capital		
Lawyers:	Not disclosed		
Rating:	Unrated, privately placed		
Date Closed:	17 th January 2014		
Shariah Advisor:	Sidra Capital		
	<p>OPES Holding (OPES) is a privately-owned real estate developer and contractor. OPES is one of five developers/contractors that have been licensed/authorized under the Priority Presidential Bill for Social Housing (the Bill) by the government of the Ivory Coast and are expected to supply the social housing market with 50,000 units. OPES is contracted to build 2,320 units of houses under the Bill with 482 to be delivered in Abidjan. This transaction covers the first 441. Unit buyers are either financed by retail banks and/or guaranteed by the respective corporate employers of the buyers.</p> <p>Sidra Capital and INOKS Capital are the joint arrangers for the Mudarabah.</p>	<p>The investors are GCC-based private family offices. INOKS Capital is the Mudarib and responsible for the Istisnah project financing to OPES.</p> <p>The investment is secured by pledges and assignments of shares, bank accounts, receivables from sales of housing units, land and offtake proceeds. INOKS Capital will continue to monitor the investment progress as the Mudarib. Sidra Capital, on the other hand continues its role as the investment advisor to the Arbab ul Mal of the Mudarabah.</p> <p>The essence of the deal is to allow debt to equity conversion aligning risk and reward between the Mudarabah and</p>	<p>the finance beneficiary OPES. Although secured by offtakes, the completed Istisnah results in equity risk for housing units that are not taken up or for which payments and collateral are insufficient.</p> <p>The transaction is structured as a Mudarabah at investor level and Istisnah at project finance. This facilitates flow of capital from Shariah compliant Middle Eastern investors to non-traditional real estate investment destination of Cote d'Ivoire.</p> <p><i>Honorable Mention: Ley Choon Group Holdings; Gatehouse Bank Sigma Capital Joint Venture; DSI Sukuk Limited; and Amlak Finance.</i></p>

EQUITY: Mesaieed Petrochemical Holding Company

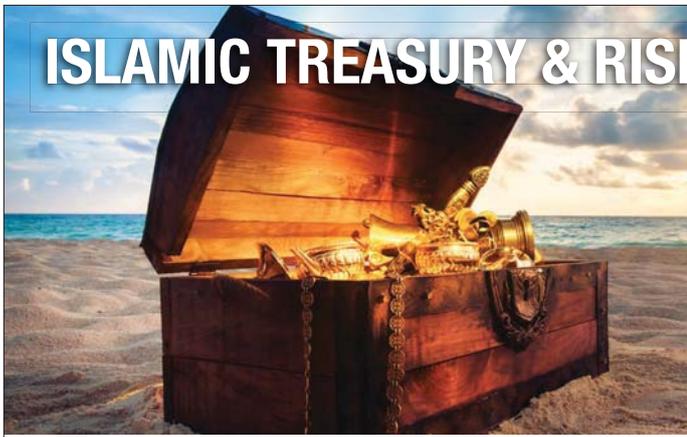
Size:	US\$900 million (QAR3.2 billion) initial public offering (IPO) of shares in Mesaieed Petrochemical Holding Company (MPHC). The offer price was QAR10 (US\$2.7) per share plus offering and listing costs of QAR0.2 (US\$0.05) per share.		
Financial Advisors:	QNB Capital (lead financial advisor) and Deutsche Bank		
Lawyers:	Latham & Watkins		
Rating:	Unrated		
Date:	21 st January 2014 with listing on the 26 th February 2014		
Shariah:	The shares pass Shariah screens provided by AAOIFI, IdealRatings, FTSE, and MSCI.		
	<p>The first IPO in Qatar since 2010, the shares were five times oversubscribed. This is the first IPO under the current listing rules of the Qatar Financial Markets Authority (QFMA) and the first since Qatar was upgraded from 'frontier' to 'emerging' market status by MSCI in 2013. The IPO incorporates an innovative incentive share scheme designed to encourage the development of a personal savings culture in Qatar. IPO investors who retain at least 50%</p>	<p>of their IPO shares also purchased the right to receive two sets of additional shares – at no further cost – in five and 10 years' time (provided they hold 50% of their original shares by that time).</p> <p>The Qatari government also announced it would buy 750 shares in MPHC as a gift to each disadvantaged Qatari citizen and those with special needs. While the MPHC IPO was only open</p>	<p>to Qatari nationals, foreigners can invest in the secondary market subject to foreign ownership restrictions imposed by law and MPHC's Articles of Association.</p> <p><i>Honorable Mention: Gatehouse Bank Sigma Capital Joint Venture; OPES Holding; Boustead Plantations; and Emirates REIT (CEIC).</i></p>

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IJARAH: Dubai International Financial Center (DIFC) Investments Sukuk		
Deal Size:	US\$700 million	
Arrangers:	Dubai Islamic Bank, Emirates NBD, Noor Bank, Standard Chartered Bank	
Rating:	'BBB-'	
Legal Counsel:	Allen & Overy for the arrangers and Linklaters for the issuer	
Date:	12 th November 2014	
Shariah Advisors:	Dar Al Sharia (DIB) and Standard Chartered Bank	
<p>The Sukuk structure required the use of assets, which were already utilized in connection with the 2012 refinancing. In order to use these assets for this Sukuk, consideration had to be given to the timing of release of the relevant assets from the 2012 refinancing and certain consents were required to be obtained from the financiers under the 2012 refinancing.</p>	<p>This transaction was innovative because it provided DIFCI with the flexibility to utilize assets which, at the time of the issuance, were not leased to third parties (and therefore were not income generating), but were rather used by DIFCI for its own benefit, i.e. 'self-use assets'. The issuer SPV acquired the usufruct of the self-use assets and leased them back to DIFCI which generated</p>	<p>a rental income stream, thus allowing the self-use assets (in addition to the other assets leased to third parties) to form part of a Wakalah portfolio for the Sukuk.</p> <p><i>Honorable Mention: Dubai International Real Estate; TNB Western Energy; Emirates National Factory for Plastic Industries; and Wa'ad Al- Shamal Phosphate Project.</i></p>

MUDARABAH: Emirates Central Cooling Systems Corporation (EMPOWER)		
Deal Size:	US\$127.8 million	
Rab al Mal:	Dubai Islamic Bank	
Lawyers:	Clifford Chance for the Mudarib and Pinsent Masons for the Rab al Mal	
Rating:	Unrated bilateral transaction	
Date:	26 th August 2014	
Shariah Advisors:	Dar Al Sharia	
<p>In 2014, Mudarabah structures were less common than 2013. This is explained as many products migrated to Wakalah structures. Nonetheless, the application for Tier 1 capital, utilities and project development continued with a number of very attractive deals delivered in the market.</p> <p>EMPOWER, the world's largest district cooling company, sought funding for their Business Bay district cooling</p>	<p>network. Dubai's Business Bay area requires 350,000 refrigeration tons worth of capacity for business, retail and residential buildings as the area is built out. Dubai Islamic Bank, as part of its commitment to supporting the growth and improvement of Dubai's infrastructure, delivered a five-year Mudarabah on an amortizing basis. Each amortization is a semi-annual constructive liquidation. Mudarabah structures work well with utilities that</p>	<p>have stable or rising tariffs or increasing user uptake. Although Dubai Islamic Bank sought to reduce many of its risks in the Mudarabah, an interesting feature of the deal is that EMPOWER's purchase undertakings are not at a fixed price.</p> <p><i>Honorable Mention: Alsa Engineering & Construction Co.; AHB Tier 1 Sukuk, Al-Hilal Bank; and OPES Holding.</i></p>



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MUSHARAKAH: Lalpir Power		
Deal Size:	PKR2 billion (US\$19.54 million)	
Arranger:	Meezan Bank	
Rating:	Unrated	
Date:	August 2014	
Shariah Advisor:	Meezan Bank	
<p>The Musharakah category was once again well-contested. As in 2013, the category included perpetuals and corporate financings of medium-term durations.</p> <p>The concept of unrated Islamic commercial paper with short-term durations up to six months is novel. Rarely tried, the concept puts the Sukukholders into a profit and loss sharing arrangement. This can work well with power companies as they often enjoy fixed or protected tariffs. Meezan</p>	<p>Bank advised and arranged short-term Musharakah Sukuk of PKR2 billion for Lalpir Power as an Islamic alternative to commercial paper.</p> <p>The proceeds were used to meet Lalpir's short-term working capital requirements.</p> <p>The Sukuk are based on Musharakah under Shirkat-ul-Aqd. As a result, the Sukukholders do not co-own assets. Rather they share operational performance risk and reward. The</p>	<p>upside is capped in reference to the six-month KIBOR.</p> <p>The deal was well received by Pakistan's Islamic mutual funds. They have long sought short-term tradable investments. Indeed the certificates were over-subscribed by investors with a substantial showing from the mutual funds.</p> <p><i>Honorable Mention: Malaysia Airports Holdings Berhad, Kesas Sdn Bhd, and Bumitama Agri Ltd.</i></p>

TAWARRUQ: DSI Sukuk for Drake & Scull International		
Deal Size:	US\$120 million	
Arrangers:	Al Hilal Bank, Emirates NBD Capital, Mashreqbank and Noor Bank	
Lawyers:	Simmons & Simmons Middle East and Simmons & Simmons for the issuer; and King & Spalding and King & Spalding International for the arrangers	
Rating:	Unrated	
Date:	12 th November 2014	
Shariah Advisors:	Emirates Islamic	
<p>Tawarruq, often termed commodity Murabahah, is the process of generating cash or financing from a series of sales transactions, typically involving four counterparties.</p> <p>Despite theoretical opposition and Shariah limitations, the tool has proven highly useful for businesses like Drake & Scull International (DSI), which are often 'asset light' but able to generate strong cash flows from their core integrated design, engineering and general contracting activities. DSI</p>	<p>was able to privately place unrated senior unsecured Sukuk. The structure allowed floating quarterly profit payments and bullet dissolution payment at maturity.</p> <p>Following Bursa Malaysia's example of Suq' Al Sila, more regulated environments like the NASDAQ Dubai are creating platforms for transparent Tawarruq execution.</p> <p>This is the first Sukuk based on Murabahah trades of Shariah compliant</p>	<p>certificates on the NASDAQ Dubai Murabaha Platform, which was recently established by NASDAQ Dubai in collaboration with Emirates Islamic and Emirates Islamic Financial Brokerage (Emirates NBD's wholly owned subsidiaries).</p> <p><i>Honorable Mention: Saudi Arabian National Shipping Company (BAHRI); the ICD; Battersea Phase 3 Holding Company; and Projek Lintasan Kota Holdings.</i></p>

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INFRASTRUCTURE & PROJECT FINANCE: Al Sharkiya Sugar Manufacturing Company (ASSM) (Al Nouran Sugar)

Deal Size:	Senior Islamic long-term syndicated facility of up to EGP1.5 billion (US\$208.9 million) equal to 60% of total investment; subordinated Islamic finance for US\$31 million (equivalent to EGP219 million) equal to 9% of total investment is provided by multilaterals; and equity EGP 391million (equivalent to US\$56 million) being 31% of the total investment.	
Arrangers:	Abu Dhabi Islamic Bank Egypt, Audi Egypt & Banque Misr	
Lawyers:	Baker MacKenzie for the obligor and Clifford Chance and Maatouk Bassiouny legal consultants	
Rating:	Unrated	
Date:	April 2014	
Shariah Advisors:	Abu Dhabi Islamic Bank Egypt	
<p>With so many emerging markets improving and expanding their infrastructure, project finance remains a well contested category every year. Al Sharkiya Sugar Manufacturing Company (ASSM) stands out because all three arrangers (Banque Audi, ADIB Egypt & Banque Misr) once again pulled together a novel transaction giving proof of concept to new methods in the Egyptian market. ADIB Egypt's role was on the drafting of the transaction while Banque Audi was the founder, Shariah provider in addition to being the intercreditor agent in the deal.</p> <p>ASSM was established for the purpose of the construction and operation of a beet sugar production facility, sugar refining, molasses manufacturing,</p>	<p>ethanol and byproduct production in the Al Sharkiya governorate. ASSM's shareholding includes Al Nouran Multithreading Company (34%); the Arab Fund for Economic and Social Development (26%); the Islamic Corporation for the Development of the Private Sector (26%); and the Egyptian Sugar and Integrated Industries Company (ESIIC) (14%).</p> <p>The 600,000 ton capacity plant is meant to address Egypt's widening sugar deficit and reduce dependence on sugar imports. The financial structure introduces Istisnah — forward Ijarah to the Egyptian market. In this structure, the financiers entered into an Istisnah with ASSM to procure the plant, and executed a forward lease for the</p>	<p>plant with ASSM. The method pushes construction risk to ASSM and its choice of contractors while giving the financiers control over the property and plant.</p> <p>The 8.5-year ASSM deal is not only a landmark for Islamic financing in Egypt, but is also an excellent case study on cooperation with conventional banks and corporates. Companies in Egypt are now recognizing Islamic finance as an efficient and safe vehicle for financing.</p> <p><i>Honorable Mention: TNB Western Energy; Safi IPP; Wa'ad Al- Shamal Phosphate Project; and SABIC & Exxon Mobil (KEMYA).</i></p>

REAL ESTATE: Midciti Sukuk for KLCC REIT

Size:	RM1.555 billion (US\$442 million) issued in RM3 billion (US\$852.7 million) program	
Arrangers:	AmInvestment Bank, CIMB Investment Bank, Maybank Investment Bank	
Legal Counsel:	Adnan Sundra & Low for the arrangers	
Rating:	'AAA'	
Date:	24 th April 2014	
Shariah Advisors:	CIMB Islamic, Maybank Islamic and Dr Aznan Hasan	
<p>The transaction is the first 'AAA/ P1' rated REIT Sukuk Murabahah program in Malaysia. The funds from the first issuance were raised to refinance/redeem Midciti and KLCC Real Estate Investment Trust (KLCC REIT)'s existing/future financings, to finance KLCC REIT's capital expenditure, acquisitions and working capital requirements and to defray any expenses relating to the Sukuk Murabahah programs.</p>	<p>The key driver behind the rating's success was to ensure KLCC REIT and KLCC Property Holdings, whose units and shares are stapled together and listed on the Bursa Malaysia stock exchange (KLCC Stapled Group), were viewed as a single economic entity.</p> <p>Combining KLCC Stapled Group's strong parental linkage to Petroliaam Nasional with KLCC REIT's superior financial profile, portfolio of exceptional</p>	<p>quality properties and longer-than-industry average lease term, resulted in RAM according the first corporate 'AAA' rating to a REIT.</p> <p><i>Honorable Mention: Gatehouse Bank Sigma Capital Joint Venture; OPES Holding; Boustead Plantations; and Limitless.</i></p>

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SOVEREIGN: HM Treasury UK Sovereign Sukuk		
Size:	GBP200 million (US\$306.5 million)	
Arrangers:	Barwa Bank, CIMB Bank, HSBC, National Bank of Abu Dhabi, and Standard Chartered Bank	
Lawyers:	Linklaters for the issuer and Clifford Chance for the arrangers	
Rating:	Unrated, implied sovereign rating	
Date Closed:	25 th June 2014	
Shariah Advisors:	Bait Al-Mashura Finance Consultation Company; CIMB Islamic Bank; HSBC Saudi Arabia and Standard Chartered Bank.	
Following the UK's 2009 enabling legislation, the inaugural issuance gave proof of concept. The transaction validates the role of the UK as a key hub for the Islamic markets. The transaction also serves a number of ancillary benefits including providing high quality instruments for the investment	by the UK's domestic Islamic banks and sets a benchmark for the domestic banks, allowing them to be more efficient in pricing their liabilities and credit transactions. Because the UK maiden launch ticks all of these boxes, it jumps ahead of a very notable pool of candidates for sovereign of the year.	<i>Honorable Mention: Grand Duchy of Luxembourg; Hong Kong Sukuk 2014; Perusahaan Penerbit SBSN Indonesia III (Republic of Indonesia); and Republic of Senegal.</i>

STRUCTURED FINANCE: Fawaz Abdulaziz Al Hokair & Co		
Deal Size:	US\$190 million	
Arranger:	Societe Generale	
Lawyers:	Latham & Watkins (English law) and Law Offices of Salman Al Sudairi in association with Latham & Watkins (Saudi law) for the obligor; and King & Spalding (English law) and King & Spalding in association with Law Offices of Mohammed Al Ammar (Saudi law) for the arranger	
Rating:	Unrated	
Date:	26 th October 2014	
Shariah Advisors:	Societe Generale	
Shariah compliant Murabahah financing with operational control over point of Sale (POS) terminal receivables. The result is a synthetic compliant credit receivable securitization by Fawaz Abdulaziz AL Hokair & Co – possibly the largest Saudi Arabian retail operator. The structure utilized key quasi security	and operational control structuring features to enable the cash flows generated by the identified point of sale terminals within the Kingdom of Saudi Arabia and in the UK. This structure provides the ability to monetize future cash flows generated by such point of sale terminals and providing an	element of certainty for payments to the financiers. Al Hokair proposes to use the proceeds to fund certain international acquisitions of leading apparel brands. <i>Honorable Mention: Engro Foods; OPES Holding and Malaysia Airports Holdings.</i>

SUKUK: HM Treasury UK Sovereign Sukuk		
Size:	GBP200 million (US\$306.5 million)	
Arrangers:	Barwa Bank, CIMB Bank, HSBC, National Bank of Abu Dhabi, and Standard Chartered	
Lawyers:	Linklaters for the issuer and Clifford Chance for the arrangers	
Rating:	Unrated, implied sovereign rating	
Date Closed:	25 th June 2014	
Shariah Advisors:	Bait Al-Mashura Finance Consultation Company; CIMB Islamic Bank; HSBC Saudi Arabia and Standard Chartered Bank.	
This is the first Sukuk to implement the UK's 2009 enabling legislation. The Sukuk uses an Ijarah structure and is employed by HM Treasury UK Sovereign Sukuk, a special purpose vehicle. Because of specific limitations relating to the movement of land and the role of the treasury as a prospective,	tenant, the transaction deployed a head lease/sublease structure. This was legally perfected and registered at HM Land Registry, making it one of the most legally robust Sukuk in the international markets. Unlike many English Law deals, this transaction has no delegate, thereby giving direct	rights against HMT in the event of non-payment. <i>Honorable Mention: Varlik Kiralama Anonim Sirketi; Bank of Tokyo-Mitsubishi UFJ (Malaysia); International Finance Facility for Immunization Company (IFFIm); and Al Hilal Bank.</i>

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MURABAHAH & TRADE FINANCE: EXIM Sukuk Malaysia for Export-Import Bank of Malaysia		
Deal Size:	US\$300 million	
Arrangers:	HSBC Amanah, BNP Paribas Malaysia, CIMB Investment Bank, Maybank Investment Bank	
Lawyers:	Wong & Partners and Clifford Chance (Hong Kong) for the issuer and Zaid Ibrahim & Co., Linklaters Singapore, and Linklater (Dubai, UAE) for the arrangers	
Date:	February 2014	
Rating:	'A3' (Moody's), 'A-' (Fitch)	
Shariah Advisors:	HSBC Amanah, BNP Paribas Malaysia, CIMB Islamic Bank, Maybank Islamic	
<p>Perhaps reflecting the concerns of many OIC central bankers about the shortage of Islamic trade finance, 2014 yielded fewer than expected trade finance or true supply chain Murabahah deals (although Meezan's Engro was an excellent example of the latter). Count on Malaysia to do something.</p> <p>The Export-Import Bank of Malaysia (MEXIM) was the first export-import bank to issue US dollar-denominated</p>	<p>Sukuk. It was also the first US dollar-denominated Sukuk for 2014, making it the second consecutive year running where a Malaysian issuer has opened the year for international Sukuk issuance.</p> <p>The proceeds of the Wakalah Sukuk will be applied to MEXIM's Shariah compliant working capital, general banking and financing activities as well as for other Shariah compliant</p>	<p>corporate purposes. A key benefit of the transaction to MEXIM was the diversification of its investor base. Compared to MEXIM's earlier capital markets efforts, which only attracted 5% of the investors from the Middle East, the 2014 Wakalah Sukuk drew 19% of its investors from the Middle East.</p> <p><i>Honorable Mention: Engro Foods and Etihad Etisalat Company (MOBILY).</i></p>

SYNDICATED: APICORP		
Deal Size:	Tranche 1: SAR3 billion (US\$798.97 million) Tranche 2: US\$150 million	
Lead Arrangers:	Tranche 1: The Saudi British Bank, National Commercial Bank, Samba Financial Group, Riyad Bank and Banque Saudi Fransi Tranche 2: First Gulf Bank, HSBC Bank Middle East and National Bank of Abu Dhabi	
Date:	December 2014	
Lawyers:	Latham & Watkins for the obligor and Allen & Overy for the arrangers	
Rating:	'Aa3'	
Shariah Advisor:	Abu Dhabi Islamic Bank	
<p>As always, the syndication market was active across the Islamic markets. Syndication allows obligors to enjoy discretion and financiers to test new markets or manage complex situations. APICORP has been a regular participant in the global syndicated markets since its inception. Historically, APICORP has been a conventional financier and investor. Therefore, APICORP did not previously approach the markets for</p>	<p>a Shariah compliant syndication. But, over the past 10 years, management and customer demand have changed the nature of APICORP's business. Today, the portfolio is substantially Shariah compliant with clients wishing to know if the sources of funds are also compliant. Hence, APICORP's 2014 balance sheet management exercise is a dual-tranche syndication. APICORP has also been proactive in the management of its</p>	<p>financial obligations, stretching tenors, taking advantage of positive price movements and tapping liquidity from new providers.</p> <p><i>Honorable Mention: Twin Start Mauritius Holdings; United Arab Shipping; Garuda Indonesia (Persero) TBK; and SABIC & Exxon Mobil (KEMYA).</i></p>



IFN ONLINE DIRECTORY



Over 4,000 individual companies directly involved in the Islamic finance industry

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RESTRUCTURING: Amlak Finance		
Deal Size:	US\$2.7 billion	
Lawyer	Clifford Chance for the issuer	
Shariah Advisors:	Each of the creditors and obligors	
<p>A sign of Dubai's robust real estate revival is the successful restructuring of Amlak. A leading provider of Shariah compliant housing finance, Amlak needed to resolve the claims of nearly 30 commercial counterparties. This led to the restructuring of a variety of different Islamic financing and deposit structures including Murabahahs, Mudarabahs and bilateral and syndicated Wakalahs. The restructured facilities are regulated and coordinated through a common</p>	<p>terms agreement and an inter-creditor agreement and benefit from an enhanced security package.</p> <p>One of the challenges of the restructuring was the need to right size the balance sheet of Amlak Finance to reduce the total debt. This was achieved through the participants converting part of their debt into a convertible contingent instrument. The instrument is tied to a Mudarabah arrangement</p>	<p>whereby the participants will benefit from realized value growth in Amlak's underlying property portfolio over the life of the instrument. Any amount of the instrument which has not been redeemed by maturity can be converted into equity. The instrument is an innovative and bespoke feature of this transaction.</p> <p><i>Honorable Mention: STC Axis and Limitless.</i></p>

HYBRID: Cahaya Capital for Khazanah Nasional (Khazanah)		
Deal Size:	US\$500 million	
Arrangers:	CIMB Bank (L), Deutsche Bank (Singapore Branch), Standard Chartered Bank (Singapore Branch)	
Lawyers:	Allen & Overy, as English law counsel and Adnan Sundra & Low as Malaysian law counsel for the issuer and Linklaters Singapore as English law counsel and Zaid Ibrahim & Co as Malaysian law counsel for the arrangers	
Date:	18 th September 2014	
Shariah Advisors:	CIMB Islamic Bank, the Shariah advisor of Deutsche Bank and the Shariah Supervisory Committee of Standard Chartered Bank	
<i>NB: Almost all 2014 Wakalah deals were in hybrid structures: therefore the category is replaced by Hybrids. In 2014, many deals used Mudarabah structures in lieu of Wakalah structures for essentially the same purpose.</i>		
<p>This was the first exchangeable Sukuk structure based on the Islamic principles of Mudarabah and Murabahah. This sixth Khazanah issuance is exchangeable into ordinary shares of Tenaga Nasional (TNB), which is the largest electric utility company in Malaysia and also the largest power company in Southeast Asia. Cahaya Capital (the issuer) is a Labuan-incorporated independent</p>	<p>special purpose company specially incorporated for the purposes of this transaction. Khazanah was appointed as the Mudarib to perform certain duties in respect of the Mudarabah investments. The Mudarib invested 51% of the proceeds of the issue in shares in TNB with the remaining 49% of the proceeds of the issue invested by the issuer in a commodity Murabahah investment.</p>	<p>As with the previous Khazanah exchangeable, this transaction was priced with a negative yield.</p> <p><i>Honorable Mention: Muntalakat Sukuk Holding Company; Abu Dhabi Islamic Bank; Saudi Telecom Company; and Ma'aden Wa'ad Al Shamal Phosphate Project.</i></p>

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PERPETUAL: AHB Tier 1 Sukuk, Al Hilal Bank		
Deal Size:	US\$500 million	
Joint Lead Managers:	Abu Dhabi Islamic Bank, Al Rayan Investment, Sharjah Islamic Bank, HSBC, Al Hilal Bank, Citigroup, Emirates NBD Capital, National Bank of Abu Dhabi and Standard Chartered Bank	
Lawyers:	Allen & Overy for the issuer and Linklaters for the managers	
Date:	24 th June 2014	
Rating:	Unrated	
Shariah Advisors:	HSBC, Al Hilal Bank, Citigroup, Standard Chartered Bank	
<p>The pace of new perpetuals slowed down in 2014. Al Hilal went to market with a Basel III-compliant offering. The first of its kind in the UAE, the deal incorporated loss-absorption and non-viability features. The certificates will be classified as deeply subordinated and are callable in 2019.</p> <p>The certificates provide for the full and permanent write-down of the certificates if a non-viability event (being the earlier of: (1) a decision that a write-off is necessary and (2) the decision to make a public sector</p>	<p>injection of capital, or equivalent support, in each case, without which the bank would have become non-viable, as determined by the UAE central bank) occurs.</p> <p>The proceeds of the issuance of the certificates will be contributed by the trustee (as Rab al Maal) to the Mudarib (Al Hilal) and shall form the Mudarabah capital which will be invested in an unrestricted co-mingling Mudarabah basis by Al Hilal in its general business activities.</p>	<p>The Mudarib shall distribute the profit to both the Trustee and the Mudarib in accordance with the profit sharing ratio 99% to the trustee (as Rab al Mal) and 1% to the Mudarib. The trustee shall apply its share of the profit (if any) generated by the Mudarabah on each periodic distribution date to pay the expected periodic distribution amount to the certificate holders.</p> <p><i>Honorable Mention: Malaysian Airport Holdings and Morgan Stanley Islamic Finance.</i></p>

REGULATORY CAPITAL: AHB Tier 1 Sukuk, Al Hilal Bank		
Deal Size:	First issuance of RM609 million (US\$173 million) from RM700 million (US\$199 million) authorized	
Joint Lead Managers:	Abu Dhabi Islamic Bank, Al Rayan Investment, Sharjah Islamic Bank, HSBC, Al Hilal Bank, Citigroup, Emirates NBD Capital, National Bank of Abu Dhabi and Standard Chartered Bank	
Lawyers:	Allen & Overy for the issuer and Linklaters for the managers	
Date:	24 th June 2014	
Rating:	Unrated	
Shariah Advisors:	HSBC, Al Hilal Bank, Citigroup, Standard Chartered Bank	
<p>In 2014, banks continued to use favorable market conditions to boost their regulatory capital. Intriguingly, several banks choose issuances that bolstered Tier II capital. Al Hilal focused on Tier I with the first Basel III compliant offering in the UAE. The transaction follows regulatory capital Sukuk issues by Dubai Islamic Bank and Abu Dhabi Islamic Bank, both of which used similar Mudarabah structures.</p> <p>The key challenges on the transaction included documenting the write-down feature in accordance with UAE central bank requirements and ensuring that</p>	<p>the Shariah structure complied with the requirements of the Shariah committees of AHB and certain managers, while also adhering to international prudential requirements.</p> <p>The Mudarabah is a perpetual arrangement with no fixed end date. Al Hilal (as Mudarib) may elect to liquidate the Mudarabah, in whole but not in part, on the basis of a final constructive liquidation of the Mudarabah in the following circumstances:</p> <p>i. On the first call date or any periodic distribution date thereafter;</p>	<p>ii. On any date on or after the issue date, upon the occurrence of a tax event or a capital event.</p> <p>For regulatory purposes, any liquidation of the Mudarabah and redemption of the securities requires both central bank approval and replacement by a similar type of perpetual.</p> <p><i>Honorable Mention: Maybank Islamic; AmIslamic Bank; Abu Dhabi Islamic Bank; and Morgan Stanley Islamic Finance.</i></p>

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SOCIAL IMPACT: International Finance Facility for Immunization Company		
Deal Size:	US\$500 million	
Arrangers:	Barwa Bank, CIMB Investment Bank, National Bank of Abu Dhabi, NCB Capital Company and Standard Chartered Bank	
Lawyers:	Slaughter & May and Zaid Ibrahim for the issuer and Allen & Overy for the arrangers	
Date:	November 2014	
Rating:	'AA+' (S&P) and 'AAA' (MARC)	
Shariah Advisors:	JLM Shariah counsel	
Given the misguided efforts of extremists in Pakistan and Nigeria to stop vaccinations, the global Islamic finance community fought back supporting funding for children's immunization in the world's poorest countries through Gavi, the Vaccine Alliance.	Sukuk transaction in the Islamic capital market.	involving the private placement of Sukuk by UK-based entities using a Murabahah structure.
Over 85% of the order book was from uniquely Islamic investors. The support for the Tawarruq-based transaction was strong. This is the first charity driven	This transaction marks the largest Sukuk Murabahah issuance in the public markets and is also the largest inaugural Sukuk offering from a supranational. This transaction also involved complex UK tax issues, which required formal clearance from HM Revenue & Customs. The tax clearance that was obtained on this transaction paves the way for future transactions	It provides institutional investors with a socially responsible investment that will help protect tens of millions of children against preventable diseases.
		<i>Honorable Mention: OPES Holding; Oceanpick Private; DanaInfra Nasional and Abu Dhabi Islamic Bank acquisition of Barclays UAE branches.</i>

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Country Deals

(please note that to win a country DOTY the nation in question must have transacted a minimum of three deals during the relevant 12-month period)

AFRICA: Republic of Senegal		
Deal Size:	XAF100 billion (US\$182 million)	
Lead Arranger:	ICD and Citibank Senegal	
Lawyers:	Clifford Chance for the issuer and Hogan Lovells (Middle East), FDKA for the arrangers	
Rating:	'A' (Agusto & Co)	
Date:	June 2014	
Shariah Advisors:	ICD	
Islamic finance activity is evolving slowly but surely in Africa. In some years, multiple transactions dot North Africa. With new laws in place and players taking root, key markets like Egypt, Nigeria and Morocco are expected to take off. Yet none of the key OIC countries in Africa has a sovereign benchmark, until now.	the Republic of Senegal granted a 99-year usufruct over certain assets and agreed to lease them back in return for making rental payments to investors. The transaction was guaranteed by the Republic of Senegal.	of South Africa Sukuk. The first of its kind deal intends to enable Senegal to attract new funding using Shariah compliant principles and setting a benchmark for domestic and regional CFA transactions.
The Sukuk issuance was structured as an amortizing Sukuk Ijarah whereby	The purpose of the transaction is to: "Finance projects of economic and social development". This was the first major Sukuk issuance by a sovereign in Africa, followed by the Republic	<i>Honorable Mention: Al- Sharkiya Sugar Manufacturing Company; Safi IPP; Republic of South Africa and OPES Holding.</i>

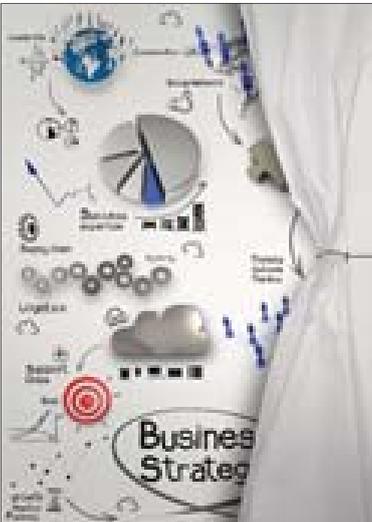
EMERGING ASIA: Hong Kong Sukuk 2014		
Deal Size:	US\$1 billion	
Arrangers:	HSBC and Standard Chartered Bank as global coordinators	
Joint Lead Managers:	CIMB, HSBC, National Bank of Abu Dhabi and Standard Chartered	
Lawyers:	Allen & Overy for the arrangers and Norton Rose Fulbright for the issuer	
Date:	18 th September 2014	
Rating:	'AAA'	
Shariah Advisors:	The Executive Shariah Committee of HSBC Saudi Arabia, Standard Chartered Bank Sharia Supervisory Committee, CIMB Islamic Bank and Shaikh Nedham Mohamed Saleh Abdulrahman Yaqobi	
The inaugural US\$1 billion Sukuk was issued from Hong Kong by Hong Kong Sukuk 2014, a special purpose vehicle incorporated for the purpose of the issue by the government of the Hong Kong Special Administrative Region of the People's Republic of China (HKSARG), which also acts as the guarantor. The HKSARG chose an Ijarah structure for its inaugural Sukuk issuance.	The deal was the world's first US dollar-denominated Sukuk originated by an 'AAA'-government. The issuance was the first to test the amendments to Hong Kong's tax laws that were implemented in July 2013 to facilitate the issuance of alternative bond schemes and which ensure a tax framework for Sukuk that is similar to the existing laws for conventional bonds. This issuance was important as it sets a benchmark for	future Sukuk issuances out of Hong Kong. <i>Honorable Mention: Oceanpick Private; Twin Start Mauritius Holdings; Perusahaan Penerbit SBSN Indonesia III; and Bumitama Agri.</i>

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INDONESIA: Perusahaan Penerbit SBSN Indonesia III		
Deal Size:	US\$1.5 billion	
Arrangers:	HSBC, CIMB, Emirates NBD Capital, Standard Chartered	
Legal Counsel:	Allen & Overy (US and English law) and Thamrin & Rachman Law Firm (Indonesian law) for the issuer and White & Case (US and English law) and AZP Legal Consultants (Indonesian law) for the arrangers	
Rating	'Baa3'/'BBB-'/'BB+' (Moody's/Fitch/S&P)	
Date:	2 nd September 2014	
Shariah Advisors:	Dar Al Sharia, HSBC, CIMB, Emirates NBD Capital and Standard Chartered	
As a G20 economy, much is expected from Indonesia. The Republic's fifth US dollar global Sukuk since 2009 maintains a benchmark for global investment into Indonesia and shows innovation in style, who were eager buyers showing that Shariah structures are not an impediment for key conventional accounts. As with	previous issues there is a 144A tranche to attract US institutional investors. The transaction is the first Wakalah issuance by the sovereign and incorporated elements of leasing and procurement within the structure, the latter of which is a first in the sovereign Sukuk space. The Sukuk assets	consisted of (i) government-owned properties leased back to the republic and (ii) infrastructure project assets procured from the republic. <i>Honorable Mention: Bumitama Agri; Garuda Indonesia (Persero); Lumbung Padi Indonesia; and Axiom Telecom.</i>

LUXEMBOURG: Luxemburg Treasury Securities on behalf of The Grand Duchy of Luxembourg		
Deal Size:	EUR200 million (US\$240 million)	
Managers:	HSBC, BNP Paribas, Banque Internationale à Luxembourg and QInvest	
Lawyers:	Allen & Overy for the issuer and Linklaters for the arrangers	
Rating:	'AAA'	
Date:	17 th October 2013	
Shariah Advisors:	BNP Paribas and HSBC	
This was a long awaited non-Muslim country transaction that featured strongly in IFN's Sukuk Race throughout 2014. At one point leading the race, several constitutional, property and trust issues had to be overcome, which slowed the pace. The Grand Duchy of Luxembourg has been a strong supporter of the Islamic financial services industry, noteworthy	for its founding membership in IILMC. Delivering the Sukuk was a further strong message from the government on the positioning of Luxembourg as a jurisdiction willing and able to support and service a variety of Islamic financial and investment products. The Ijarah structure involved the sale and lease of real estate assets by the Grand Duchy of Luxembourg. The	Sukuk certificates are listed on the Luxembourg Stock Exchange and will be traded on the Euro MTF Market. As the second euro-denominated Sukuk after the Saxony Anhalt issuance of 2004, the transaction establishes a euro benchmark for the European market. <i>Honorable Mention: Morgan Stanley Islamic Finance and International Islamic Liquidity Management.</i>





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MALAYSIA: Midciti Sukuk for KLCC REIT		
Size:	RM1.56 billion (US\$445.97 million) issued in RM3 billion (US\$857.63 million) program	
Arrangers:	AmInvestment Bank, CIMB Investment Bank, Maybank Investment Bank	
Legal Counsel:	Adnan Sundra & Low for the arrangers	
Rating:	'AAA'	
Date:	24 th April 2014	
Shariah Advisors:	CIMB Islamic, Maybank Islamic and Dr Aznan Hasan	
Representing more than two thirds of Sukuk issuances, Malaysia never gives easy choices to analysts when it comes to Deal of the Year. Repeat issuers like Cagamas and Khazanah typically perfect the tried and true, sometimes modulating their prior methods with small tweaks. Bank of Tokyo-Mitsubishi UFJ (Malaysia) represents a concerted effort from a global player to enter the Islamic markets in a meaningful way.	Others like MEXIM and KLCC REIT bring issuers to the market in a way that should impact a specific subsector in a meaningful way. Although MEXIM brings important new resources for export oriented trade finance in Malaysia, KLCC REIT pips it given the wider proof of concept for all REITs to tap the Islamic capital market. KLCC REIT also represents a second	foray, albeit indirectly, into the Islamic markets by Petroliam Nasional. The transaction's complexity and success are tied to the nature of the stapled REIT units and shares of the sponsor. <i>Honorable Mention: Bank of Tokyo-Mitsubishi UFJ (Malaysia); EXIM Sukuk Malaysia; Cagamas; Cahaya Capital (Khazanah).</i>

PAKISTAN: The Second Pakistan International Sukuk Company for the Islamic Republic of Pakistan		
Deal Size:	US\$1 billion	
Arrangers:	Citigroup, Deutsche Bank, Dubai Islamic Bank and Standard Chartered Bank	
Legal Counsel:	Norton Rose Fullbright (as to English law and US law) Khan & Associates (as to the laws of Pakistan) for the issuer; and Allen & Overy (as to English law and US law) Kabraji & Talibuddin (as to the laws of Pakistan) for the arrangers	
Date:	3 rd December 2014	
Rating:	'B-', 'Caa1'	
Shariah Advisors:	Dar Al Sharia and Shariah Boards of Citi Islamic Investment Bank, Deutsche Bank, Dubai Islamic Bank and Standard Chartered Bank	
The Islamic Republic of Pakistan priced a US\$1 billion 144A/RegS Sukuk offering due 2019, which marks its successful return to the international Sukuk market after an absence of nine years. The government of Pakistan was taking advantage of the fast growing and highly liquid base of Sukuk investors in a bid to boost the country's economy. Despite its non-investment grade rating, the deal appealed to global investors including US institutional investors. The deal is the largest non-investment grade rated Sukuk issued since 2008. The Sukuk were based on an Ijarah	structure involving the sale and leaseback of the land comprising the M-2 Motorway in Pakistan. This transaction was unique because each of: (i) the sale of the land to the special purpose vehicle, (ii) the lease of the land back to the government, and (iii) the declaration of trust constituting the trust certificates, were registered with the Office of the Registrar in Islamabad in	accordance with the requirements of the Registration Act, 1908 of Pakistan, thereby 'perfecting' such interests under Pakistani law. Preparing the disclosure for the Sukuk was complex because Pakistan had not gone to the Sukuk market since the financial crisis began. The Sukuk is a vital component of Pakistan's commitment to raising funds under its obligations to the IMF. <i>Honorable Mention: Engro Foods; Lalpir Power; Fatima Energy; and Cherat Cement.</i>

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QATAR: Ezdan Holdings

Deal Size:	US\$500 million		
Arrangers:	Ahli United Bank, Al Hilal Islamic Banking, Abu Dhabi Islamic Bank, QFC Branch, Bank Islam Brunei Darussalam, Mashreq Al Islami and Union National Bank		
Lawyers:	Dentons Qatar for the issuer and Baker & McKenzie Bahrain for the arrangers		
Rating:	Unrated		
Date:	April 2014		
Shariah Advisors:	Bait-Al-Mashura Finance Consultations		
	<p>This was the first ever 100% Islamic international syndication Ijarah for a Qatari corporate. This was also the first ever 100% Islamic international syndication for Qatari real estate. The</p>	<p>transaction applies a very high and strict Ijarah standard, but still meets LMA standards. The deal was able to attract conservative accounts like ADIB and Qatar First Bank.</p>	<p><i>Honorable Mention: ALYSJ JV and Mesaieed Petrochemical Holding Company.</i></p>

SAUDI ARABIA: Saudi Telecom Company

Deal Size:	SAR2 billion (US\$532 million)		
Arrangers:	JPMorgan Saudi Arabia, NCB Capital Company, Standard Chartered Capital Saudi Arabia		
Lawyers:	Allen & Overy for the issuer and Clifford Chance for the arrangers		
Rating:	Unrated		
Date:	14 th June 2014		
Shariah Advisors:	Shariah Supervisory Committee of Standard Chartered Bank and NCB Capital Company		
	<p>Saudi Arabia, consistently the second largest Islamic capital market and a key syndication market, enjoys growing issuances by its most trusted and often government-linked names. This happens despite the current thin capital market rules. The structure of the Saudi Telecom Company Sukuk program is a modification of the hybrid Mudarabah</p>	<p>and Murabahah used widely in 2013 and 2014.</p> <p>The profit amount/coupon is paid from the Mudarabah investment while the Murabahah covers the principal amount. As a regulated company, the structure required an 'asset light' approach in order to avoid regulatory issues.</p>	<p>STC is the first Saudi telecommunications company to access debt capital markets and the deal is the first debut Saudi Riyal issuance to access the 10-year maturity.</p> <p><i>Honorable Mention: SABIC & Exxon Mobil (KEMYA); APICORP; the ICD; and Dar Al-Arkan Sukuk Company.</i></p>

TURKEY: Varlık Kiralama acting for Turkiye Finans Katılım Bankası

Deal Size:	RM800 million (US\$227.4 million)		
Arrangers:	HSBC Amanah Malaysia, Standard Chartered Saadiq		
Legal Counsel:	Zico Law Office – Paksoy Law Office for the issuer and Adnan Sundra Law Office for the arrangers		
Rating:	'AA3' (RAM)		
Date:	30 th June 2014		
Shariah Advisors:	IITFC		
	<p>The Turkish market faced a number of challenges in the face of reduced dollar liquidity. As a result, players from this G20 market explored international capital market alternatives.</p> <p>Turkiye Finans was the first with its RM3 billion (US\$857.63 million) program. This represents the first</p>	<p>issuance by a Turkish issuer of Malaysian ringgit-denominated Sukuk in the Malaysian debt capital market to date. Some of the deal milestones include: being the largest ever senior single tranche issuance by any foreign financial institution in the ringgit debt market to date and being the first ever ringgit-denominated Sukuk issued by a</p>	<p>foreign fully fledged Shariah compliant bank in the ringgit market to date. The landmark issuance is expected to pave the way for other issuers from Turkey and Europe into the Malaysian Sukuk market.</p> <p><i>Honorable Mention: ACWA Power International and Republic of Turkey.</i></p>

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UAE: AHB Tier 1 Sukuk, Al Hilal Bank		
Deal Size:	US\$500 million	
Managers:	Abu Dhabi Islamic Bank, Al Rayan Investment and Sharjah Islamic Bank	
Bookrunners:	HSBC, Al Hilal Bank, Citigroup, Emirates NBD Capital, National Bank of Abu Dhabi and Standard Chartered Bank	
Lawyers:	Allen & Overy for the issuer and Linklaters for the managers	
Date:	24 th June 2014	
Rating:	Unrated	
Shariah Advisors:	HSBC, Al Hilal Bank, Citigroup, Standard Chartered Bank	
The number three Islamic capital market, one determined to move up, the UAE offers a wide range of deals. But Al Hilal's Basel III-compliant offering shows elements of risk taking,	regulatory management and process improvement: together the package cannot be ignored. The first of its kind in the UAE, the deal features loss-absorption and non-viability.	<i>Honorable Mention: Emirates National Factory for Plastic Industries; Abu Dhabi Islamic Bank (acquisition of Barclays); DIFC Investments; and Amlak Finance.</i>

UK: HM Treasury UK Sovereign Sukuk		
Size:	GBP200 million	
Arrangers:	Barwa Bank, CIMB Bank, HSBC, National Bank of Abu Dhabi, and Standard Chartered Bank	
Lawyers:	Linklaters for the issuer and Clifford Chance for the arrangers	
Rating:	Unrated, implied sovereign rating	
Date Closed:	25 th June 2014	
Shariah Advisors:	Bait Al-Mashura Finance Consultation Company; CIMB Islamic Bank; HSBC Saudi Arabia and Standard Chartered Bank	
Following the UK's 2009 enabling legislation, the inaugural issuance gave proof of concept. The transaction validates the role of the UK as a key hub for the Islamic markets.	The Sukuk was issued by HM Treasury UK Sovereign Sukuk, a special purpose vehicle with The Secretary of State for Communities and Local Government (DCLG) as the obligor and The Lords Commissioners of Her Majesty's Treasury (HMT) as the co-obligor on the transaction.	Another feature includes a procurement undertaking. A completely new instrument in Sukuk, the procurement undertaking was introduced to ensure that even though HMT could not own the underlying property involved, it would nevertheless be HMT that faced the investors.
The transaction also serves a number of ancillary benefits including providing high quality instruments for the investment by the UK's domestic Islamic banks and sets a benchmark for the domestic banks, allowing them to be more efficient in pricing their liabilities and credit transactions.	Perfected transfer — the head lease/sublease structure was legally perfected and registered at HM Land Registry, making it one of the most legally robust Sukuk in the international markets. Some of the unique features of the transaction include the removal of the delegate giving direct rights against HMT in the event of non-payment.	<i>Honorable Mention: International Finance Facility for Immunization Company; Gatehouse Bank Sigma Capital Joint Venture; Battersea Phase 3 Holding Company; and QDD Athletes Village UK.</i>
The Sukuk uses an Ijarah structure, the most commonly used structure among sovereign Sukuk.		

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Nearly 30 transactions were nominated for the 2014 IFN Deal of the Year. As expected the leading candidates such as Luxembourg Treasury Securities on behalf of The Grand Duchy of Luxembourg; Bank of Tokyo-Mitsubishi UFJ (Malaysia); Varlik Kiralama Anonim Sirketi; International Finance Facility for Immunization Company; HM Treasury UK Sovereign Sukuk; Hong Kong Sukuk 2014; the Republic of Senegal; and AHB Tier 1 Sukuk, Al-Hilal Bank all performed well in other categories.

Each of these nominees represented a significant contribution to the market. A major theme this year is the cross-border activity within the Islamic markets and the integration of conventional centers like London, Hong Kong and Luxembourg. The UK Sovereign Sukuk, Luxembourg Treasury Securities and Republic of Senegal deals all established local and regional currency benchmarks. The Bank of Tokyo-Mitsubishi UFJ and Turkiye Finans deals issued in Malaysia show the vibrancy of the Malaysian global hub in attracting global players to settle there and Islamic frontier market institutions to play there. And Al Hilal gave proof of concept that an Islamic bank may easily issue Basel III-compliant perpetual securities.

Since the 1980s, Gulf-based Islamic banks and their international partners have made London their preferred center for liquidity management. Islamic investors have long preferred London as an investment destination. As much as Islamic investors love London real

estate, they have long used London representative offices from which to stage their investments into Europe, the UK and Africa. Over the past 14 years, Islamic investors have established five Islamic banks in London with more branches and subsidiaries of GCC banks on the way. None of these developments have been ignored by the various UK governments, which have gone from grudgingly welcoming in the 1980s to full embrace in the 21st century.

This meant that a next step was necessary. In 2009, the UK took the necessary steps for the introduction of Sukuk in the domestic market. Immediately, the discussion of a sovereign issuance began. Yet, in a precursor of the 2012 debate in Egypt, opposition arose to the 'selling of state' assets to foreign investors. Quite a few other issues delayed the topic until UK prime minister David Cameron announced at the opening of the World Islamic Economic Forum in London that the UK would indeed issue Sukuk in 2014.

Issued on the 26th June, the transaction validated the UK's role. The validation, however, came in an unexpected manner, at least for HM Treasury. The issuance was kept small at a mere GBP200 million (US\$311.53 million). But, it was quickly gobbled up by investors in a subscription that was for GBP2.3 billion (US\$3.5 billion). Although 39% was domiciled by UK investors, 37% was subscribed by the same type of Middle Eastern investor who voted with their money to make London an Islamic finance hub years ago. Another

24% were Asian, non-Middle Eastern investors. A transaction that putatively meets the Basel III criteria for a high-grade security was sold widely to central banks (25% of the Sukuk), and fund managers (16%). This left banks, prospectively the target investors with only 59% of the issuance. The 2014 HM Treasury UK Sovereign Sukuk PLC issuance assures that London remains a leading global hub of Islamic finance.

Therefore, we are delighted to announce that the debut Sukuk of the UK wins the crown of the 2014 Islamic Finance *news* Deal of the Year for 2014.☺

The IFN DOTY is one of the most rigorous and highly contested awards in the industry. Winners are selected on the basis of a comprehensive selection of criteria looking at all aspects including structure, location, deal size, participants, assets and more. Key rules and regulations include:

- Deals must have closed between 1st January and 31st December 2014;
- All deals must be Shariah compliant;
- The Awards Boards decision is final;
- The Awards Board decision is independent;
- A minimum of three transactions per category (including country and region) are required for the deal to be considered.

DEAL OF THE YEAR: HM Treasury UK Sovereign Sukuk

Size:	GBP200 million	
Arrangers:	Barwa Bank, CIMB Bank, HSBC, National Bank of Abu Dhabi, and Standard Chartered Bank	
Lawyers:	Linklaters for the issuer and Clifford Chance for the arrangers	
Rating:	Unrated, implied sovereign rating	
Date Closed:	25 th June 2014	
Shariah Advisors:	Bait Al-Mashura Finance Consultation Company; CIMB Islamic Bank; HSBC Saudi Arabia and Standard Chartered Bank.	
The transaction served a number of ancillary benefits including: <ol style="list-style-type: none"> 1. Providing a high quality instrument for the investment by the UK's domestic Islamic banks; 2. Setting a sovereign GBP benchmark for domestic banks, allowing them to be more efficient in pricing their 	liabilities and credit transactions; and <ol style="list-style-type: none"> 3. Demonstrating the Islamic marketplace's confidence in London as one of its three top hubs, and the main hub outside of the OIC member states. 	of The Grand Duchy of Luxembourg; Varlik Kiralama Anonim Sirketi; Bank of Tokyo-Mitsubishi UFJ (Malaysia); International Finance Facility for Immunization Company; Hong Kong Sukuk 2014; Republic of Senegal; and AHB Tier 1 Sukuk, Al Hilal Bank.
	Honorable Mention for Deal of the Year: Luxembourg Treasury Securities on behalf	

IFN Best Banks: An overwhelming response!

The results are in and the findings are clear – our readers are more positive than ever before about the state of the industry and the forecast for the Islamic finance sector. The 11th annual IFN Best Banks Poll follows in a long line of illustrious awards but 2014 proved itself to be the best yet, with record number of 20,603 votes – a huge jump from the previous year’s 13,480 votes and emphasizing the optimism that has characterized our industry this year. With the banks themselves taking an unusually proactive approach to get clients and colleagues voting, LAUREN MCAUGHTRY looks at the dedication and determination that Islamic banks have shown over the past 12 months and brings you the biggest players of each market – as voted for by their peers.

Islamic Finance news *Awards* Best Banks 2014

With discarded votes of 5,775 (making total counted votes 14,828) the process has also been tightened this year with strict due diligence and a robust screening process that characterizes the IFN Best Banks Poll as one of the most prestigious awards of the industry.

This year the results show the significant strides of the past 12 months; with key pillars of the industry standing alongside new entrants and surprise winners to demonstrate that as the sector swims ever closer to the mainstream, there are still ample opportunities and everything to play for.

Come on down...

Moving on to the winners themselves, 2014 threw up some interesting choices to show that size does not always matter, as traits such as innovation and expansion are also key driving forces.

In the category of **Best Regulator in Promoting Islamic Finance**, **Indonesia Financial Services Authority / Otoritas Jasa Keuangan (OJK)** exemplifies this attitude with a surprisingly comfortable win, demonstrating that perseverance pays off. With its consistent sovereign issuance and recent regulatory reforms, Bank Indonesia has shown dedication towards the development of its domestic industry which should hopefully start to reap substantial dividends. Runner-up **Bank Negara Malaysia** last won the award in 2011, while last year’s winner the **Central Bank of the UAE** took third place.

Indonesia has put in a strong showing this year, and in an unexpected victory **Best Islamic Retail Bank** went to

stalwart participant (and 2012 victor) **Bank Muamalat Indonesia**, with last year’s winner **ADIB** coming a close second and **CIMB Islamic Bank** following in third place.

In a rapidly up-and-coming sector, the number of Islamic banks providing **private banking services** is multiplying, and this is becoming an increasingly important part of the industry. Repeat winner **Standard Chartered Saadiq** took the crown again for 2014, building on its 2013 victory and closely chased by **Bank Muamalat Indonesia** and **Abu Dhabi Islamic Bank (ADIB)**, last year’s runner up.

Best Private Equity House in a surprise showing went to **Singapore’s Islamic Bank of Asia**, with **CIMB Islamic** in second place and **Qatar First Bank** in third. With a record number of votes coming from across the globe, the win suggests that there could be hidden potential in as yet unexplored corners of the Islamic financial industry that promise an exciting time for 2015.

Most Innovative Islamic Bank went to the ever-popular **Maybank Islamic**, which has taken strides throughout the past year including the launch of a new Islamic asset management arm as well as introducing numerous new retail products and launching a RM20 billion (US\$5.6 billion) Waqf fund in October of last year. Runners up include **ADIB** and **Kuwait Finance House (KFH)**.

In an unsurprising victory, **Best Islamic Bank for Treasury Management** went to **ADIB** for its comprehensive range of bespoke treasury products and its firm focus on innovation. The group’s treasury division offers customers an unrivalled range including 100% capital protected investment based on pioneering assets such as the performance of smartphone and car manufacturers. The group was also one of the first to pioneer collateralized Murabahah agreements, and has driven its treasury offering forward through a focus on tailor-made products and customer satisfaction.

Runners up include **Al Rajhi Bank** in second place and **Bank Islam Malaysia** in third.

Moving on to **Best Islamic Trustee/Custodian**, four-time winner **Deutsche Bank** was pipped at the post this year by **CIMB Islamic Trustee** on the back of a concerted effort by the bank to boost its custodian services in 2014. However, Deutsche still got a strong mention as runner up, accompanied by stalwart **HSBC Corporate Trustee**. As one of the most experienced specialists in the administration of financial instruments, **CIMB’s** trust and securities services have demonstrated their ability to provide support, leadership and excellence.

Best Islamic Leasing Provider, in a turn of events that will come as a shock to very few, was taken by **Amanah Leasing**; with 2013 winner **Gulf International Bank** and last year’s runner up **LOLC Al-Falaah (the Islamic business unit of Lanka ORIX Finance)** coming second and third, respectively. Sri Lanka has a strong leasing industry and the Ijarah sector has gathered pace in 2014, boosted by the significant investment globally from the ICD and IDB Group to build nascent Islamic economies.

Country leaders

Moving on to the best banks in their respective countries, and this year threw up few surprises as the major players continue to forge forwards in the ongoing growth surge for the industry.

In **Australia**, the **Muslim Community Cooperative Australia (MCCA)** once more took home the prize, with **National Australia Bank** coming in second place. Although the institution currently only has a 2% market penetration rate and the industry has been slow to take off in the country, it is looking to expand its services from being a mortgage provider to extending a wider suite of Islamic banking business and the recent inclusion of Shariah funds to the

continued...

Continued

superannuation stable of Australian pensions has opened the door for it to do just that.

It comes as no surprise that industry stalwart **Al Baraka** yet again wins Best Islamic Bank for **Bahrain**, with **KFH** coming in second. In **Brunei** also, **Bank Islami Brunei Darussalam (BIBD)** again takes the crown, with **Maybank** following, in a routine unchanged from last year. The bank, which has the largest network of ATMs across the country, was formed in 2005 through a merger of the Islamic Bank of Brunei and the Islamic Development Bank of Brunei and is partly owned by private equity firm Fajr Capital. However, with a spate of new international banks showing interest in Brunei including Standard Chartered and with BIBD reported to be looking further afield to foreign shores, can we expect perhaps a different result next year?

In **Indonesia** **Bank Muamalat** again took the prize, followed by **CIMB Niaga Syariah** – unsurprising, given the rigorous rules recently introduced to curtail foreign involvement and encourage the domestic banking industry. The currently tiny market of **Singapore** saw victory for the **Islamic Bank of Asia** (followed closely by **Maybank**) while the **Islamic Bank of Thailand** took an unsurprising lead in its own country, distantly chased by **CIMB**. To conclude the journey around ASEAN, the most hotly contested category was of course **Malaysia**, in which last year's victor **CIMB Islamic** beat all other comers to the post: while **Maybank Islamic** followed a close second.

Moving south, and **Islami Bank Bangladesh** won the top award for its own market with **ICB Islamic Bank** coming second; while energetic player **Meezan Bank** won in **Pakistan** with **Al Baraka Islamic Bank** as runner up. In **Sri Lanka**, **Amana Bank** yet again won the prize, while **LOLC Al-Falaah (Islamic Banking Unit of Lanka ORIX Finance)** again came second – without taking away from their valuable achievements, is it not perhaps time we saw some new faces on the market?

Moving to **Africa** and **Egypt's** winner is again unchanged with **ADIB (Egypt)** taking the top spot – although **Faisal Islamic Bank of Egypt** this year knocked out **Al Baraka Egypt** for second place. **ADIB (Egypt)** has built an exceptional foundation based on its strength in multiple core markets across personal

banking, microfinance, wholesale banking and treasury, and remains one of the leading lights of the North African Islamic finance industry. In **Kenya**, **Dubai Bank (Kenya)** takes home the prize while 2013 winner **Gulf African Bank** was a close contender. In **Sudan** **Al Baraka** again took the crown with **Al Salam Bank** a close second; while in **South Africa** it comes as no surprise that **Absa** won the award yet again, with **Al Baraka** again snapping at its heels.

Lebanon saw **Al Baraka Lebanon** win with **Arab Finance House** in second place; while **Bank Al Jazira (Jeddah)** and 2013 winner **Bank Mellat** took the two top spots in **Iran**; two-time winner **Jordan Islamic Bank** and the **Islamic International Arab Bank** won in **Jordan**. In struggling **Syria** the crown was voted to go to the **Syrian International Islamic Bank** with **Albaraka Syria** in second place. In **Yemen** the **Islamic Bank of Yemen** again took first place followed by **Saba Islamic Bank**; and the **Palestine Islamic Bank** and **Arab Islamic Bank** saw off the competition in beleaguered **Palestine**.

Finishing up strong with the GCC region and **Oman** showed us that it can offer up independent opinion: with a strong voting performance bringing last year's runner up **Bank Muscat** into first place while **Muzn Islamic Banking** (from the National Bank of Oman) came second, beating 2013 winner **Bank Nizwa** back into the crowd. **Qatar Islamic Bank** once again took home the award for Best Islamic Bank in **Qatar**, building on its strong win in 2013; followed by **Qatar International Islamic Bank**.

Over in **Saudi Arabia** and 2013 runner up **National Commercial Bank** swapped places with last year's winner **Al Rajhi Bank** to take home the prize; while in **Kuwait** it was **Al Ahli Bank** and **Bank Boubyan** who brought up the rear with strong performances while **Kuwait Finance House**, the country's first ever Islamic bank, yet again surged ahead to win the gold. In the **UAE**, things remain unchanged from 2013 with **ADIB** yet again winning the top award and **Dubai Islamic Bank** taking second place.

While Asia and the Middle East are the key regions for Islamic finance, 2014 has been the year of the breakthrough bar and a number of non-Muslim majority markets have made their mark on the industry. While the **US** market has been slow to recover from the beating it took

during the financial crisis, a number of banks remain active in the domestic market. **Lariba Bank**, one of the pioneers of the North America industry, was yet again voted Best Islamic Bank in the US, while **Devon Bank** came second place – both repeating their performance of 2013.

In **Turkey**, **Turkiye Finans** repeated its 2013 win on the back of a concerted effort in 2014 to overcome the country's economic struggles including its recent announcement of intentions to issue Sukuk; while **Kuveyt Turk** replaced **Al Baraka Turk** as runner up. **Bank of Tokyo-Mitsubishi UFJ** once again took home the award for Best **Japanese** Bank in Islamic Finance, with leading player **Sumitomo-Mitsui Banking Corporation** again coming second.

And, in a win that seems almost inevitable, the great strides made by the **UK** this year with its sovereign Sukuk and multiple new legislative changes for Islamic finance have been supported by yet another win from **Bank of London & The Middle East (BLME)**, followed by **Gatehouse Bank** in what was, we must stress, an extremely closely contested struggle with 2013 runner up **Gatehouse Bank** snapping at **BLME's** heels and closing the gap considerably since last year. With the recent sovereign issuance acting as a gamechanger for the UK market, who knows what we might expect for 2015?

And now for our final, biggest, and most important award of the year – and the one you have all been waiting for. In 2014, as voted for by a record number of its peers and making the award one of the most highly prized and hotly sought in the industry: the title of **IFN Best Overall Islamic Bank** goes to... **Abu Dhabi Islamic Bank!**

The win is closely followed by a plethora of competitors including last year's winner **CIMB Islamic Bank**, multiple award-winner **Bank Muamalat Indonesia**, **Maybank Islamic** and **Dubai Islamic Bank**. The global spread, range and size of the shortlisted banks highlight the strengths of the Islamic finance industry today: in terms of ethical strength, innovation and development. **IFN** commends **ADIB** on its success, and all other participants and nominees on a sterling performance that has made the **IFN Best Banks Poll 2014** the most representative, rewarding and successful in its long history. Congratulations to all! ☺

Best Islamic Bank by Sector

BEST OVERALL ISLAMIC BANK

1st: ***Abu Dhabi Islamic Bank**; 2nd: CIMB Islamic Bank; 3rd: Bank Muamalat Indonesia; 4th: Maybank Islamic; 5th: Dubai Islamic Bank

BEST REGULATOR IN PROMOTING ISLAMIC FINANCE

1st: **Indonesia Financial Services Authority / Otoritas Jasa Keuangan (OJK)**; 2nd: Bank Negara Malaysia; 3rd: Central Bank of the UAE

BEST ISLAMIC RETAIL BANK

1st: **Bank Muamalat Indonesia**; 2nd: Abu Dhabi Islamic Bank; 3rd: CIMB Islamic Bank

BEST ISLAMIC PRIVATE BANK

1st: ***Standard Chartered Saadiq**; 2nd: Bank Muamalat Indonesia; 3rd: Abu Dhabi Islamic Bank

BEST PRIVATE EQUITY HOUSE

1st: **Islamic Bank of Asia**; 2nd: CIMB Islamic; 3rd: Qatar First Bank

MOST INNOVATIVE ISLAMIC RETAIL BANK

1st: **Maybank Islamic**; 2nd: Abu Dhabi Islamic Bank; 3rd: Kuwait Finance House

BEST ISLAMIC BANK FOR TREASURY MANAGEMENT (New category)

1st: **Abu Dhabi Islamic Bank**; 2nd: Al Rajhi Bank; 3rd: Bank Islam Malaysia

BEST ISLAMIC TRUSTEE/CUSTODIAN

1st: **CIMB Islamic Trustee**; 2nd: HSBC Corporate Trustee; 3rd: Deutsche Bank

BEST ISLAMIC LEASING PROVIDER

1st: **Amanah Leasing**; 2nd: Gulf International Bank; 3rd: LOLC Al-Falaah (the Islamic business unit of Lanka ORIX Finance)

Note: Red, Bold: winner; * Repeat winner

Best Islamic Bank by Country

EUROPE	INDIAN SUBCONTINENT	MIDDLE EAST
TURKEY *Turkiye Finans Katilim Bankasi Kuveyt Turk Katilim Bankasi UK *BLME Gatehouse Bank	BANGLADESH *Islami Bank Bangladesh ICB Islamic Bank PAKISTAN *Meezan Bank Al Baraka Islamic Bank SRI LANKA *Amana Bank LOLC Al-Falaah (Islamic Banking Unit of Lanka ORIX Finance)	BAHRAIN *Al Baraka Islamic Bank Kuwait Finance House (Bahrain) IRAN Bank Al Jazira (Jeddah) Bank Mellat JORDAN Jordan Islamic Bank Islamic International Arab Bank KUWAIT Kuwait Finance House Al Ahli Bank of Kuwait Bank Boubyan LEBANON *Al Baraka Lebanon Arab Finance House OMAN BankMuscat Muzn Islamic Banking (National Bank of Oman) PALESTINE *Palestine Islamic Bank Arab Islamic Bank QATAR *Qatar Islamic Bank Qatar International Islamic Bank SAUDI ARABIA National Commercial Bank Al Rajhi Bank SYRIA *Syrian International Islamic Bank Albaraka Syria Bank UAE *Abu Dhabi Islamic Bank Dubai Islamic Bank YEMEN *Islamic Bank of Yemen Saba Islamic Bank
THE AMERICAS		
USA *Lariba Devon Bank		
AFRICA		
EGYPT *ADIB (Egypt) Faisal Islamic Bank of Egypt KENYA Dubai Bank (Kenya) Gulf African Bank SUDAN *Al Baraka Bank Sudan Al Salam Bank SOUTH AFRICA *Absa Islamic Bank Al Baraka Bank		
SOUTHEAST ASIA		
BRUNEI *Bank Islam Brunei Darussalam Maybank INDONESIA *Bank Muamalat Indonesia CIMB Niaga Syariah MALAYSIA *CIMB Islamic Bank Maybank Islamic SINGAPORE Islamic Bank of Asia Maybank Islamic THAILAND Islamic Bank of Thailand CIMB		
ASIA PACIFIC		
AUSTRALIA *Muslim Community Co-Operative Australia National Australia Bank JAPAN *Bank of Tokyo Mitsubishi UFJ Sumitomo-Mitsui Banking Corporation		

Note: Red, Bold: winner; Unbold: Runner-up; *: Repeat winner

IFN Global Trendswatch

Welcome back to work — and what has been going on over the holidays? IFN 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.

- Although analysts project positive performance for emerging market bonds in 2015, IIF data for December shows biggest outflows from emerging markets portfolios since 2013 as currency concerns and the oil price crisis raise risk aversion among investors, says the FT. However, Asia performs best and is only region to show net inflows on the back of strong regional equity issuance.
- The US dollar saw a resurgence at the end of 2014 against all major currencies, on the back of interest rate hike expectations and boosted by risk averse investors moving money back towards safer havens.
- Standard Chartered struggles with poor performance after a decade of record earnings: share price fell over 30% across 2014 on the back of high exposure and poor market performance in Asia and the Middle East. Cost-cutting plans worth US\$400 million may not be enough to shore up investor concerns following US sanctions, a 50% jump in bad debts and a loss of over US\$10 billion in market value. Calls from stakeholders

for senior management changes have already been enacted in the Islamic division, with the recent departure of Saadiq CEO Wasim Saifi. What further retrenchment can we expect in 2015...will the bank be able to make a recovery as growth picks up?

- Indonesia ends fuel subsidies and links prices to international oil markets, starting the 1st January 2015. The move was driven in part by the fall in global prices this year; and frees up around 13% of the state budget for alternative expenditure. What will the country do with the extra cash?
- Egypt was the top destination for equity investors in 2014 according to the FT, based on MSCI data, with share prices rising over 30%. Will more Islamic banks now look to enter the market again?
- Saudi ruler King Abdullah bin Abdulaziz was hospitalized on New Year's Eve, leading to a stock market drop amid investor caution. With succession still in question, what would happen to Saudi policy, the global oil market impact and wider Gulf and international relations with a change in leadership?
- Saudi finance minister Ali Naimi recently outlined his oil price position and strategy: claiming that it makes no sense for Middle East producers to cut production as their lower costs

mean competitors such as the US will have to cut first. However, a projected budget deficit next year raises questions as to how long this attitude of bravado is sustainable.

- Uganda and Tanzania join the ranks of African nations in rebasing GDP. Following the significant gains seen by Kenya, Nigeria and Ghana and with Uganda gaining 13%, the trend reveals increased economic value across the continent and should serve as a boost to increase attraction even further for foreign investors. Total GDP for Africa could be as much as US\$2 trillion according to the African Development Bank.
- Private sector lending needs to increase substantially if Africa is to fulfill its long-term growth potential, says the FT. Longer-term sovereign maturities could assist with this.
- Low-fee private schools could represent an untapped market of up to US\$14.5 billion, says successful African education firm Bridge. Backers including the IFC, World Bank, JPMorgan and Bill Gates have already invested – could this be an opportunity for Islamic investors, as interest in the education sector rises following major deals such as the Fajr Capital/Mumtalakat Blackstone acquisition of a stake in Islamic education firm GEMS in October 2014.☺

AAOIFI publishes new standard

VINEETA TAN takes a look at AAOIFI's latest standard on Mudarabah contracts

AAOIFI recently issued a new accounting standard on investment accounts, which will be incorporated in the next publication of AAOIFI standards due early this year, according to a press statement by the organization. The institution is also currently in the process of reviewing a number of existing standards and "developing new ones in order to give better support to the industry," confirmed Dr Hamed Hassan Merah, its secretary-general.

Replacing two previous accounting

standards on investment accounts (FAS 5 Disclosure of Bases for Profit Allocation between Owners' Equity and Investment Account Holders, and FAS 6 Equity of Investment Account Holders and their Equivalent), the new guideline, known as FAS 27 (Financial Accounting Standard No. 27), regulates Mudarabah transactions which are placed on a short-term basis as interbank-bank deposits as well as transactions of which the Mudarabah contract is considered equity of investment account holders. The standard, however, does not apply to the following investment vehicles: own equity instruments, Wakalah, reverse Murabahah, Musharakah and Sukuk.

Developed through extensive consultation with key stakeholders of the global Islamic finance community, the comprehensive due process involved 13 stages from commissioning consultants to prepare exposure drafts to the official publication. Established in 1991, the Bahrain-based institution has thus far issued 88 standards covering the areas of Shariah, accounting, auditing, ethics and governance for international Islamic finance. Last month, it agreed to join the International Accounting Standards Board's newly-established Consultative Group on Shariah Compliant Instruments and Transactions, at the invitation of the latter.☺

New UK property tax system: Opportunity for Shariah investors

A few weeks ago, the UK's Chancellor of the Exchequer introduced broad-sweeping reforms to the stamp duty system, towards a more progressive graduated tax system from the previous 'slab' mechanism. VINEETA TAN explores the implications of these new changes to Islamic investments in the UK.

Benefitting the majority of home buyers, mainly those purchasing properties under the GBP1 million (US\$1.56 million) price tag, general market sentiments are optimistic for the overall economy, although the implications could be different for high market buyers. According to London Central Portfolio (LCP), this London-centric tax will negatively affect one in 10 households in London, pushing up the number to one in two in Central London.

"High value buyers will be facing an increased tax bill, although still below other international centers such

as Singapore and Hong Kong. The increase will probably be factored in by investors as the cost of entry into this sought-after global market," according to LCP analysis. As the UK (London in particular) is a highly preferred investment destination among Shariah-seeking investors, the new regime is of significant importance to the Islamic investment community.

Speaking to IFN, Naomi Heaton, CEO of LCP, opined that Islamic investments would be affected equally as they would also be caught up in the same tax issues as conventional investments. While Shariah investors would be obliged to the same punitive tax system for the higher end property market (a segment which is anticipated by analysts to undergo downward price corrections as a result of the tax changes), there is however opportunity for investors to leverage from the buy-to-let sector of Prime Central London as it is set to receive a major boost from the reform, affording

buyers at the lower and middle end of the market substantial savings.

"The mainstream private rented sector in prime central London remains unaffected by the stamp duty rises," explained Heaton. "As LCA II is the only Shariah residential fund in the UK, Islamic investors have a very attractive way of benefiting from the market and ensuring they do not fall within the new punitive tax regime for higher value properties."

Under the new tax system, no stamp duty will be applied to properties below GBP125,000 (US\$194,820) as the old system, but a 2% stamp duty (previously 1%) will be charged to properties between GBP125,000-250,000 (US\$194,820-389,650); 5% to properties within the GBP250,001-925,000 (US\$389,650.56-1.28 million) range; 10% to those above GBP925,000 but below GBP1.5 million (US\$2.34 million); and 12% for all properties above GBP1.5 million.☺

Exciting times ahead for the Jordanian Sukuk market

Jordan may have one of the oldest Islamic banks in the world; however, in terms of Islamic capital markets, the kingdom has lagged behind its global peers. Up to date, only one Sukuk facility has been issued out of the country (by Al Rajhi Cement in 2017) and the Jordanian government only passed legislation for the issuance of Sukuk in 2012. VINEETA TAN however observes that there have been significant developments in the Jordanian Sukuk space in 2014 which may set the stage for a more active market this year.

“ Government is likely to issue its inaugural Sukuk in February ”

Last April, the parliament enacted two new by-laws which paved the way for Sukuk to be sold without a transfer of assets to SPVs as well as clarifying Shariah compliant structures which could

be used. This was perceived as a signal of renewed and stronger government commitment towards developing its Islamic finance and banking industry in order to leverage Shariah compliant instruments to boost the economy. The commitment was further emboldened by Jordan Islamic Bank (JIB)'s recent decision to amend its law to issue Sukuk.

According to the bank as revealed on its website, the third item of the Memorandum and Articles of Association was amended allowing for the bank: "To issue Islamic Sukuk, invest in them and establish and register a private purpose-company... The amendment includes the issuance of Sukuk with additional capital and/or secondary capital based on the conditions issued by control authorities including Central Bank of Jordan and getting the required license related to Islamic Sukuk and/or other financial securities that are compliant with provisions and principles of Islamic Shariah."

Commenting on the bank's decision, vice-chairman and general manager, Musa Shihadeh, explained in a statement on JIB's website that the amendments were

made in response to a request by the Financial Securities Commission and by doing so, the bank gains the advantage to take the lead among the Jordan financial community in issuing Sukuk, in line with its objective to support the national economy. Musa further expounded that the issuance of Sukuk would expand the bank's Islamic offerings, and bring profitable returns to its shareholders and depositors.

Building on that momentum, this week The Jordan Times reported that the government is likely to issue its inaugural Sukuk in February, with the central bank taking the lead.

Neither JIB nor the central bank could be reached for a comment at the time of publication; however, these recent developments suggest that Sukuk programs from the kingdom's pioneering Islamic banking player, and the government, are looking very likely in the near future; and should they materialize, Jordan could be well on its way in positioning itself as a new and exciting player in the Sukuk arena, both in the corporate and sovereign markets.☺

Sovereign Sukuk: Ringing in the new year

With global Sukuk issuances expected to exceed US\$150 billion in 2015, the rising interest in Shariah compliant instruments is undeniable. On the back of sustained demand from existing Islamic financial institutions as well as Sukuk issuances from various countries, the industry is expected to see an upward trend this year. IFN brings you a roundup of all outstanding sovereign deals in 2015's healthy pipeline. NABILAH ANNUAR writes.

Asia

In the Asian markets, countries that have come forth with Sukuk plans include: Bangladesh, Indonesia, Pakistan, Turkey and Kazakhstan. Indonesia's looks to issue IDR7.14 trillion (US\$570.9 million) worth of project-based Sukuk this year for three infrastructure programs as well as the development of the local Sukuk market. This comes subsequent to the government's plans to auction Sukuk 22 times (according to Jakarta Post), launch a retail Sukuk program of up to IDR20 trillion (US\$1.59 billion) in April 2015 and

issue global Sukuk in the first quarter of this year, as reported by Reuters.

As confirmed by IFN's Bangladesh correspondent Md Shamsuzzaman, the country is actively considering the introduction of Sukuk in the domestic market. Pakistan's finance minister has also affirmed that the government will not tap the international debt markets, both Islamic and conventional, until the 30th June 2015, after the republic completes its global capital market transaction portfolio. The Turkish treasury has said that it plans to issue Sukuk worth TRY1.5 billion (US\$651.44 million) by the end of February 2015. Kazakhstan could also potentially tap the international Sukuk market sometime next year.

Africa

Kenya announced that it had set a target to issue its maiden Sukuk in the next financial year (ending June 2016) as the parliament considers a recommendation by its finance committee to double the

government's external debt ceiling to US\$28 billion. The Tunisian government is yet to price its Sukuk after mandating banks last October for the estimated US\$500 million US dollar-denominated offering.

Europe

Global Sukuk market constituents can expect another Sukuk offering from Luxembourg as its finance minister, Pierre Gramegna, affirmed that the country is open to the idea of making more sovereign issues after conducting its maiden Sukuk last September. In a previous interview, Gramegna disclosed to IFN that authorities are working towards developing a new structure for future Sukuk utilizing investment funds instead of real estate assets.

Middle East

The UAE's emirate of Ras al-Khaimah last June invited banks to pitch for arranger roles on a potential US dollar-denominated Sukuk offering; but plans could change, as the emirate reportedly also sent out requests for proposals for a syndicated loan in August, raising doubts as to whether the Sukuk issuance would still materialize. Oman is expected to make its first Omani rial-denominated Sukuk issuance for the domestic market as early as the first quarter of 2015. Reports have suggested that the offering could be worth the equivalent of around US\$300-400 million, with maturities of five or seven years. Similarly, Jordan has been analyzing a proposal to issue its first Sukuk (estimated at US\$1 billion) as early as this year but could be hindered due to a preference for concessionary loans from aid donor countries.⁽²⁾

Table 1: Upcoming sovereign Sukuk

Issuer	Size	Date announced
Government of Indonesia	IDR6.4 trillion	18 th August 2014
Government of Malta	TBA	7 th August 2014
Government of Philippines	TBA	26 th May 2014
Government of Pakistan	US\$1 billion	2 nd May 2014
Government of Tunisia	US\$140 million	7 th February 2014
Government of Ras Al Khaimah	TBA	6 th June 2014
Government of Jordan	TBA	5 th June 2014
Government of Saudi Arabia	TBA	8 th January 2014
Government of Oman	OMR200 million	6 th January 2014
Federal Government of Nigeria	TBA	13 th November 2013
Government of Morocco	TBA	25 th October 2013

Table 2: Top Islamic sovereign Sukuk* on record

Pricing date	Issuer	Issuer parent	Deal nationality	Currency code	Deal total value US\$ (Proceeds) (m)	Coupon
26 th September 13	General Authority for Civil Aviation	General Authority for Civil Aviation	Saudi Arabia	SAR	4,056	3.21
11 th July 12	State of Qatar	State of Qatar	Qatar	US\$	4,000	2.09
11 th July 12	State of Qatar	State of Qatar	Qatar	US\$	4,000	3.24
17 th January 12	General Authority for Civil Aviation	General Authority for Civil Aviation	Saudi Arabia	SAR	4,000	2.50
28 th June 11	Wakalah Global Sukuk	Malaysia	Malaysia	US\$	2,000	2.99
28 th June 11	Wakalah Global Sukuk	Malaysia	Malaysia	US\$	2,000	4.65

*Excludes local authorities issuance

Source: Dealogic

JPMorgan — big ambitions for Islamic finance

When JPMorgan (JPM) hired veteran Islamic banker Dr Hussein Hassan away from UBS in January 2013 to lead its global Islamic finance practice, the industry took it as a clear sign of a move to grab a larger market share and consolidate JPM's position in the Shariah compliant banking universe after a period of apparent disinterest in the market following the financial crisis. VINEETA TAN discusses the bank's rise in the Islamic finance space.

Within less than two years since Dr Hussein came on board JPM has managed to reach the rank of second-biggest Sukuk arranger in the GCC for 2014 (after HSBC), underwriting US\$1.3 billion-worth of transactions according to Bloomberg; while mid-December data from Dealogic places JPM at #10 in the list of top Sukuk managers. An achievement indeed for Dr Hassan, whose ambitions in this space look to be large. "This is part of our strategy and it will remain so for 2015," he confirmed to IFN.

The bank has gone through some tough times recently. Suffering a US\$400 million loss for the three-month period ending September 2013, and with an estimated US\$22 billion shortfall to make up when the new

capital requirements come into play, it's no wonder the market has been jittery. The bank has however turned things around last year: with its latest consolidated financial results showing significant improvement in the third quarter of 2014 with a net income of US\$5.6 billion. Already commanding the largest banking share in the US and a formidable presence in international jurisdictions, the bank is now making key Islamic markets a major priority.

"We have a global focus with a strategy that is broad and in line with JPM's strengths and platform," explained Dr Hassan to IFN. "We do see from a geographic perspective the Middle East, Turkey and Malaysia as areas of specific interest."

Within these areas of focus, Saudi Arabia of course remains JPM's strongest base: a market in which the bank has been active for decades and the obvious launching pad for its Islamic ambitions. Throughout last year, the bank was involved in multiple big ticket Shariah compliant transactions (all from the top 25 global Sukuk issuers, according to Dealogic) including Saudi Electricity Co's US\$2.5 billion Sukuk deal in April, which catapulted the bank to top of the Sukuk league. Other

deals include National Commercial Bank's SAR5 billion (US\$1.33 billion) Sukuk and Saudi Telecom's SAR2 billion (US\$532.84 million) Islamic offering.

It comes as no surprise that JPM is able to win mandates for high-profile Sukuk deals, considering its international repertoire, and the bank is rapidly gaining traction — to the point where it can even now challenge longstanding names such as Deutsche and HSBC for deals in the Gulf.

However, will JPM be able to gain the same momentum in mature markets such as Malaysia, where it must compete with local Islamic finance heavyweights such as CIMB Islamic and Maybank (two of the top three Sukuk managers for 2014 according to Dealogic)? With the formation of a mega Islamic bank comprising CIMB, RHB Capital and Malaysia Building Society looking very likely next year, coupled with the country's strong support for domestic players, the bank will face tough competition if it attempts to crack the world's biggest Sukuk market. With everything to play for and the challengers lining up already — 2015 looks to be an interesting year.☺

Sidra Capital secures approval for UK luxury residential development

With a new stamp duty system in place, the UK shows no sign of slowing down in attracting Shariah dollar to its shores. VINEETA TAN casts an eye on an upcoming Shariah luxury residential project in London.

Shariah compliant Sidra Capital has confirmed in a media statement that its latest redevelopment project, to which the Saudi-based firm is acting as strategic transaction advisor, has been granted planning permission from the Westminster City Council.

Comprising two Grade II-listed buildings located on Chancery Lane purchased at GBP28 million (US\$43.61 million) and to be converted into 49 luxury apartments, phase one of the

London residential development is projected to begin in the final quarter of 2015. "At the end of phase one, 36 of the overall 49 luxury apartments will be completed," explained Hani Baothman, CEO of Sidra Capital. "The gross development value of the entire project, which has attracted many Saudi and international investors, stands at approximately GBP67 million (US\$104.36 million)."

Despite the recent broad-sweeping stamp duty reforms which apply higher tax to high-end buyers (See IFN Report page 23: New UK property tax system: Opportunity for Shariah investors), the development project signifies the continued strong interest of Middle Eastern investors in the London property

market, which continues to spur Islamic investment activities in the UK.

"This investment falls in line with our global real estate investment strategy," said Abdulrazzak Elkhrajy, the chairman of Saudi's Al Murjan Group — an investor in the Chancery Lane project. "London is considered to be a safe haven for real estate investment and between 2010 and 2014 London house prices produced annual average growth of 7.7%, compared to a UK average of 3.3% per annum."

Shariah compliant real estate investment specialist 90 North acts as the project's property and investment manager, while Archvade retains its role as development manager.☺



IFN Weekly Poll: Will 2015 Sukuk issuance surpass that of 2014?

Kicking off the new year, IFN asks the industry its opinion of the upcoming performance of Islamic finance’s most significant instrument – Sukuk. With many referring to 2014 as “the year of the sovereigns” and “the year of Sukuk”, it is only natural to question if 2015 will be able to match the progress of its predecessor. Assessing market sentiment on the matter, NABILAH ANNUAR writes.

“The slump in oil prices could also potentially result in oil-producing countries turning towards the Sukuk market to plug their funding gap”

Sukuk volumes for the year 2014 easily overtook those of 2013 and were in fact comparable with the performance of 2012. The global Sukuk market recorded a stellar performance for the first 11 months of the year: supported by (1) a recovering global economy; (2) entry of new issuers; (3) benchmarked-sized Sukuk from sovereign and quasi-sovereign entities; (4) Sukuk innovation in terms of tenor, structure and type; (5) an expanding investor base; and (6) Basel III compliant Sukuk from Islamic financial institutions.

In a recent Sukuk report, KFH projected that the Sukuk market in 2015 could record issuances of more than US\$100 billion (with a 2011-13 average of US\$112 billion), and to expand into a wider variety of countries and sectors. Outstanding Sukuk, on the other hand, are expected to increase at approximately 16% per annum to

US\$350-360 billion in 2015. Echoing this optimistic view, the IFN poll results lean in favor of brighter prospects in 2015: with 58% of the industry of the opinion that Sukuk volumes next year would supersede this year’s numbers, while the remaining 42% show skepticism as to the likelihood of an upward trend.

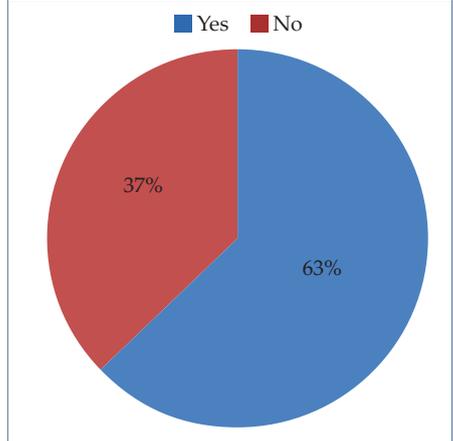
Speaking exclusively to IFN, Mohamad Safri Shahul Hamid, senior managing director and deputy CEO of CIMB Islamic, the top Sukuk arranger for 2014 according to Dealogic, is confident of next year’s pipeline. “In spite of the uncertainty and volatility in the global market, we remain bullish on the global Sukuk market in 2015 and expect the 2014 growth trajectory to be sustained. Corporates will continue to expand, planned critical infrastructure projects will go on especially in Malaysia and the Middle East; they would require stable long and term funding requirements which would be best achieved by tapping the fixed income markets,” he conveyed.

The slump in oil prices could also potentially result in oil-producing countries turning towards the Sukuk market to plug their funding gap, he suggested. Furthermore, the interest rate environment in Malaysia, the world’s biggest Sukuk market, is expected to remain conducive in 2015 which should bode well for the primary domestic market.

Trends that have emerged in the past year, according to KFH, include cross-border activity in the Sukuk space. These include increasing issuances of foreign currency Sukuk, particularly US-dollar denominated offerings, cross-border Sukuk listings and Malaysia cementing its position as a multi-currency Sukuk issuance platform.

According to a statement made by Ijlal Ahmed Alvi, CEO of IIFM, in a recent press release, during the years 2013-14 several milestones were established in the market including 30-year tenor Sukuk, perpetual Sukuk, Tier 1 and Tier

Will 2015 Sukuk issuances surpass that of 2014?



2 Sukuk from financial institutions, multi-currency Sukuk programs and sovereign Sukuk issuances from African, European and Asian jurisdictions. On the premise that the demand for Islamic financial instruments, diversification of funding sources and alternative investments continue to persist, the market is bullish for next year’s numbers; and 2015 looks set to flourish on the back of this optimism.☺

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HLISB to launch pioneering Shariah Graduate Training Program

IFN recently caught up with Raja Teh Maimunah, CEO of Hong Leong Islamic Bank (HLISB), to discuss the bank's new recently-approved Shariah training program; an initiative Raja Teh says is the first of its kind in Malaysia. VINEETA TAN has the exclusive.

Expecting to launch in the first quarter of 2015, the in-house training is the bank's response in addressing the shortage of qualified Shariah personnel, an issue acute throughout the industry.

"We had decided to formulate this program seeing as most Shariah graduates fresh out of universities have not been able to apply their Shariah knowledge to banking. The gap is rather stark. Further, we also found that the command of English among most Shariah graduates had been inadequate to effectively articulate their views. Hence we have also included an English

module in the program," explained Raja Teh.

Echoing Raja Teh's sentiments, Munawwaruzzaman Mahmud, the bank's head of Shariah, added that the short supply of multi-skilled talent has become even more critical with the implementation of Bank Negara Malaysia's Shariah Governance Framework which made officers with Shariah educational background a requirement. "This program will ensure a steady flow of Shariah-based graduates excelling in the mainstream banking business and operations. This has been a focal point in ensuring the smooth progress and continued development of the Islamic banking industry," told Munawwaruzzaman to IFN.

Comprising rotational attachments and classroom-based trainings, covering both technical and non-technical aspects of Islamic banking and finance, graduates



will be assigned mentors who will monitor their progress, motivate and support the graduates. Concurrently, program participants will be sponsored to pursue an Islamic finance certification course conducted by an accredited external party.☺

IBB formally adopts new identity

After announcing its intention to change its name in October 2014, Islamic Bank of Britain has received formal shareholder approval to rebrand itself to Al Rayan Bank and begun implementing its new logo and brand identity across the bank's website, literature, branches and other materials. VINEETA TAN reports.

The name change was first mooted in July 2014 as a means of enhancing the appeal of the bank among an international audience. Speaking to branding experts and market players, IFN gathered that dropping the word 'Islamic' from its brand name may allow the bank to position itself as a global financial institution without overtly associating itself with religion, as it may present itself as a sensitive issue to both non-Muslim and Muslim customers (See IFN Report Vol 11 Issue 43: A new identity for Islamic Bank of Britain). While removing 'Islam' from its name is the right step towards reaching out to a more diverse audience, some experts opined that Arabic names remain strongly associated with Islam, which may not work in its favor on home soil



AL RAYAN BANK

if the rebranding is about reducing cultural animosity. However, creating a stronger association with its parent company is likely to enhance its position among Middle Eastern clients seeking an international bank, and would afford the bank with the advantages that come with a strong brand and franchise in building international linkages.

This is echoed by Sultan Choudhury, CEO of the bank, who commented in a statement: "After 10 years as Islamic Bank of Britain and IBB, the bank has changed its name to Al Rayan Bank, mirroring its strong and successful parent, Masraf Al Rayan (MAR). Not only is it reflective of the support the bank has from MAR, it also represents the ambitious growth Al Rayan Bank plans to achieve over the coming months."

According to Sultan, the bank has significant developments planned for 2015 including establishing a presence in London to base its commercial and GCC operations, while maintaining its retail banking and headquarters in Birmingham. The geographic expansion is in line with the bank's strategy of focusing on corporate and real estate finance, which is made possible with the GBP100 million (US\$156.83 million) capital injection by MAR early this year. The capital investment by its parent bank also allowed Al Rayan Bank to enhance its capabilities and resources considerably including: strengthening its IT infrastructure, expanding its human resource pool with key senior appointments as well as widening its product and service range to encompass real estate finance, commercial and development finance and private banking for GCC clients.

Al Rayan Bank will continue to operate as a UK-regulated bank, monitored by an independent Shariah Supervisory Committee and a dedicated Shariah compliance officer.☺

Singapore: Muted roar

Despite being one of the world's leading Islamic finance centers and premier wealth management hubs, Singapore has struggled to inject the same vigor into its Islamic finance and banking industry. VINEETA TAN analyzes the developments of the Shariah compliant financial industry of this Asian tiger.

Regulatory, tax and accounting environment

Islamic finance and banking are governed under the same regulation: the Banking Act, which treats Shariah compliant finance within a secular legal structure, with no reference to Arabic names. While the government did afford concessionary tax rates for qualifying Shariah compliant financing, fund management, Takaful and re-Takaful activities in 2008, the tax incentive expired in 2013. Singapore's approach differs from neighboring Malaysia in which it applies non-preferential treatment to create a level-playing field for both conventional and Islamic finance rather than providing tax advantages as practiced by the latter.

Banking and finance

Ravi Menon, the managing director of Monetary Authority of Singapore (MAS), last June noted that the number of banks involved in Islamic banking doubled over the past five years (from 2014) to 15. With only one fully fledged Islamic bank in Singapore (Islamic Bank of Asia), the majority of Islamic banking products are offered on a window basis and remains highly retail focused. Giving no exact figures (and no official numbers available), Menon said that the banking industry holds about a third of the Islamic assets in Singapore.

Asset management

Due to Singapore's sophisticated asset management infrastructure and mature fund industry, experts have noted Islamic wealth management as a highly potential segment for growth and singled it out as the city-state's springboard to establish its foothold in the wider Islamic finance industry. According to Menon, Singapore's Shariah compliant assets under management surged almost fourfold over the 2000-04 period, with over 40% being managed by its asset management industry.

Singapore Exchange (SGX)'s latest market update confirms that there are 28 real estate investment trusts (REITs) and six stapled trusts listed on SGX, boasting a combined market capitalization of SG\$66.7 billion (US\$50.37 billion); out of the 34 trusts, only one is Shariah compliant — Sabana REIT. Bloomberg data as of the 2nd January 2015 ranked Sabana REIT 33rd based on total return for 2014. The average total return stands at 12.9% while dividend indicative yield averaged at 6.4% (For Sabana REIT's performance, see Figure 1).

Sukuk

Consistently maintaining current account surpluses (average SG\$7.95 billion (US\$6 billion) from 1986-2014, according to Trading Economics, the country does not

have any real need to tap the debt capital markets to fund its operations. However, in order to develop the nation's capital markets, government agencies are active in issuing bonds, but the same cannot be said for Sukuk. Apart from the Islamic religious council (Majlis Ugama Islam Singapura) and Monetary Authority of Singapore, there seem to be a reservation, or rather disinterest from other government agencies (and corporates) to issue Shariah compliant securities. This could perhaps be attributed to the pervasiveness of conventional finance in the system, and with no incentives to pursue Islamic debt, issuers do not see a need to do diverge from mainstream market practices.

Using the same infrastructure as its conventional counterpart, the government has for the most part left the development of the Sukuk market largely to market forces and industry players. There have been approximately 30 Sukuk issued in Singapore thus far, and together with Takaful assets, they represent up to one-third of Islamic assets in the country, according to Menon.

Conclusion

It could be argued that perhaps because of Singapore's highly sophisticated financial system, of which conventional finance is deeply entrenched, the need for an alternative financial system has been largely removed. Applying equal treatment to both Islamic and conventional transactions, while to Singapore may be fair game, is disadvantageous to the nascent Shariah compliant financial industry which possesses its own uniqueness and therefore requires a different approach. However, with the growing trend of GCC funds shifting from Switzerland to Singapore (see IFN Report Vol 11 Issue 49: 'Singapore: An Alternative to Switzerland?') as well as the establishment of the ASEAN CIS Framework which enables cross-border offerings of collective investment schemes (CIS), we may see an increase in Shariah compliant cross-border financial activities moving forward. (2)

Figure 1: Sabana REIT's performance for 2014

	Market cap (SG\$ million)	Total return (%) year-to-date	Total return (%) 2014	Dividend indicative yield (%)
Sabana REIT	681.1	0	-6.2	7.7

Source: Bloomberg, as of the 2nd January 2014

Figure 2: Notable Sukuk issues in Singapore

Year issued	Issuer	Amount (SG\$)	Structure
2001	Majlis Ugama Islam Singapura	NA	Musharakah
2002	Majlis Ugama Islam Singapura	NA	Musharakah
2008	City Developments	1 billion	Ijarah
2009	Monetary Authority of Singapore	200 million	Ijarah
2010	Khazanah Nasional	1.5 billion (two tenors)	
2013	Swiber Holdings	150 million	Wakalah
2013	Valliance Holdings	500 million	Wakalah
2013	Khazanah Nasional	600 million	Exchangeable Sukuk
2014	Sabana Shariah Compliant Industrial REIT	100 million	

Ratings: A key factor in investment strategies

Rating actions are one of the many indicators conveying risks, opportunities and challenges that can affect the performance of debt issuances, financial institutions, corporations, countries and other stakeholders in the Islamic finance industry. It has undeniably become an increasingly important determinant factor within the industry. NABILAH ANNUAR reviews ratings activities across different regions in the industry.

Developments

The most recent advancement in the rating sector is the introduction of unpublished ratings on privately placed debt instruments. Moody's Investors Services last October launched a private placement ratings product known as the Unpublished Monitored Private Placement Ratings (UMPPR) covering markets in Europe, the Middle East and Africa (EMEA). An extension of a service which was initially introduced in 2012 for the US market, the product provides definitive, unpublished and monitored credit ratings on privately placed debt instruments. With the UMPPR, issuers now have the option of securing a rating for disclosure exclusively to their private placement investors, with the added advantage of being able to convert the rating to a published rating when needed.

Africa

Last November, S&P affirmed Morocco's 'BBB-/A-3' long and short-term foreign and local currency sovereign credit ratings, with a stable outlook. The ratings agency has stated that no substantial changes have been made to the assumptions the ratings are based on, save the downward revision of oil prices by US\$10, due to the resilience of Morocco's governance. The ratings come with a stable outlook.

Asia

Malaysian ratings agency, RAM recently published projections that Sukuk and bond issuances in Malaysia for 2015 are anticipated to be between RM90-95 billion (US\$26.89-28.38 billion). Foo Su Yin, CEO of the firm, said that the target is based on the country's ongoing infrastructure projects, with issuances for 2014 expected to reach RM90 billion (US\$26.89 billion) by the end of the year. In Pakistan, Al Meezan Investments had its management quality rating upgraded to 'AM2+' from 'AM2' by JCR-VIS Credit Rating Company. The rating is assigned a stable outlook.

Middle East

Moody's maintained its stable outlook on the UAE's banking system (rated 'Aa2'), reflecting expectations of continued improvements in the operating environment supporting further reduction in problem loans, a modest increase in banks' profitability, and the maintenance of strong capital buffers and ample liquidity, in the next 12-18 months. However, high lending concentrations and exposures to large corporate and government-related issuer restructurings will continue to leave banks more susceptible to event risks.

Similarly, Fitch also has maintained stable rating outlooks on all banks in the GCC, largely driven by the probability of sovereign support. Regional unrest has had a negative impact on rating outlooks in other Middle Eastern countries (Jordan, Lebanon and Egypt), although they have returned to stable for Egyptian banks. The banking sector outlook is stable in all GCC/Middle East countries, expecting a positive impact from economic growth in Saudi Arabia. However, a deeper than expected fall in oil prices could exert negative pressure on the sector outlooks in some of the smaller GCC countries.

Bahrain's long-term foreign and local currency issuer default ratings (IDR) was revised by Fitch from stable to negative and affirmed the IDRs at 'BBB' and 'BBB+', respectively. The agency also affirmed Bahrain's country ceiling at 'BBB+' and short-term foreign currency IDR at 'F3'. National Bank of Bahrain's and BBK's long-term IDR was also affirmed at 'BBB' with its outlook revised from stable to negative, while Ahli United Bank's IDR was affirmed at 'BBB+', with a stable outlook. Similarly, S&P revised its outlook on Bahrain from stable to negative and affirmed its 'BBB/A-2' long and short-term foreign and local currency sovereign credit rating, on the back of the country's weakening fiscal position. The agency concurrently revised its outlook on the Central Bank of Bahrain from stable to negative and affirmed the 'BBB/A-2'

long and short-term counterparty credit ratings on the bank.

Moving to Kuwait, Fitch affirmed its long-term foreign and local currency IDR at 'AA', with a stable outlook. The country ceiling has also been affirmed at 'AA+', while the short-term foreign currency IDR at 'F1+'. Oman's outlook was revised by S&P to negative from stable, while its long and short-term foreign and local currency sovereign credit rating were affirmed at 'A/A-1', reflecting the sultanate's strong net external and general government asset positions. In a commentary S&P said it expects to see growth in local debt and Sukuk issuance over the next three years.

In Saudi Arabia, the kingdom's Capital Market Authority recently announced that rules outlining the conduct, supervision and activities of credit ratings agencies will be introduced in September 2015 in a step to help develop the country's capital markets. Agencies will have to have a physical presence in the country with a minimum capital of SAR2 million (US\$532,829) or working capital for three months, whichever is higher, in order to apply for a credit rating license. RAM assigned 'gAA2(pi)/stable' and 'seaAAA(pi)/Stable' global and ASEAN-scale sovereign ratings to Saudi Arabia, respectively. The ratings are based on the kingdom's economic resilience and sustainability, superior government finances and robust external liquidity.

RAM also assigned 'gAA3(pi)/Stable' and 'seaAAA(pi)/Stable' global and ASEAN-scale sovereign ratings to Qatar. The ratings are attributed to: (1) the country's robust economic performance; (2) superior government finances with vast sovereign wealth fund savings; and (3) commendable external liquidity. Qatar's strengths are still however according to RAM, moderated by its heavy dependence on the hydrocarbon sector, assertive foreign policy stance and exposure to geopolitical risks in the region.☺

IFFIm: Sukuk for a charitable purpose

Making a debut on the 4th December 2014, the International Finance Facility for Immunization Company (IFFIm) successfully priced its inaugural US\$500 million Sukuk Murabahah offering at 15bps over the three-month LIBOR, at the tight end of the initial pricing range. Speaking to Michael Bennett, the head of derivatives and structured finance at the World Bank, NABILAH ANNUAR studies in detail this historical transaction.

The IFFIm is an organization dedicated to rapidly accelerate the availability and predictability of funds for immunization. Resources raised by IFFIm are used by the Gavi, the Vaccine Alliance, a public-private partnership, which provides funds to purchase and deliver life-saving vaccines and strengthen health services in the world's poorest countries. With the World Bank as its treasury manager, the Sukuk is believed to have signified a renewed interest from the World Bank and its subsidiaries in leveraging the Islamic market.

Auctioned to raise funding for IFFIm's immunization efforts, the Sukuk is structured based on the principles of Murabahah. According to Bennett, various structures were considered but due to the nature of IFFIm's activities and its lack of physical assets, the commodity Murabahah was deemed most appropriate for the fund-raising exercise. Proceeds for the Sukuk will also be channeled towards vaccine procurement and strengthening health systems and programs in many of the poorest countries in the world.

"IFFIm was an unfamiliar name for most Sukuk investors, and therefore we took time to visit as many investors as possible during both a non-deal roadshow in September and a deal roadshow immediately before pricing," commented Bennett on the challenges faced in the issuance process. IFFIm marketed their Sukuk to investors in the UAE, Qatar, Saudi Arabia, Malaysia, Brunei, UK and Jordan, to a fruitful response. The philanthropic entity's paper was heavily subscribed with a large investor base from the Middle East (68%), followed by Asia (21%) and

Europe (11%). In terms of investor type the Sukuk was distributed to banks (74%) as well as central banks and official institutions (26%).

“ Various structures were considered but due to the nature of IFFIm's activities and its lack of physical assets, the Commodity Murabahah was deemed most appropriate ”

Pointing out the unique features of the Sukuk, Bennett highlighted: The profit rate is paid on a floating rate basis which makes it one of the few, if only, highly rated floating rate Sukuk to be issued in recent years." He further added that the issuance is the first Sukuk to channel its proceeds for a charitable purpose — savings childrens' lives in the poorest countries of the world. Moreover, the paper is the largest debut Sukuk by a supra-national, signifying an impressive achievement considering the fact that IFFIm is one of the newest and smallest supranationals in the world.

The Sukuk was rated 'Aa1' by Moody's, and the obligor carries a 'AA+/Aa1/AA' rating by Fitch, Moody's and S&P, respectively. The issuance is hoped to encourage other supranationals and corporates to similarly tap socially responsible investments and utilize Sukuk as a tool to facilitate the purpose.☺

IFFIm US\$500 million Sukuk Murabahah

US\$500 million



4th December 2014

Issuer	IFFIm Sukuk Company
Obligor	International Finance Facility for Immunization Company (IFFIm)
Issuance price	100%
Amount	US\$500 million
Tenor	Three years
Profit rate	Three-month LIBOR+15 bps
Status	Senior, unsecured trust certificates
Sukuk structure	Murabahah
Format	Regulation S
Currency	US dollar
Issue date	4 th December 2014
Maturity date	4 th December 2017
Global coordinator	Standard Chartered Bank
Joint lead managers	Standard Chartered Bank, Barwa Bank, CIMB, National Bank of Abu Dhabi, NCB Capital
Co-Lead managers	Bank Islam Brunei Darussalam and Union National Bank
Governing law	English
Legal advisors	To issuer on Cayman Islands' law: Maples & Calder To obligor on English law: Slaughter & May To joint lead managers: Allen & Overy
Listing	None
Rating	'Aa1' by Moody's
Investor breakdown (geographic)	Middle East (68%) Asia (21%) Europe (11%)
Investor breakdown (by type)	Banks (74%) Central banks/Official institutions (26%)
Delegate	Citicorp Trustee Company
ISIN	XS1143356654

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Query:

The following query has been raised in relation to the Murabahah financing of usance Letters of Credit (usance LCs).

It is easier to conclude the Murabahah contract if the currency of the LC and Murabahah are the same, such as usance LCs in local currency or the creation of Murabahah in the same foreign currency in which the LC has been established. Moreover, if the local currency is pegged to the currency of import (as the UAE dirham is pegged to US dollar), there is no issue in the creation of Murabahah deal and its subsequent settlement by the client. In all these cases, upon arrival of documents under the usance LC, the bank concludes the Murabahah contract with the customer pursuant to calculation of profit in any agreed manner so as to arrive at the Murabahah sale price.

In case of a usance LC, where the payment to the supplier is to be made in an un-pegged foreign currency, and Murabahah installments are to be paid by the customer in local currency, the bank upon arrival of the documents and thereby concluding the Murabahah contract, may not be in a position to know what the exchange rate of foreign currency will be upon payment date to the supplier, because upon payment date the foreign currency exchange rate may increase – which would cause loss to the bank – or decrease, to the detriment of the customer.

In order to address the situation, is it allowed for the bank to execute the Murabahah contract with the customer by leaving the Murabahah amount blank for it to be filled on the date of usance bill payment when the rate shall be known so that neither the bank nor the customer suffer a loss? Or else, insert the amount in the Murabahah contract based on the current rate and increase or decrease it on the date of usance bill payment when the actual rate shall be known?

Pronouncement:

The following points should be taken into consideration when addressing the subject issue:

- It is not permissible to postpone the completion of the Murabahah contract till the date of usance bill payment to the supplier because of the Shariah principle that the ownership rights of the goods cannot be transferred to the customer without execution of a properly completed Murabahah contract;
- In view of the foregoing, it is not permissible to leave the amount blank in the Murabahah contract since it will be tantamount to not concluding the Murabahah contract at all, and will therefore make the transaction Shariah repugnant;
- It is also not permissible to fix a price in the Murabahah contract now which shall be subject to change if the currency rate fluctuates on a future date when the usance bill matures for payment. This is due to the fact that it is contrary to the Shariah rules governing currency exchange transactions (Sarf).

In order to address the issue of exchange rate, the bank may obtain from various financial institutions the quotations for the currency exchange rate for the due date of usance bill, for example the rate after 90 days if the usance period is 90 days.

Since the forward sale and purchase contract is not permissible in Shariah, the bank will obtain a unilateral promise to sell from the financial institution providing the bank with best quotation which shall be applied to convert the foreign currency usance bill into local currency for the purpose of arriving at the Murabahah amount to be inserted in the Murabahah contract before signing it with the customer and prior to delivery of the LC documents to the customer.

On the date of maturity of the usance bill – which shall also be the date of maturity of the bank's option under the promise - the bank shall purchase the foreign currency from the financial institution from whom it obtained the promise and settle the usance bill for making payment to the supplier.



Dr Hussain Hamed Hassan
Chairman of the DIB Shariah Board,
Managing director, Dar Al Sharia Legal & Financial Consultancy, Dubai, UAE

Turbulent waters ahead



QATAR

By Amjad Hussain

During the last few weeks the Middle East region has witnessed a massive slip in the price of its core export; oil. While Qatar is more dependent upon the price of gas in the global markets, the global sentiment concerning hydrocarbon demand for 2015 is not encouraging for this gas-rich nation.

Qatar's financial markets have responded nervously to the fluctuations in the oil markets and the value of shares trading on the Qatar Stock Exchange has taken a beating, despite assurances that Qatar's books will still balance with much lower oil and gas prices. This will be a key barometer for Qatar's Islamic finance market in the coming months.

In a sign of the importance attached to its global aspirations, Masraf Al Rayan has made a statement of intent by obtaining UK regulatory approval to rebrand UK's first Islamic bank (Islamic Bank of Britain) to Al Rayan Bank. It is expected that Masraf Al Rayan will be looking to exercise greater control over its UK subsidiary with a view to reversing its losses and revamping its strategy. It is rumored that the UK bank will act as the Qatari bank's European hub and will focus on the growing European Islamic finance market as well as the established business in the UK.

Doha Metro's Gold Line has secured funding worth US\$1 billion by a consortium of Islamic banks, led by Barwa Bank. This is an important milestone for Qatar's Islamic finance industry as it shows the ability of Islamic banks to collaborate on a strategic project for the country. Barwa Bank also participated in the US\$350 million syndicated club Murabahah facility for KFH-Turkey. Once again, this deal shows that growing interest among Qatar's Islamic banks to operate globally.⁽²⁾

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Opportunities for Islamic finance in Africa

Enormous, diverse, rich in resources but historically underserved and overlooked by the financial services sector, Africa has a Muslim population of over 400 million. A nascent Islamic finance industry is gradually emerging across the continent, invigorated by the strengthening of economic links and increased trade between Africa and the rest of the world. – with the Middle East especially playing an important role in bringing vital investment into rapidly developing countries. PATRICK COLEGRAVE and JOANNA HOSSACK look at the current climate for the industry, and how this can continue and increase in the coming years.



AFRICA

By Patrick Colegrave
& Joanna Hossack

Regulatory improvements

Until recently, one of the main factors inhibiting the growth of Islamic finance in Africa was the fact that most countries had not yet implemented a suitable regulatory framework to permit Shariah compliant lending.

Post-Arab Spring, the status quo in North Africa is changing and generally, more governments are opening up to the prospect of attracting investors for whom compliance with Shariah is a priority. Egypt, Tunisia and Morocco have all implemented new Islamic banking laws since 2011. In Tunisia and Morocco, experts say the legal building blocks are being assembled to allow the issuing of Sukuk; this is also the case in Kenya.

Increased interest from Islamic investors

As the regulatory environment progresses, investor appetite is following suit. In June of this year, the IDB announced that it would be increasing its involvement on the continent, starting with the launch of a US\$180 million investment program targeting renewable energy projects in six African countries (Mali, Senegal, Burkina Faso, Nigeria and Niger, with the sixth not yet determined). In the past two months, a further US\$1 billion package has been announced for the development of IDB countries in the Horn of Africa and a memorandum of understanding has been signed between IDB and the African Union Commission, for the purpose of fostering development in their member countries.

Following the stimulus from IDB and similar institutions, the expectation is that investment will follow from the private sector. Indeed, recent indications from project finance teams at commercial banks in the Gulf suggest that Africa represents a significant investment opportunity, albeit



one that is yet to be fully explored.

Infrastructure and Sukuk

An increased investor appetite is demonstrated by the readiness of a number of African countries to issue Sukuk (and the success of such issues when launched). As they tend to be backed by land, property and infrastructure, Sukuk are a very good fit for sub-Saharan Africa, a region that needs huge investment in infrastructure, from power stations and railways to ports and roads.

The first major Sukuk issuance by an African sovereign raised US\$200 million and was made by the Republic of Senegal in June 2014; however, Gambia and Sudan regularly issue small, short-term Sukuk and have been doing so for years. Nigeria's Osun State raised US\$62 million with a Sukuk issuance in October 2014. Analysts predict that sovereign issuances may be imminent from Tunisia, Egypt, Mauritania, Morocco and Kenya. The commitment to Islamic finance is not limited to African countries in which there is a majority Muslim population. The Republic of South Africa this year issued an inaugural US\$500 million Sukuk, which was four times oversubscribed.

The Cayman Islands has always been a popular jurisdiction for incorporating Sukuk issuers. There are currently over 100 Sukuk companies registered in Cayman and we expect this figure to grow as the Sukuk market continues to thrive and expand into the non-Islamic world and conventional institutions

become more comfortable with these instruments.

Benefits of offshore SPVs in financing structures for developing countries

The use of offshore SPVs is not limited to the capital markets. Notwithstanding the progress that is being made to encourage Islamic investment in developing African countries, in the context of syndicated finance there may be concerns that business law is in its infancy relative to other jurisdictions and that courts are inexperienced in dealing with complicated corporate matters. Local companies may be subject to restrictions on foreign share ownership and permitted business activities. Offshore entities are often therefore vital for cross-border financings involving developing jurisdictions and are commonly used as holding vehicles and/or joint venture vehicles in these structures.

In the construction of a large infrastructure project, for example, the project company will often be incorporated in an international finance center (IFC) such as the Cayman Islands or the British Virgin Islands. This is because an IFC offers the benefit of a developed legal system. Access to a tax neutral jurisdiction that has certainty of legal interpretation, an up-to-date statutory and regulatory framework and sophisticated courts provides comfort for establishments seeking to invest in developing countries.

The foregoing discussion and analysis is for general information purposes only and not intended to be relied upon for legal advice in any specific or individual situation. ☺

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Islamic asset management in Pakistan: Where we are headed in 2015

The asset management industry in Pakistan is more than 50 years old. The first mutual fund was launched in the public sector in 1962 when the National Investment Trust was set up; followed by many more private sector firms established in the early 1990s offering closed-end mutual funds followed by the introduction of private sector open-ended funds in 1995. MOHAMMAD SHOAIB gives an overview of the industry and discusses the outlook for this rapidly growing success story.



PAKISTAN

By Mohammad Shoaib

Today there are 22 asset management companies (AMCs) operating in the country, offering four closed-end and 170 open-end mutual funds including 15 voluntary pension funds. These AMCs are also offering investment advisory and asset management services to the clients besides managing discretionary and non-discretionary separately managed accounts.

The first license for a fully-fledged Shariah compliant AMC was issued in 2003 when Al Meezan Investment Management was issued with an asset management license. Prior to that, Al Meezan was operating as an investment advisory company since 1995.

Before we deliberate on what lies ahead for Islamic asset management in 2015, let us take a brief overview of where this industry stands today.

Assets under management (AUMs) of the total mutual funds industry stand at PKR442 billion (US\$4.33 billion) as of October 2014, of which the share of Shariah compliant funds is about PKR81 billion (US\$793.34 million) only: a market share of around 18%. Though the composition of Shariah compliant funds in the overall industry is relatively low, it is worth noting that Islamic fund AUM have grown by an impressive annualized rate of around 29% over the past five years compared to a meager growth of 5% in AUMs of conventional funds. The growth rate in AUM of Shariah compliant funds has been double the growth rate of their counterpart conventional funds in the last 11 years and it is anticipated that this trend will continue in years ahead.

Being the only fully-fledged Shariah compliant AMC in the country, Al Meezan has a market share of 65% in



the Islamic funds and 14% share in the overall asset management industry. This makes it the largest AMC in the private sector. Al Meezan has the distinction of being the only AMC in the industry to be awarded the highest credit rating of 'AM2+' by the credit rating agency, JCR-VIS. Moreover, Al Meezan has under management the largest equity fund and voluntary pension fund of the industry. Given the robust growth of Islamic funds, more and more AMCs are now focusing on this segment of the market.

With more focus on the Shariah compliant segment of the market by both AMCs and potential investors, a major factor hindering their growth is limited investment avenues available for money market and income funds, the category of funds with an overall share of 51% in the Islamic mutual funds sector.

It is, however, anticipated that with the introduction of Open Market Operations (OMO) of Government of Pakistan Rupee denominated Sukuk Ijarah by the central bank in the last quarter of 2014, the investible universe for mutual funds and

other Islamic banking institutions will expand further in 2015, enabling money market and income funds to manage their liquidity more effectively and provide even more competitive returns to investors.

Some of the other challenges for the Islamic funds industry include low awareness of the mutual funds sector in general along with low understanding of Islamic finance; a smaller distribution network of AMCs compared to banks which limits their reach to investors and a dearth of talented human resources to fully capitalize on the potential of this industry.

While challenges exist, multiple positive developments are also emerging that are expected to positively impact the mutual funds industry.

One of the major impetuses for the growth of Islamic funds in 2015 will be the robust stock market in the country, which has recorded a tremendous annualized growth of around 30%

continued...

Continued

over the last five years. Interestingly, the universe of Shariah compliant stocks is over 50% of the overall market capitalization, providing Islamic stock funds ample opportunities to invest and diversify their exposure across different sectors and companies.

So far there are no Shariah compliant commodity funds in the country. Even the size of conventional commodity funds is miniscule given the low volumes of trading at the Pakistan Mercantile Exchange (PMEX), the only commodity exchange in the country. We are likely to see the launch of the first Shariah compliant commodity fund in the country in the first quarter of 2015, in the form of Meezan Gold Fund.

REITs and private equity are other investment segments with a huge potential for growth but so far remain relatively unexplored and hence we have not witnessed any Shariah compliant funds in this space. Recently, the Securities & Exchange Commission of Pakistan (SECP), the regulator for AMCs, has shared a revised draft of regulations for REITs and private equity funds with the market participants. The draft regulations allow AMCs to apply for a REITs and private equity license and float such funds whereas under the existing regulations, separate companies are required to be set up to launch these funds. We anticipate that with the upcoming changes in the regulations, we will also witness the launch of Shariah compliant REITs and private equity funds in the country.

In summary, there is a huge potential for growth in Islamic asset management and the phenomenal growth it has recorded in the recent past is likely to continue in 2015 and beyond. ☺

Mohammad Shoaib is the CEO of Al Meezan Investment Management. He can be contacted at Mohammad.shoaib@almeezangroup.com.



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DEALS

Oman picks banks for Sukuk debut

OMAN: Relevant Omani authorities have picked banks for a local currency Sukuk debut, according to Global Capital. Mandated banks include Standard Chartered and Bank Muscat. The government is reportedly planning to follow its domestic debut with an international Sukuk offering, as the Capital Markets Authority awaits feedback on the country's Sukuk legislation. ⁽²⁾

Engro suspends Sukuk trading

PAKISTAN: Engro Corporation has announced on the Karachi Stock Exchange its book closure dates commencing on the 28th December 2014 to the 10th January 2015 and the first profit payments for both papers. As a result, the trading in shares of both Sukuk issuances will be suspended from the 26th January 2014 to the 9th January 2015 and will resume on the 12th January 2015. ⁽²⁾

Pakistan conducts OMO for Sukuk

PAKISTAN: State Bank of Pakistan (SBP) on the 17th December 2014 conducted an open market operation (OMO) for the outright purchase (Bai Mujjal) of the government's Ijarah Sukuk-9, according

to local daily, Business Recorder. Out of the bids received, SBP has accepted offers amounting to PKR24.5 billion (US\$240.43 million) for 12 months at a deferred price of PKR114.66 (US\$1.12). According to the central bank, the total amount offered at the price of PKR114.66 (US\$1.12) were PKR24.5 billion (US\$240.43 million), out of which it accepted PKR17.5 billion (US\$171.74) on a pro-rata basis. ⁽²⁾

Turkiye Finans plans Sukuk program

TURKEY: Turkiye Finans Katilim Bankasi has confirmed to IFN that it will issue Sukuk worth TRY143 million (US\$61.22 million). The Sukuk will be issued by TFKB Varlik Kiralama (a fully-owned subsidiary of Turkiye Finans Katilim Bankasi) with Turkiye Finans as the sole investor. The bank also confirmed a separate Sukuk issuance worth TRY71 million (US\$30.39 million). ⁽²⁾

DRB-HICOM issues first tranche of Sukuk

MALAYSIA: DRB-HICOM, in a filing to the bourse on the 30th December 2014, announced that it has issued the first tranche of its RM2 billion (US\$568.01 million) Sukuk Musharakah program, rated 'A' by MARC with a stable outlook. The first issuance is worth RM715 million (US\$203.07 million) in nominal value. Assigned a final rating of 'AIS' by MARC with a stable outlook, the issuance comprises two tranches: Tranche 1 — RM415 million (US\$118.47 million) and

Tranche 2 — RM300 million (US\$85.64 million). CIMB Investment Bank was the sole principal adviser, lead arranger and lead manager for the program. ⁽²⁾

KLCC issues Sukuk Murabahah

MALAYSIA: In a bourse filing dated the 31st December 2014, KLCC Property Holdings announced the issuance of an Islamic medium-term program and Islamic commercial paper program (collectively known as Sukuk Murabahah programs) worth RM600 million (US\$169.15 million) in nominal value, and a sub-limit of up to RM300 million (US\$85.2 million). ⁽²⁾

CBB Sukuk a success

BAHRAIN: The Central Bank of Bahrain (CBB)'s monthly BHD36 million (US\$94.78 million) Sukuk Salam facility, issued on the 24th December, has been oversubscribed by 190%, according to a press release. The expected return on the 91-day issue is 72bps. ⁽²⁾

Jordanian Sukuk coming soon

JORDAN: The Jordanian government is likely to issue its maiden Sukuk next month, reported The Jordan Times. Quoting central bank deputy governor Adel Sharkas who said that the central bank is likely to manage the program next month, Sharkas also indicated that the program would be issued to the tune of JOD400-500 million (US\$546.18-705.22 million). ⁽²⁾

DEAL TRACKER

Full Deal Tracker on page 43

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
	Government of Jordan	TBA	Sukuk	6 th January 2014
	Turkiye Finans	TRY71 million	Sukuk	5 th January
	Turkiye Finans	TRY143 million	Sukuk	5 th January
2015	Government of Indonesia	IDR7.14 trillion	Sukuk	15 th December 2014
TBA	UniTapah	RM600 million	Sukuk	9 th December 2014
Apr-15	Government of Indonesia	IDR20 trillion	Sukuk	4 th December 2014
H2 2015	Government of Indonesia	TBA	Sukuk	3 rd December 2014
2015-16	Government of Kenya	TBA	Sukuk	2 nd December 2014
TBA	DRB-HICOM	RM2 billion	Sukuk Musharakah	1 st December 2014
TBA	KPJ Healthcare	RM1.5 billion	Sukuk	28 th November 2014
TBA	ICD	US\$1.2 billion	Sukuk	27 th November 2014
Q2 2015	Khazanah Nasional	TBA	Sukuk	26 th November 2014

AFRICAS

Zambian Islamic finance guidelines launched

ZAMBIA: The governor of Bank of Zambia, Dr Michael Gondwe, on the 30th December 2014 launched a regulatory framework for Islamic finance in the

country. In his speech during the launch (available on Bank of Zambia website), Dr Gondwe said that the process of developing the framework involved extensive internal and external consultations with various stakeholders including the government as well as the Islamic Financial Services Board. (f)



ASIA

VakifBank to seek financing for Islamic unit

TURKEY: In an announcement on the 22nd December 2014, VakifBank's board of directors approved a financing proposal to establish a Shariah compliant banking operation. The bank's head office was mandated to carry out all necessary transactions to obtain financing from the IDB for the bank's participation banking project, amounting to US\$300 million, with a guarantee by Turkish Treasury. (f)

IBA working on Islamic cards

AZERBAIJAN: International Bank of Azerbaijan (IBA) is currently working on Shariah compliant payment cards, which will be presented in the "near future", according to abz.az who quoted the bank's general director Elmir Khabibullayev. (f)

New standard for Malaysian Islamic banks

MALAYSIA: Bank Negara Malaysia has issued the Payment Card Reform Framework as a standard under the Financial Services Act 2013 and the Islamic Financial Services Act 2013 to foster an efficient, transparent and competitive payment card industry in Malaysia. To be implemented in phases commencing from the 15th January 2015, the measures include interchange fee ceilings payable by the acquiring banks to the payment card issuing banks. The standard is to be fully effective by the 1st July 2015. (f)

Maybank Islamic helps SMEs

MALAYSIA: Maybank Islamic has agreed to provide Bumiputera Agenda Steering Unit (Teraju) with RM600 million (US\$172.85 million) in funding to be allocated to high-performing Bumiputera (the Malay race and other

indigenous peoples) SMEs for working capital and expansion purposes, according to local daily New Straits Times.

Maybank Islamic joins three other financiers (SME Bank, Malaysian Industrial Development Finance and RHB Islamic Bank) in partnering with Teraju for the trust, which has reached RM2.2 billion (US\$633.78 million) in value. (f)

IBFIM's eyes standard setting

MALAYSIA: The Islamic Banking and Finance Institute Malaysia (IBFIM) intends to pursue professionalization and standard setting with other relevant institutions, to enable knowledge sharing and co-learning with each other, according to Bernama. Najib Shaharuddin, its CEO, was reported to have highlighted the importance of strategic partnerships both within the Islamic finance training fraternity as well as with the academic world. (f)

Labuan Captive Takaful revised

MALAYSIA: The Shariah Supervisory Council of Labuan FSA on the 12th November resolved three agendas relating to Labuan Captive Takaful.

They are: (1) captive Takaful operational business model based on the Shariah contract of Tabarru' is permissible and is concluded among the participants only; (2) for re-Takaful arrangements, priority is given to re-Takaful operators or windows of reinsurance companies which have financial strength and capacity to absorb risks; (3) in an event where the Labuan Captive Takaful is unable to secure re-Takaful arrangements as previously stipulated, conventional reinsurance may be utilised on the condition that it should be reviewed on a periodic basis. The resolution was announced on Labuan IFSA's website. (f)

South Korean preps Islamic finance entry

SOUTH KOREA: At a roundtable event in Pyeongchang, Camille Paldi, CEO of the Franco-American Alliance for Islamic Finance (FAAIF), highlighted that the republic is preparing to enter the global Islamic finance market and is yet to amend its tax code to facilitate Sukuk issuances, according to a press release from FAAIF.

Paldi said that local supporters of the introduction of Islamic finance products are confident that the delay to the Special Tax Treatment Control Act is a minor setback and that these regulatory changes have support from South Korea's Financial Supervisory Service and the central bank. (f)

IBank receives capital injection

THAILAND: The State Enterprises Policy Commission has approved a THB16 billion (US\$485.88 million) capital increase for Islamic Bank of Thailand (IBank), reported Bangkok Post. The bank's capital adequacy ratio (CAR) will revert back to meet Bank of Thailand's minimum requirement of 8.5% of risk-weighted assets from the current -1%. The capital increase will be carried out in phases with the CAR expected to meet the central bank's minimum level by late next year. (f)

AK Bars raises funding Islamically again

RUSSIA: AK Bars Bank announced on its website that it has raised US\$100 million through a syndicated Shariah compliant financing facility of which Citi, Commerzbank and Emirates NBD Capital acted as mandated lead arrangers and bookrunners. The Murabahah deal is the bank's second Islamic finance transaction after a US\$60 million deal in 2011. (f)

IDB opens office in Indonesia

INDONESIA: The IDB last month launched a new country getaway office in Jakarta, the office confirmed to IFN. The office will be led by the IDB Group resident representative, Ibrahim Shoukry. (2)

IFSB conducts public hearing

MALAYSIA: Islamic Financial Services Board (IFSB) on the 16th December conducted its second hearing for two exposure drafts relating to Islamic banking regulations and liquidity risk management. According to IFSB secretary-general Jaseem Ahmed, the

discussed matters will be brought up at a Shariah and technical committee meeting next March, prior to getting an approval from the IFSB council, reported Bernama. Public consultation for the two documents will end on the 5th January 2015. (2)

KFH-Turkey’s syndicated deal twice oversubscribed

TURKEY: Kuwait Finance House — Turkey has concluded a US\$350 million syndicated club Murabahah facility, with participation of 12 banks, according to a statement by KFH. Arranged in two tranches of US\$300 million (two-year

term), and two- and three-year term for EUR40 million (US\$48 million), the deal was twice oversubscribed leading the bank to upsize the transaction value from US\$250 million to US\$350 million. (2)

Elixir Capital invests in Turkish e-commerce

TURKEY: In an email to IFN, San Francisco’s Elixir Capital revealed that it has successfully concluded a US\$4 million investment in Istanbul-based e-commerce company, Annelutfen, which focuses on Southwest Asia’s baby and mother market. (2)

GLOBAL

BHB-DFM tie-up

GLOBAL: Bahrain Bourse (BHB) announced that it has signed an MoU with Dubai Financial Market (DFM) to introduce an electronic system that allows investors to transfer shares easily and quickly between the two exchanges, effective in the second half of 2015. Bahraini DFM-listed entities include Shariah compliant Gulf Finance House, Al Salam Bahrain Bank and Arab Insurance Group — ARIG.

According to the announcement available on BHB website, the MoU creates the general framework defining guidelines of the transfer process and administers the relationship and capacities of both parties. (2)

Outlook on ME and Africa

GLOBAL: Falling oil prices, the policy response of oil exporters, reform momentum and politics, will be the main influence on ratings in the Middle East (ME) and Africa in 2015, conveyed Fitch in a statement on its 2015 outlook for the region. One factor resulting in rating divergence in the region is high oil prices which will now lessen as oil exporters come under pressure while oil importers will benefit. Fitch forecasts Brent to average US\$83 per barrel in 2015 after US\$99 per barrel in 2014. (2)

Lariba CEO publishes book

GLOBAL: The CEO and founder of California-based Lariba, Yahia Abdul Rahman, has released the second edition of ‘The Art of RF (Riba-Free) Islamic

Banking and Finance’ which includes an expanded research in the prohibition of Riba in Judaism and Christianity, and his Riba-free banking experience in the US for the past 28 years. (2)

Chile looks to Islamic finance

GLOBAL: During a recent visit to Brunei, Chile’s non-resident ambassador to Brunei, Christian Rehren, affirmed

that his government is keen to explore Islamic finance opportunities as it looks to make its foray into the Shariah compliant finance industry in South America, according to The Brunei Times. Seeking the expertise of Brunei, Rehren also said that Islamic finance could serve as a bridge between Latin America and Southeast Asia. (2)

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MIDDLE EAST

Etiihad buys planes via Islamic facilities

UAE: Etihad Airways has secured Shariah compliant financing facilities from Abu Dhabi's FGB and Saudi-based National Commercial Bank to fund the acquisition of several Boeing 787-9 Dreamliner aircraft according to a press release. Etihad currently has 109 aircraft and a further 97 Boeing planes on order. (📌)

SIB improves services

UAE: Sharjah Islamic Bank (SIB) has upgraded its phone banking services providing the option of three languages; Arabic, English, and Urdu, through its dedicated 24/7 call center, according to a press release. The enhanced phone banking service affords customers easy access to a host of services, including time-efficient smart identification of clients. (📌)

KFH's real estate auction a success

KUWAIT: Kuwait Finance House (KFH) has announced the successful sale of the properties of its Baitek Real Estate Fund comprising 68 commercial and investment properties allocated in different areas in Kuwait in a public auction.

Mazin Saad Al-Nahedh, CEO of KFH, said in a press statement that the total sales value in the auction reached KWD125.58 million (US\$439.06 million), of which KFH's share of profit reached approximately KWD35.28 million (US\$120.47 million). This profit is expected to be added to KFH's budget in the fourth quarter of the current fiscal year. (📌)

Share increase for Saudi Hollandi

SAUDI ARABIA: The board of directors of Saudi Hollandi Bank has resolved, after obtaining approval from the concerned authorities, to recommend to the extraordinary general shareholders assembly which will be held during the first quarter of 2015, to increase the bank's capital by 20% from SAR4.76 billion (US\$1.27 billion) to SAR5.71 billion (US\$1.52 billion) to support its capital base and the business growth.

In a notification available on Tadawul website, the bank conveyed that the increase will be implemented by the distribution of one bonus share for every five shares, resulting in the increase of the bank's share capital from 476.28 million shares to 571.54 million shares, with the capital increase amount of 952.6 million to be provided from the retained earnings. (📌)

National Bonds and Aafaq form collaboration

UAE: Shariah compliant National Bonds Corporation in a press release announced that it has contracted a strategic agreement with Aafaq Islamic Finance to promote the culture of saving among customers by developing appropriate financial services. Under the agreement, Aafaq Islamic Finance will leverage National Bonds's trading platform and have the option to invest in the latter's long-term products. It will also establish new distribution mechanism to distribute products. (📌)

Barwa Bank on track with expansion plans

OMAN: In line with its two-year expansion strategy, Islamic financier

Barwa Bank has launched a new branch in South Al Batinah Governorate, bringing the number of fully-fledged branches in the nation to 10, according to an announcement on the bank's website. (📌)

Alizz Islamic expands branch network

OMAN: Alizz Islamic Bank on the 25th December launched a new branch in Sohar, with plans to open a new branch in Salalah, according to a press release.

CAHE to launch Islamic economy programs

UAE: Fujairah-registered Cambridge Academy for Higher Education (CAHE) announced on LinkedIn last month, that it plans to launch new Islamic Economy programs in 2015. (📌)

Court dismisses labor case against GFH

BAHRAIN: In a filing to the Bahrain Bourse on the 4th January, Gulf Finance House (GFH) announced that the Bahrain Chamber for Dispute Resolution has awarded its judgement in favor of GFH on a legal case amounting to US\$11.47 million plus profit which was filed by GFH against Abu Dhabi Investment House and Qatar Entertainment City Company.

In a separate bourse filing on the same day, the Islamic investment bank also announced that the Bahrain High Civil Court has dismissed the labor case filed by former chairman of GFH's board investment committee, Esam Janahi, against GFH in June 2014 following several claims raised by the bank against him. All other cases filed by GFH against Esam are still in progress. (📌)



REDmoney Ideal Ratings Indexes

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.

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.

ASSET MANAGEMENT

Islamic REITs in India by 2015?

INDIA: At least four real estate developers in India, a mix of both conventional and Shariah compliant players, are in the advanced stages of launching Islamic real estate investment trusts (REITs), according to the Economic

Times. Designed to attract Middle Eastern investors, the Indian newspaper reported that the developers are however in a quandary as there are fears of a potential backlash as a result of religious sensitivity especially with regards to Shariah in the republic. (f)

Emirates REIT pays shareholders

UAE: Shariah compliant Emirates REIT has proposed to pay an interim dividend in relation to 2014 of US\$11.98 million or

4 US cents per ordinary share to those shareholders on the register at 2pm on the 21st January 2015, according to a press release. This represents the first dividend payment for the year 2014. Emirates REIT intends to distribute a dividend to its shareholders twice a year: this interim dividend in January 2015 and a final dividend in June 2015. The proposed interim dividend is subject to shareholder approval at the REIT's upcoming general meeting on the 26th January 2015. (f)

RESULTS

KFH Malaysia

MALAYSIA: KFH Malaysia announced in a press release that it has recorded RM75.77 million (US\$21.62 million) in net profit as of the end of the third quarter

of 2014, registering an increase of 18.4% over the same period last year. Total non-performing financings (NPF) fell to 7.2% in the third quarter from 10.6% in December 2013; net NPF for the period dipped to 4.3% from 6% in December 2013. Total assets of the bank reached RM10 billion (US\$2.85 billion). (f)

TAKAFUL

Somalia welcomes first Takaful player

SOMALIA: A Takaful company, known as Takaful and Re-Takaful Islamic Insurance Company, has been launched in Mogadishu, according to Somalia Current, who also touted the new operator as the first Takaful player in the country. (f)

Continued growth for Bahraini Takaful market

BAHRAIN: According to a new report released by Market Research Reports, the Bahraini Takaful sector grew at a compound annual growth rate (CAGR) of 15% during 2009-13, and the industry is forecasted to expand at a CAGR of 12.4% over the 2013-18 period, to reach BH\$102.8 million (US\$270.5 million).

Among the factors underpinning the sector's growth (as identified by Market Research Reports) are: the robust growth of the Takaful life and personal accident and health segment, and the introduction of mandatory health insurance in Bahrain in 2012. (f)

Amāna Takaful segregates

SRI LANKA: By virtue of a mandatory requirement introduced by Section 53 of the Regulation of Insurance Industry

Amendment requiring all insurance providers to segregate their long-term and general insurance businesses, all life insurance policies held by policyholders of Amāna Takaful will be transferred to Amāna Takaful Life, running as two separate business entities effective the 1st January 2015, according to a media release by the company. (f)

Takaful Oman focuses on branch expansion

OMAN: Takaful Oman will be launching a new branch in Sohar "soon", according to an announcement on its website. According to Times of Oman, the operator inaugurated its first branch in Nizwa on the 27th December 2014. (f)

New insurance framework in place for Brunei

BRUNEI: The Brunei Insurance and Takaful Association, according to the Brunei Times, had enforced new guidelines for insurance and Takaful agents, which also includes a common motor tariff and underwriting framework, on the 1st January 2015. (f)

SECP sets 2015 Takaful growth rate scenarios

PAKISTAN: The Securities and Exchange Commission of Pakistan (SECP) in a circular dated the 1st January 2015 announced that the growth rates

scenarios for life insurance and Family Takaful will remain at 7%, 9% and 11% for this year onwards. The illustrations are based on long-term interest rate outlook prevalent in Pakistan. (f)

Takaful International declares fees

BAHRAIN: In an announcement to the Bahrain Bourse on the 5th January, Takaful International declares a maximum management fee of 35% of gross contributions for company's operations for the 2015 financial year, as agreed by its Shariah Supervisory Board at the end of the 2014 financial year. A 25% share of net investment returns (Mudarabah profit share) was decided in the case of managing participants' investment funds. (f)

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RATINGS

Manjung Island Sukuk reviewed

MALAYSIA: RAM has reaffirmed the respective 'AAA/stable' and 'AAA(s)/Stable' ratings of Series 1 and Series 2 of Manjung Island Energy (MIEB)'s Islamic securities program of up to RM5 billion (US\$1.43 million). The enhanced 'AAA(s)' rating of Series 2 reflects a corporate guarantee from Tenaga Nasional (TNB), whose 'AAA/stable' debt rating was reaffirmed by RAM in April 2014. (f)

NBB, BBK and AUB revised to negative

BAHRAIN: Fitch has affirmed National Bank of Bahrain (NBB)'s and BBK's long-term issuer default ratings (IDR) at 'BBB' and has revised the outlooks from stable to negative. The agency also affirmed Ahli United Bank (AUB)'s IDR at 'BBB+', with a stable outlook. (f)

Southern Link downgraded

MALAYSIA: RAM has downgraded the ratings of MRCB Southern Link's RM845 million (US\$243.43 million) senior Sukuk to 'BB1' from 'BBB3', and RM199 million (US\$57.33 million) junior Sukuk from 'BB1' to 'B1'. Both ratings are assigned a negative outlook. MRCB Southern Link is a funding conduit for the construction-related costs of the 8.1 km Eastern Dispersal Link Expressway in Johor Bahru. (f)

Kuwait affirmed

KUWAIT: Fitch has assigned Kuwait long-term foreign and local currency issuer default ratings (IDR) of 'AA', with a stable outlook. The country ceiling has also been affirmed at 'AA+', while the short-term foreign currency IDR at 'F1+'. (f)

Arab Insurance Group rated

BAHRAIN: AM Best has affirmed the financial strength rating of 'B++' (Good) and the issuer credit rating of 'bbb+' of Arab Insurance Group (Arig) (Bahrain), with a positive outlook. The ratings are underpinned by Arig's improving track record of operating performance during challenging market conditions, solid risk-adjusted capitalization and diverse regional business profile, while an offsetting rating factor is the weak technical performance of Arig's subsidiary Takaful Re (Takaful Re) (UAE). (f)

Final rating for DRB-Hicom Sukuk

MALAYSIA: MARC has afforded a final rating of 'AIS' to DRB-HICOM's Perpetual Sukuk Musharakah program of up to RM2 billion (US\$575.04 million), with a stable outlook. (f)

'AA-' for Saudi

SAUDI ARABIA: Capital Intelligence (CI) has affirmed Saudi Arabia's long-term foreign and local currency ratings of 'AA-' and its short-term foreign and local currency ratings of 'A1+', with a stable outlook. According to a statement by the agency, the credit ratings reflect the prudent management of the country's substantial oil endowment during the last four years of high international energy prices; which has in turn, resulted in the accumulation of substantial financial reserves to shield the economy from shocks, including prolonged oil price declines. (f)

Bahrain downgraded

BAHRAIN: Fitch has revised the outlooks on Bahrain's long-term foreign and local currency issuer default ratings (IDR) from stable to negative and affirmed the IDRs at 'BBB' and 'BBB+', respectively. The agency has also affirmed Bahrain's country ceiling at 'BBB+' and short-term foreign currency IDR at 'F3'. (f)

Bright Focus's Sukuk rated

MALAYSIA: RAM has reaffirmed the 'AA2/Stable' rating of Bright Focus's Sukuk Musharakah of up to RM1.35 billion (US\$388.15 million) (2014/2031) in nominal value. Bright Focus is the shareholder of Maju Expressway which holds the concession for the 26km (16 miles) Maju Expressway. The rating reflects Bright Focus's strong debt-servicing ability, supported by the high traffic performance of the Maju Expressway as it continues to benefit from its favorable alignment. (f)

Mumtalakat revised to negative

UAE: Fitch has affirmed Bahrain Mumtalakat Holding Co's issuer default rating (IDR) and senior unsecured rating at 'BBB', and revised the outlook on the company's long-term IDR from stable to negative. Concurrently, Fitch also affirmed Mumtalakat's short-term IDR at 'F3'. The rating action affects

Mumtalakat's US\$750 million 5% notes, due the 30th June 2015, RM300 million (US\$85.74 million) notes due 2017, Sukuk certificates issued under Mumtalakat Sukuk Holding Company, and the EMTN program of the issuer. (f)

LKPP Islamic papers reaffirmed

MALAYSIA: RAM has reaffirmed the 'AAA(s)/stable' rating of Lembaga Kemajuan Perusahaan Pertanian Negeri Pahang (LKPP)'s RM300 million (US\$85.74 million) Bai' Bithaman Ajil Islamic Debt Securities (2005/2015). The enhanced rating reflects an unconditional and irrevocable guarantee extended by the State Government of Pahang, with the approval of the Federal Government of Malaysia. (f)

GCC banks stable for 2015

GLOBAL: In an emailed statement to IFN, Fitch Ratings announced that it has maintained stable rating outlooks on all banks in the GCC, largely driven by the probability of sovereign support. Regional unrest has had a negative impact on rating outlooks in other Middle Eastern countries (Jordan, Lebanon and Egypt), although they have returned to stable for Egyptian banks. The banking sector outlook is stable in all GCC/Middle East countries, expecting a positive impact from economic growth in Saudi Arabia. However, a deeper than expected fall in oil prices could exert negative pressure on the sector outlooks in some of the smaller GCC countries. (f)

JIB assigned rating

JORDAN: Capital Intelligence (CI) has assigned Jordan Islamic Bank (JIB) long and short-term foreign currency ratings (FCRs) of 'BB-' and 'B', respectively. The ratings are constrained by Jordan's sovereign ratings ('BB-/B'/Stable'), reflecting JIB's base of operations in Jordan and its exposure to the Jordanian sovereign in the form of balances at the Central Bank of Jordan. (f)

Summit Bank upgraded

PAKISTAN: Summit Bank, which offers Islamic banking products, has had its entity ratings upgraded to 'A/A-1' from 'A-/A-3' by JCR-VIS Credit Rating Company, according to a press release. According to the rating agency, the bank's plan to convert into a fully-fledged Islamic bank is underway. (f)

United Growth maintains rating

MALAYSIA: United Growth, an SPV of UEM Group, has had its 'AA2/Stable' rating on its Islamic medium-term notes program of up to RM2.2 billion (US\$624.82 million) reaffirmed by RAM on the 31st December 2014.

RAM withdraws rating on RH Capital

MALAYSIA: RAM Ratings on the 30th December 2014 announced that it has withdrawn its 'AAA' rating on RH Capital's Class A Sukuk Ijarah worth RM85 million (US\$20.11 million). The company, which is an SPV backed by oil-palm plantations located in Sarawak, redeemed its remaining RM20 million (US\$4.73 million) Class A Series 1 Sukuk Ijarah on the 23rd December 2014. (f)

Maybank Islamic reaffirmed

MALAYSIA: RAM has reaffirmed the 'AAA/Stable/P1' financial institution ratings of Maybank Islamic and the 'AA1/Stable' rating of the bank's subordinated

Sukuk Murabahah program of up to RM10 billion (US\$2.85 billion) (2014/2034). The ratings reflect Maybank Islamic's strategic importance as the Islamic banking arm of Malayan Banking (Maybank) which is rated 'AAA/Stable/P1'. Maybank Islamic accounted for 22% of its parent's consolidated assets as at the end of September 2014. (f)

ACR ReTakaful receives ratings

GLOBAL: AM Best has assigned a financial rating of 'A-' to ACR ReTakaful (Malaysia) and ACR ReTakaful MEA (Bahrain) as well as afforded a 'bbb-' rating to ACR ReTakaful Holdings (UAE). All ratings carry a stable outlook. (f)

BGSM Sukuk reaffirmed

MALAYSIA: BGSM Management's Islamic medium-term notes program of up to RM10 billion (US\$2.84 billion) has been reaffirmed at 'AA3/Stable' by RAM, according to a media release. The firm was established to facilitate the debt restructuring of Binariang GSM Management, which entailed BGSM

Management acquiring a 65% stake in telecommunication services provider Maxis from the company's shareholder. (f)

EFoods's Sukuk reaffirmed

PAKISTAN: Engro Foods (EFoods)'s PKR950 million (US\$9.28 million) Sukuk program has been reaffirmed at 'A+' by JCR-VIS Credit Rating Company, with a stable outlook. (f)

GB3 redeems debt securities

MALAYSIA: GB3, an independent power producer in Lumut, Perak, has had its 'AA1' rating withdrawn by RAM after fully redeeming its Islamic securities worth RM850 million (US\$241.62 million) on the 19th December 2014. (f)

'AA' for Al Rajhi

SAUDI ARABIA: Al Rajhi Banking & Investment Corporation has been assigned a rating of 'AA' by Capital Intelligence CI, based on its strong capital ratio and franchise as well as stable customer deposit base, according to an announcement by CI. (f)

MOVES

SECP

PAKISTAN: The Securities and Exchange Commission of Pakistan (SECP) on the 19th December announced the appointment of **Zafar-u-Haq Hijazi** as its new chairman. (f)

CGC

MALAYSIA: Credit Guarantee Corporation Malaysia (CGC) has appointed **Mohd Zamree Mohd Ishak** as its new president and CEO, effective the 1st January 2015, according to The Star. Zamree was the chief operations officer of INCEIF — The Global University of Islamic Finance, since July 2009 until his recent engagement with CGC. He replaces **Wan Azhar Wan Ahmad**, who retired after 17 years of service in the company. (f)

Commercial Bank of Dubai

UAE: Commercial Bank of Dubai in a press release on the 29th December 2014 announced the appointment of **Fahad Al Muhairi**, formerly the chief risk officer of

Dubai Islamic Bank, as general manager for its Islamic banking arm, Attijari Al Islami. (f)

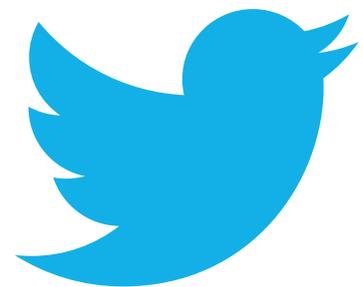
DIFC Authority

UAE: Dubai International Financial Centre (DIFC) Authority has appointed **Arif Amiri** as its deputy CEO, according to a media release. In this role, he will oversee efforts to further solidify DIFC's position in the region. With more than 15 years of experience in banking, finance, retail and real estate, Amiri joined DIFC Authority from Emaar Properties, where he was chief commercial officer. (f)

1MDB

MALAYSIA: Malaysian sovereign wealth fund 1MDB on the 5th January announced on its website the appointment of **Arul Kandasamy** as president and group executive director, with immediate effect. As part of the fund's transition plan, Arul replaces **Mohd Hazem Abd Rahman**, who will step down as managing director and CEO and member of the board of directors. 1MDB last year proposed a RM8.4 billion (US\$2.4 billion) Sukuk. (f)

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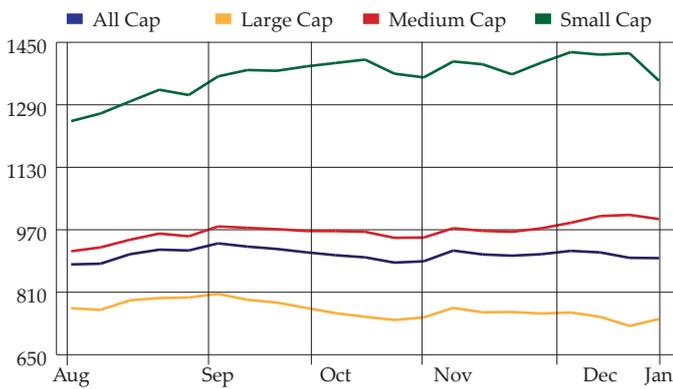
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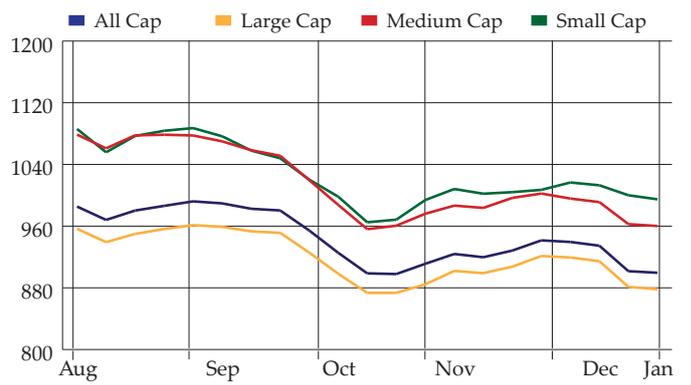
Expected date	Company's name	Size	Structure	Announcement Date
	Government of Jordan	TBA	Sukuk	6 th January 2014
	Turkiye Finans	TRY71 million	Sukuk	5 th January
	Turkiye Finans	TRY143 million	Sukuk	5 th January
2015	Government of Indonesia	IDR7.14 trillion	Sukuk	15 th December 2014
TBA	UniTapah	RM600 million	Sukuk	9 th December 2014
Apr-15	Government of Indonesia	IDR20 trillion	Sukuk	4 th December 2014
H2 2015	Government of Indonesia	TBA	Sukuk	3 rd December 2014
2015-16	Government of Kenya	TBA	Sukuk	2 nd December 2014
TBA	DRB-HICOM	RM2 billion	Sukuk Musharakah	1 st December 2014
TBA	KPJ Healthcare	RM1.5 billion	Sukuk	28 th November 2014
TBA	ICD	US\$1.2 billion	Sukuk	27 th November 2014
Q2 2015	Khazanah Nasional	TBA	Sukuk	26 th November 2014
2 nd December 2014	Indosat	IDR2.5 trillion	Sukuk + conventional	13 th November 2014
18 th November 2014	Government of Turkey	TRY1.84 billion	Sukuk	30 th September 2014
2014	Adira Dinamika Multi Finance	IDR1.5 trillion	Sukuk	2 nd July 2014
2014	Bank Islam Malaysia	Up to RM1 billion	Sukuk	2 nd June 2014
2H 2014	Felda Global Ventures Holdings	US\$1 billion	Exchangable Sukuk	22 nd May 2014
Nov-14	1MDB	RM8.4 billion	Sukuk	9 th October 2014
Nov-14	Government of Tunisia	US\$140 million	Sukuk	7 th February 2014
Q1 2015	Meethaq	Up to OMR500 million	Sukuk	5 th May 2014
pre-2015	Government of Indonesia	IDR6.4 trillion	Sukuk	18 th August 2014
2015	International Finance Corp	TBA	Sukuk	17 th June 2014
Q1 2015	Government of Oman	OMR300-400 million	Sukuk	27 th October 2014
Q1 2015	Etisalat	US\$500 million	Sukuk	13 th October 2014
Q2 2015	Export-Import Bank of Malaysia	US\$200-300 million	Sukuk	12 th November 2014
2016	Government of the Philippines	TBA	Sukuk	26 th May 2014
TBA	Turkiye Finans Katilim Bankasi	TRY71 million	Sukuk	25 th November 2014
TBA	Point Zone	RM1.5 billion	Sukuk	21 st November 2014
TBA	Northport	RM1.5 billion	Sukuk	20 th November 2014
TBA	Malaysia Building Society	RM700 million	Sukuk	19 th November 2014
TBA	Fleetcorp	Up to TRY150 million	Sukuk	7 th November 2014
TBA	DRB-Hicom	Up to RM2 billion	Sukuk Musharakah	4 th November 2014
TBA	AirAsia	Up to RM1 billion	Sukuk	31 st October 2014
TBA	Government of Mexico	TBA	Sukuk	30 th October 2014
TBA	Pemex	TBA	Sukuk	30 th October 2014
TBA	Government of Kazakhstan	TBA	Sukuk	29 th December 2014
TBA	ACWA Power	TBA	Sukuk	24 th October 2014
TBA	Kesas	RM735 million	Sukuk	1 st October 2014
TBA	WCT Holdings	Up to RM1.5 billion	Sukuk Murabahah	29 th September 2014
TBA	Malaysia Marine and Heavy Engineering Holdings	Up to RM1 billion	Sukuk Murabahah	29 th September 2014
TBA	Agaoglu Group	Up to US\$300 million	Sukuk	16 th September 2014
TBA	Kuveyt Turk	Up to RM2 billion	Sukuk	15 th September 2014
TBC	Zain Group	TBC	Sukuk	27 th August 2014
TBA	CIMB Islamic	Up to RM5 billion	Sukuk	26 th August 2014
TBA	Sunway Treasury Sukuk	Up to RM2 billion	Sukuk Mudarabah	25 th August 2014
TBA	Malaysia Airport Holdings	TBA	Sukuk	19 th August 2014
TBA	Government of Malta	TBA	Sukuk	7 th August 2014
TBC	Bank Internasional Indonesia	IDR300 billion	Sukuk	20 th June 2014
TBC	Societe Generale	RM1 billion	Sukuk	26 th August 2013
TBA	Dogus Varlik Kiralama	Up to US\$400 million	Sukuk	27 th June 2014
TBA	Bank Muamalat Malaysia	Up to RM2 billion	Sukuk	25 th June 2014
TBA	ACWA Power	TBA	Sukuk	24 th October 2014
TBA	Jeddah Economic Co	TBA	Sukuk	17 th June 2014
TBA	UEM Sunrise	RM2 billion	Sukuk	21 st January 2014
TBA	Aktif Bank	Up to TRY200 million	Sukuk	17 th June 2014
TBA	Government of Ras Al Khaimah	TBA	Sukuk	6 th June 2014

SHARIAH INDEXES

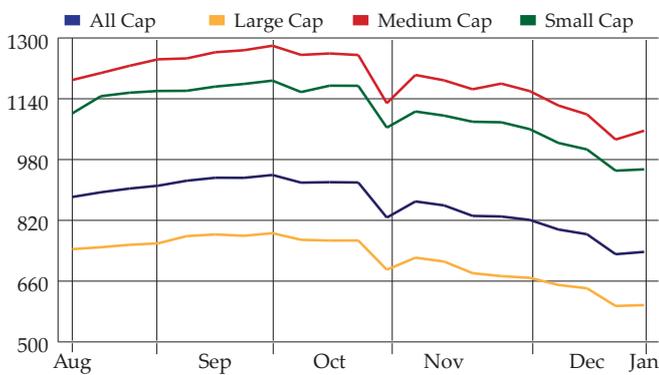
REDmoney Asia ex. Japan 6 Months



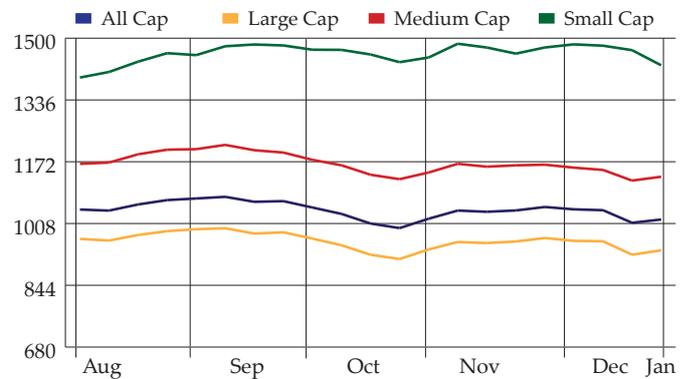
REDmoney Europe 6 Months



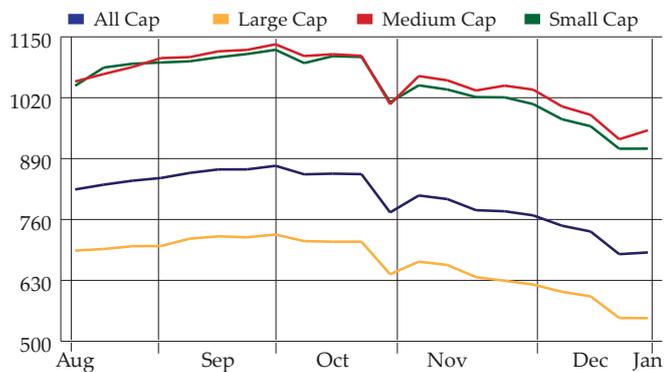
REDmoney GCC 6 Months



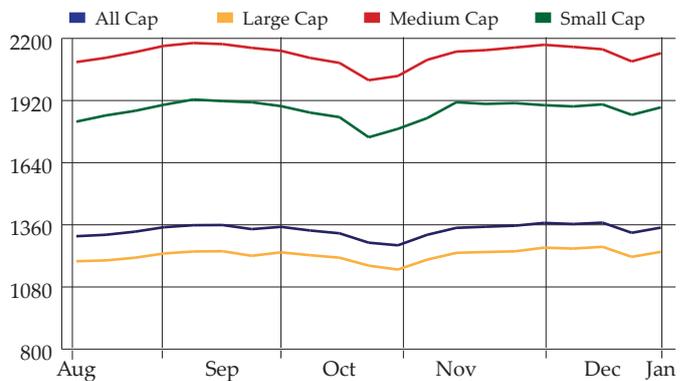
REDmoney Global 6 Months



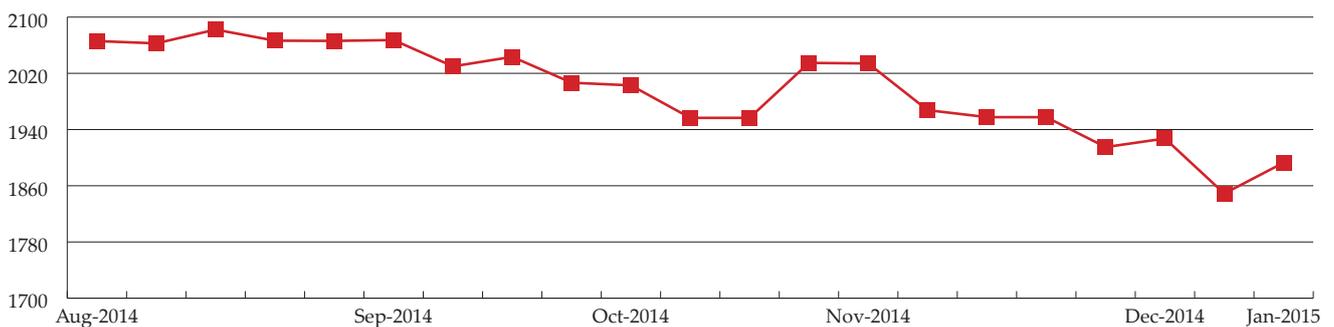
REDmoney MENA 6 Months



REDmoney US 6 Months

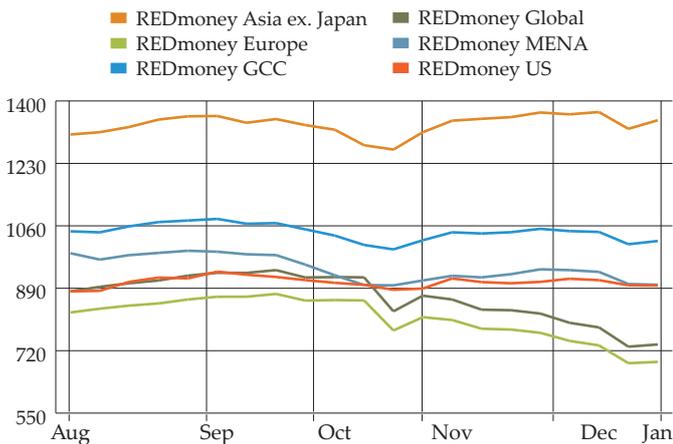


SAMI Halal Food Participation (All Cap) 6 months

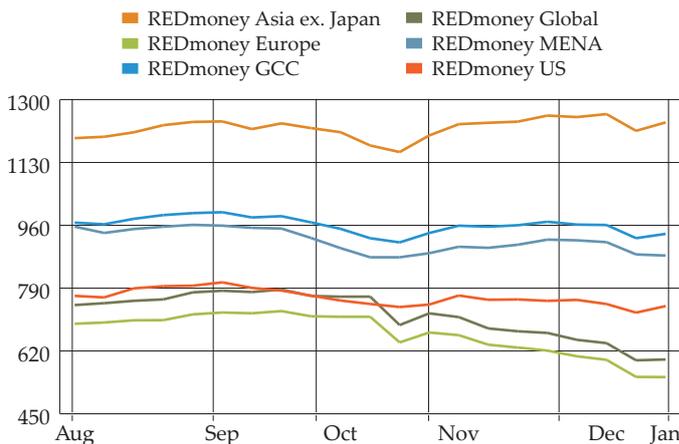


SHARIAH INDEXES

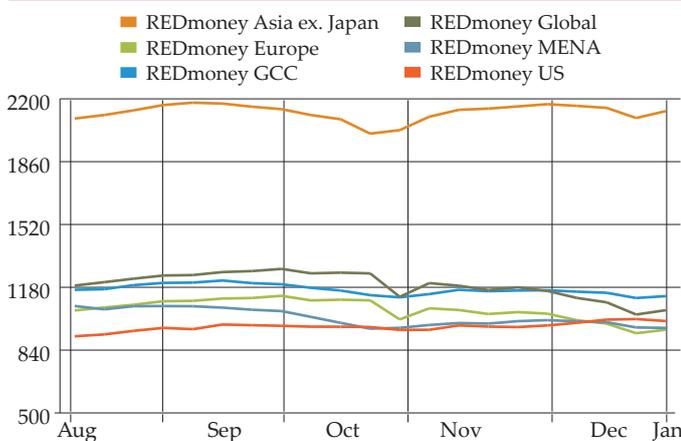
REDmoney Global Shariah Index Series (All Cap) 6 Months



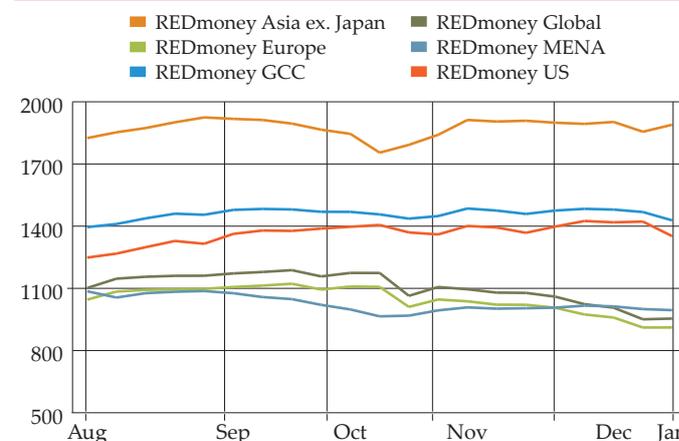
REDmoney Global Shariah Index Series (Large Cap) 6 Months



REDmoney Global Shariah Index Series (Medium Cap) 6 Months



REDmoney Global Shariah Index Series (Small Cap) 6 Months



REDmoney Global Shariah

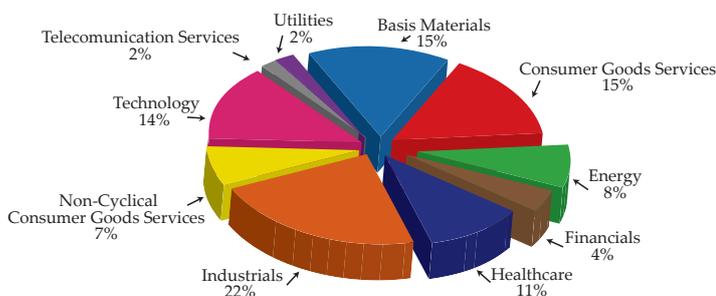
Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

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.

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REDmoney Global Shariah Index Series

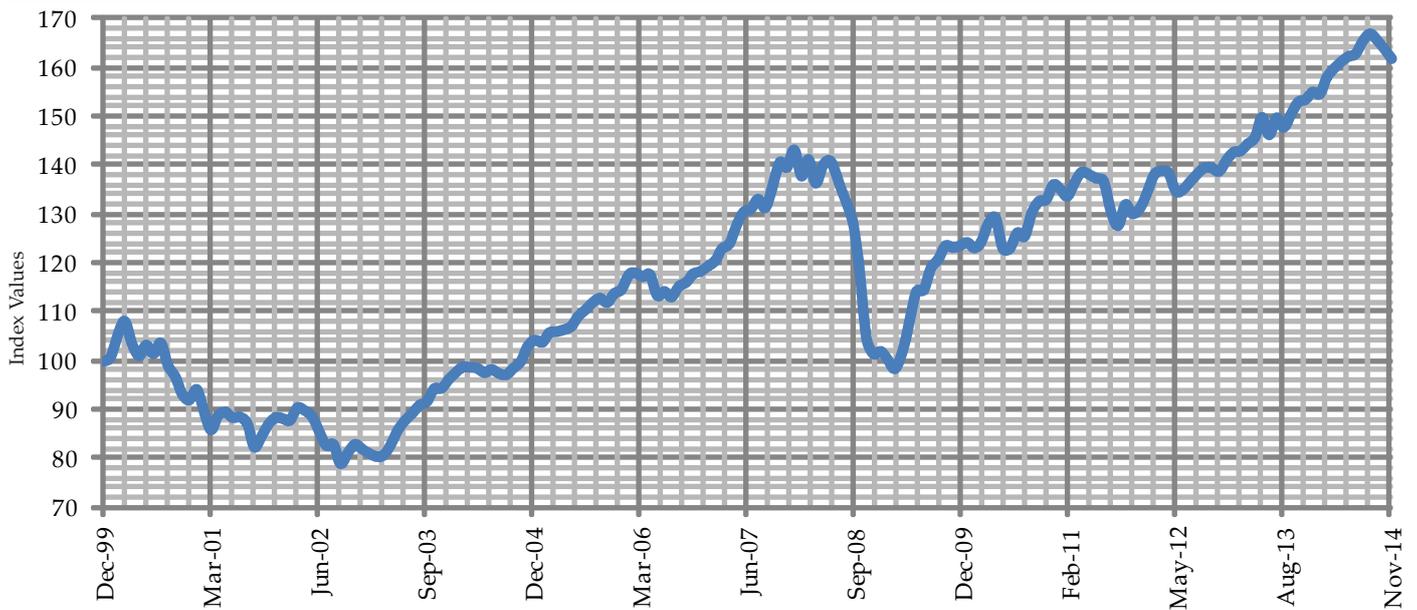
REDmoney Indexes IdealRatings®

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Tel +603 2162 7800

Eurekahedge Islamic Fund Index



Top 10 Yield-to-Date Returns for ALL Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	31.85	Pakistan
2 GCC Al-Raed	Samba Financial Group	30.35	Saudi Arabia
3 Al-Beit Al-Mali	Global Investment House	29.71	Qatar
4 Amanah GCC Equity	SABB	25.99	Saudi Arabia
5 Al Danah GCC Equity Trading	Banque Saudi Fransi	19.14	Saudi Arabia
6 Al Qasr GCC Real Estate & Construction Equity Trading	Banque Saudi Fransi	18.68	Saudi Arabia
7 Riyadh Gulf	Riyad Bank	18.33	Saudi Arabia
8 QInvest Edgewood Sharia'a	QInvest	17.58	Cayman Islands
9 Alkhair Capital Index	Alkhair Portfoy Yonetimi	16.95	Turkey
10 Alkhair Capital Istanbul	Alkhair Portfoy Yonetimi	16.45	Turkey
Eurekahedge Islamic Fund Index		4.36	

Based on 44.87% of funds which have reported November 2014 returns as at the 6th January 2015

Top 10 Sharpe Ratio for ALL Funds since Inception

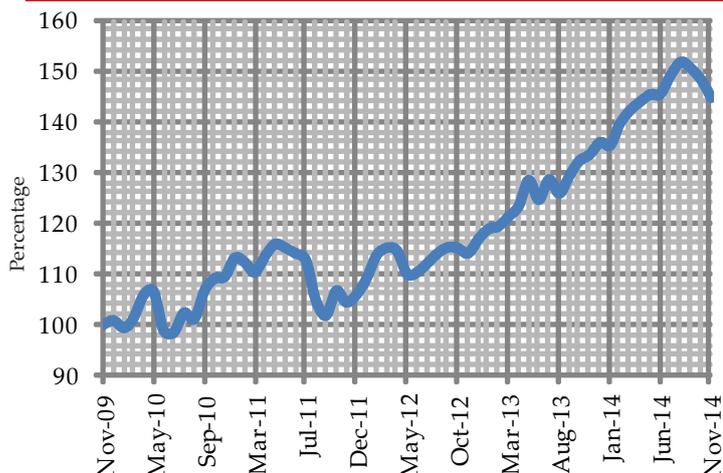
Fund	Fund Manager	Performance Measure	Fund Domicile
1 Meezan Tahaffuz Pension - Money Market Sub	Al Meezan Investment Management	9.01	Pakistan
2 Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	5.06	Pakistan
3 Atlas Pension Islamic - Debt Sub	Atlas Asset Management	4.81	Pakistan
4 Public Islamic Money Market	Public Mutual	4.75	Malaysia
5 PB Islamic Cash Management	Public Mutual	3.74	Malaysia
6 SR International Trade Finance - (Al Sunbula)	Samba Financial Group	2.82	Saudi Arabia
7 Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	2.44	Saudi Arabia
8 USD International Trade Finance - (Al Sunbula)	Samba Financial Group	2.35	Saudi Arabia
9 Commodity Trading - SAR	Riyad Bank	2.16	Saudi Arabia
10 PB Islamic Cash Plus	Public Mutual	2.10	Malaysia
Eurekahedge Islamic Fund Index		0.15	

Based on 44.87% of funds which have reported November 2014 returns as at the 6th January 2015

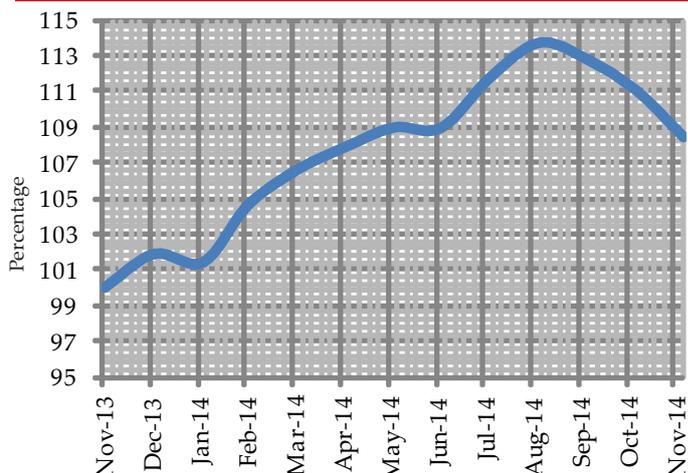
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity, 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	18.04	Pakistan
2 Al Meezan Mutual	Al Meezan Investment Management	13.07	Pakistan
3 Meezan Islamic	Al Meezan Investment Management	12.66	Pakistan
4 Atlas Pension Islamic - Equity Sub	Atlas Asset Management	9.59	Pakistan
5 Atlas Islamic Stock	Atlas Asset Management	7.78	Pakistan
6 Amana Growth	Saturna Capital	6.76	US
7 AmOasis Global Islamic Equity	AmInvestment Management	5.41	Malaysia
8 QInvest Edgewood Sharia'a	QInvest	4.19	Cayman Islands
9 Amana Income	Saturna Capital	3.99	US
10 PB Islamic Asia Equity	Public Mutual	3.21	Malaysia
Eurekahedge Islamic Fund Index		(4.65)	

Based on 46.67% of funds which have reported November 2014 returns as at the 6th January 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	5.41	Malaysia
2 QInvest GAM Sharia'a	GAM International Management	1.62	Cayman Islands
3 Al Rajhi Global Equity	UBS	1.14	Saudi Arabia
4 BLME Sharia'a Umbrella SICAV-SIF Global Sukuk - Class A USD	Bank of London and The Middle East	0.71	Luxembourg
5 QInvest Sukuk	QInvest	0.55	Cayman Islands
6 HSBC Amanah Global Equity Index	HSBC Amanah Central Shariah Committee	0.52	Saudi Arabia
7 Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	0.21	Saudi Arabia
8 BLME Umbrella Sicav - SIF - USD Income - Class B	Bank of London and The Middle East	0.16	Luxembourg
9 SR International Trade Finance - (Al Sunbula)	Samba Financial Group	0.15	Saudi Arabia
10 Watani KD Money Market	National Bank of Kuwait	0.13	Cayman Islands
Eurekahedge Islamic Fund Index		(2.78)	

Based on 43.86% of funds which have reported November 2014 returns as at the 6th January 2015

Contact Eurekahedge

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

Disclaimer

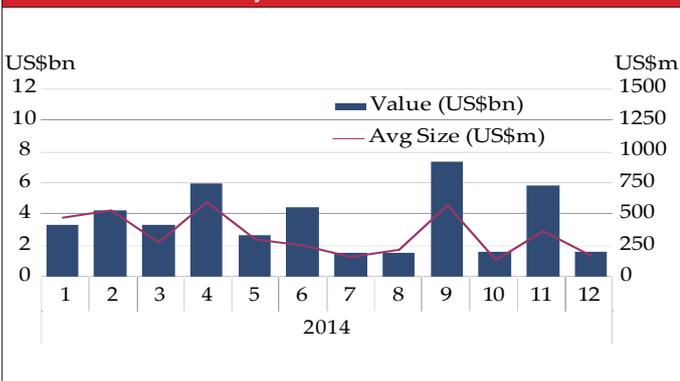
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LEAGUE TABLES

Most Recent Global Sukuk						
Priced	Issuer	Nationality	Instrument	Market	US\$ (mln)	Managers
19 th Dec 2014	DRB-HICOM	Malaysia	Sukuk Musharakah	Domestic market private placement	206	CIMB Group
15 th Dec 2014	Malaysia Airports Holdings	Malaysia	Sukuk	Domestic market public issue	286	HSBC, Maybank, CIMB Group
12 th Dec 2014	Unitapah	Malaysia	Sukuk	Domestic market public issue	146	Kenanga Investment Bank
11 th Dec 2014	Suria KLCC	Malaysia	Sukuk Murabahah	Domestic market public issue	172	CIMB Group
9 th Dec 2014	National Higher Education Fund	Malaysia	Sukuk Murabahah	Domestic market public issue	287	Maybank, CIMB Group
8 th Dec 2014	Malaysia Building Society	Malaysia	Sukuk Murabahah	Domestic market public issue	201	RHB Capital, DRB-HICOM, AmInvestment Bank
5 th Dec 2014	Jana Kapital	Malaysia	Sukuk Murabahah	Domestic market public issue	270	RHB Capital
25 th Nov 2014	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup
25 th 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 th Nov 2014	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	HSBC, CIMB Group, Citigroup
17 th 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 th Nov 2014	Mumtalakat Sukuk Holding	Bahrain	Sukuk	Euro market public issue	600	Standard Chartered Bank, Deutsche Bank, BNP Paribas, Mitsubishi UFJ Financial Group
17 th Nov 2014	Advanced Petrochemicals	Saudi Arabia	Sukuk	Domestic market private placement	267	HSBC, Riyadh Bank
14 th Nov 2014	Tan Chong Motor Holdings	Malaysia	Sukuk	Domestic market public issue	225	CIMB Group, AmInvestment Bank
13 th Nov 2014	Imtiaz Sukuk II	Malaysia	Sukuk Musharakah	Domestic market public issue	150	Maybank, CIMB Group
11 th Nov 2014	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	720	RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, AmInvestment Bank
3 rd Nov 2014	Dubai International Financial Centre (DIFC)	UAE	Sukuk Wakalah	Euro market public issue	700	Standard Chartered Bank, Dubai Islamic Bank, Emirates NBD, Noor Bank
28 th Oct 2014	Cagamas	Malaysia	Sukuk	Domestic market public issue	305	Standard Chartered Bank, AmInvestment Bank
20 th Oct 2014	Pengurusan Air SPV	Malaysia	Sukuk Ijarah	Domestic market public issue	153	CIMB Group
16 th Oct 2014	HSBC Amanah Malaysia	United Kingdom	Islamic bonds.	Domestic market public issue	153	HSBC

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter

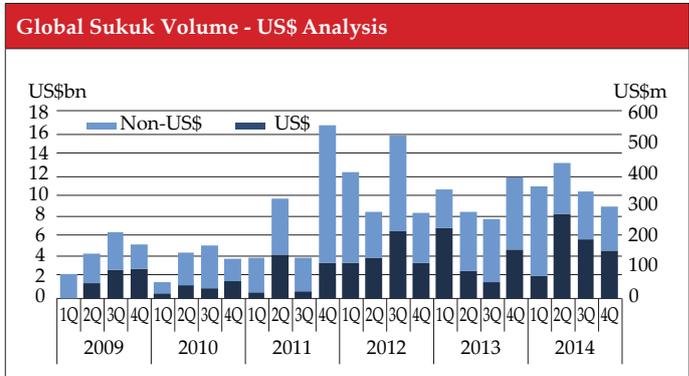
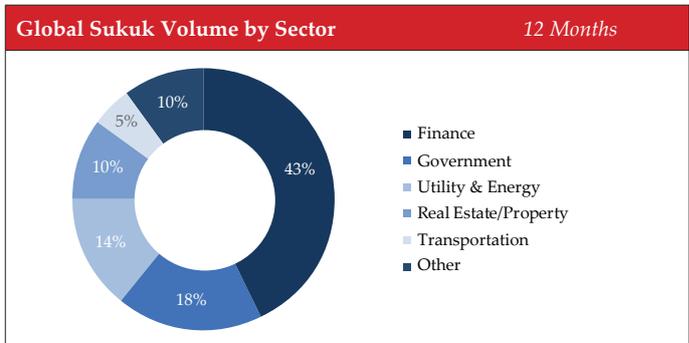
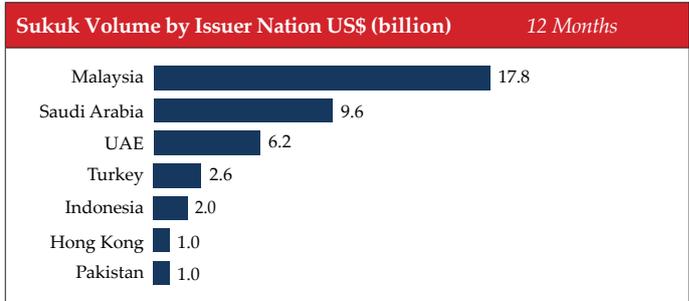
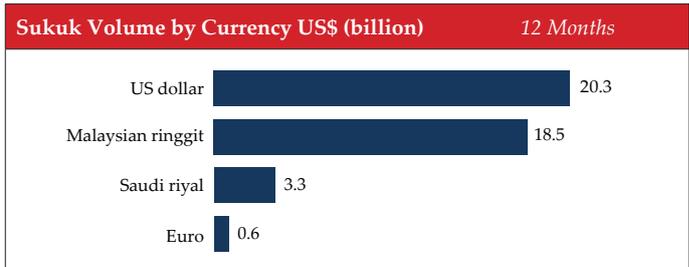


LEAGUE TABLES

Top 30 Issuers of Global Sukuk							12 Months
Issuer	Nationality	Instrument	Market	US\$(mln)	Iss(%)	Managers	
1 Saudi Electricity	Saudi Arabia	Sukuk Istithmar	Domestic market public issue	3,700	8.5	Banque Saudi Fransi, HSBC, JPMorgan, Deutsche Bank	
2 IDB Trust Services	Saudi Arabia	Sukuk Wakalah	Euro market public issue	3,381	7.8	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 Murabahah	Domestic market public issue	2,337	5.4	RHB Capital, Maybank, CIMB Group, AmInvestment Bank, RHB Capital, HSBC, Standard Chartered Bank	
4 Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk Wakalah	Euro market public issue	1,500	3.5	Standard Chartered Bank, HSBC, CIMB Group, Emirates NBD	
5 National Higher Education Fund	Malaysia	Sukuk Murabahah	Domestic market public issue	1,361	3.1	Maybank, CIMB Group	
6 National Commercial Bank	Saudi Arabia	Sukuk	Domestic market public issue	1,333	3.1	Saudi National Commercial Bank, JPMorgan, HSBC, Gulf International Bank	
7 TNB Western Energy	Malaysia	Sukuk Ijarah and Wakalah	Domestic market public issue	1,109	2.6	CIMB Group	
8 Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	2.3	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup	
8 Hong Kong Sukuk 2014	Hong Kong	Sukuk Ijarah	Euro market public issue	1,000	2.3	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, CIMB Group	
8 Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	2.3	HSBC, CIMB Group, Citigroup	
11 Bank Pembangunan Malaysia	Malaysia	Sukuk Murabahah	Domestic market public issue	948	2.2	HSBC, CIMB Group	
12 Rantau Abang Capital	Malaysia	Sukuk Musharakah	Domestic market public issue	781	1.8	Standard Chartered Bank, HSBC, CIMB Group, Bank Islam Malaysia, RHB Capital	
13 Sharjah Sukuk	UAE	Sukuk Ijarah	Euro market public issue	750	1.7	Standard Chartered Bank, HSBC, CIMB Group, RHB Capital, Maybank, Bank Islam Malaysia	
13 Government of Dubai	UAE	Sukuk Ijarah	Euro market public issue	750	1.7	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Emirates NBD	
13 Emaar Malls Group	UAE	Sukuk Wakalah	Euro market public issue	750	1.7	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 Pengurusan Air SPV	Malaysia	Sukuk Ijarah	Domestic market private placement	703	1.6	RHB Capital, Bank Islam Malaysia, CIMB Group, AmInvestment Bank, Maybank	
17 ICD	UAE	Sukuk	Euro market public issue	700	1.6	Standard Chartered Bank, HSBC, Dubai Islamic Bank, Citigroup, Emirates NBD	
17 Dubai International Financial Centre	UAE	Sukuk Wakalah	Euro market public issue	700	1.6	Standard Chartered Bank, Dubai Islamic Bank, Emirates NBD, Noor Bank	
19 DAMAC Real Estate Development	UAE	Sukuk	Euro market public issue	650	1.5	Deutsche Bank, National Bank of Abu Dhabi, Barclays, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD	
20 Syarikat Prasarana Negara	Malaysia	Sukuk Murabahah	Domestic market public issue	610	1.4	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group	
21 TDIC Finance	UAE	Sukuk	Domestic market private placement	600	1.4	National Bank of Abu Dhabi	
22 Mumtalakat Sukuk Holding	Bahrain	Sukuk	Euro market public issue	594	1.4	Standard Chartered Bank, Deutsche Bank, BNP Paribas, Mitsubishi UFJ Financial Group	
23 Saudi Telecom	Saudi Arabia	Sukuk	Domestic market public issue	533	1.2	Saudi National Commercial Bank, Standard Chartered Bank, JPMorgan	
24 ZAR Sovereign Capital Fund	South Africa	Sukuk	Euro market public issue	500	1.2	BNP Paribas, Standard Bank, Kuwait Finance House	
24 Turkiye Finans Katilim Bankasi	Turkey	Sukuk	Euro market public issue	500	1.2	HSBC, Citigroup, Emirates NBD, QInvest	
24 Kuveyt Turk Katilim Bankasi	Turkey	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, Kuwait Finance House, Citigroup, Emirates NBD	
24 JANY Sukuk	US	Sukuk Murabahah / Wakalah	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	
24 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	
24 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	
24 Al Hilal Bank	UAE	Sukuk Mudarabah	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Citigroup, Emirates NBD, Al Hilal Bank	
				43,388	100		

LEAGUE TABLES

Top Managers of Sukuk		12 Months		
Manager	US\$ (mln)	Iss	%	
1	CIMB Group	6,984	52	16.1
2	HSBC	5,742	33	13.2
3	Maybank	4,481	38	10.3
4	Standard Chartered Bank	3,421	23	7.9
5	RHB Capital	2,782	41	6.4
6	AmInvestment Bank	2,541	28	5.9
7	National Bank of Abu Dhabi	2,071	13	4.8
8	Emirates NBD	1,676	14	3.9
9	Deutsche Bank	1,541	6	3.6
10	JPMorgan	1,344	3	3.1
11	Citigroup	1,200	8	2.8
12	Dubai Islamic Bank	1,022	8	2.4
13	Natixis	735	3	1.7
14	Saudi National Commercial Bank	694	4	1.6
15	Banque Saudi Fransi	600	1	1.4
16	Kuwait Finance House	518	4	1.2
17	BNP Paribas	517	4	1.2
18	Gulf International Bank	500	2	1.2
19	Bank Islam Malaysia	452	4	1.0
20	Kenanga Investment Bank	450	3	1.0
21	First Gulf Bank	422	3	1.0
22	QInvest	345	4	0.8
23	Noor Bank	315	3	0.7
24	Al Hilal Bank	276	4	0.6
25	Abu Dhabi Islamic Bank	244	3	0.6
26	Hong Leong Financial Group	217	6	0.5
27	Barwa Bank	217	3	0.5
28	Commerzbank Group	188	1	0.4
29	Standard Bank	167	1	0.4
30	Sharjah Islamic Bank	150	1	0.4
31	Mitsubishi UFJ Financial Group	149	1	0.3
32	Affin Investment Bank	147	5	0.3
33	Riyad Bank	133	1	0.3
34	Goldman Sachs	133	2	0.3
Total	43,388	132	100.0	



Top Islamic Finance Related Project Finance Mandated Lead Arrangers		12 Months		
Mandated Lead Arranger	US\$ (million)	No	%	
1	Public Investment Fund	2,656	3	31.0
2	Banque Saudi Fransi	456	3	5.3
3	Samba Financial Group	438	2	5.1
4	Sumitomo Mitsui Financial Group	411	3	4.8
5	Al Rajhi Bank	345	2	4.0
6	HSBC Holdings	286	1	3.3
7	Attijariwafa Bank	267	1	3.1
7	BMCE Bank - Banque Marocaine du Commerce Extérieur	267	1	3.1
9	Mitsubishi UFJ Financial Group	248	3	2.9
10	BNP Paribas	234	3	2.7

Top Islamic Finance Related Project Financing Legal Advisors Ranking		12 Months		
Legal Advisor	US\$ (million)	No	%	
1	Allen & Overy	5,944	4	36.4
2	Baker & McKenzie	2,676	1	16.4
3	Clifford Chance	1,489	3	9.1
4	Linklaters	1,320	1	8.1
5	White & Case	811	2	5.0
6	Adnan Sundra & Low	767	1	4.7
6	Zaid Ibrahim & Co	767	1	4.7
8	Chadbourne & Parke	660	1	4.0
9	Salans FMC SNR Denton Group	650	1	4.0
10	Balcioglu Selcuk Akman Keki Avukatlik Ortakligi	266	1	1.6
10	Norton Rose Fulbright	266	1	1.6
10	Pekin & Pekin	266	1	1.6

LEAGUE TABLES

Top Islamic Finance Related Financing Mandated Lead Arrangers Ranking 12 Months

Ranking	Mandated Lead Arranger	US\$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,389	10	13.3
2	First Gulf Bank	937	9	9.0
3	National Bank of Abu Dhabi	893	5	8.6
4	Mashreqbank	679	5	6.5
5	Samba Capital	613	2	5.9
6	Abu Dhabi Commercial Bank	596	5	5.7
7	Dubai Islamic Bank	558	5	5.4
8	Noor Islamic Bank	430	4	4.1
9	Emirates NBD	362	6	3.5
10	Al Hilal Bank	338	5	3.3
11	Standard Chartered Bank	288	6	2.8
12	SG Corporate & Investment Banking	267	2	2.6
12	Credit Agricole	267	2	2.6
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	Arab Banking Corporation	139	3	1.3
25	Barwa Bank	139	3	1.3
26	Commercial Bank International	134	2	1.3
27	Mitsubishi UFJ Financial Group	80	2	0.8
28	Bank Islam Brunei Darussalam	58	1	0.6
28	Ahli United Bank	58	1	0.6
30	Askari Bank	34	1	0.3

Top Islamic Finance Related Financing Mandated Lead Arrangers 12 Months

Ranking	Bookrunner	US\$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,611	6	37.6
2	Samba Capital	1,327	1	30.9
3	Barwa Bank	405	2	9.5
4	Standard Chartered Bank	205	5	4.8
5	Emirates NBD	141	3	3.3
6	Noor Islamic Bank	135	3	3.1
7	Arab Banking Corporation	126	2	2.9
8	Abu Dhabi Commercial Bank	70	1	1.6
9	Mashreqbank	34	1	0.8
9	Askari Bank	34	1	0.8
11	United Bank	30	1	0.7

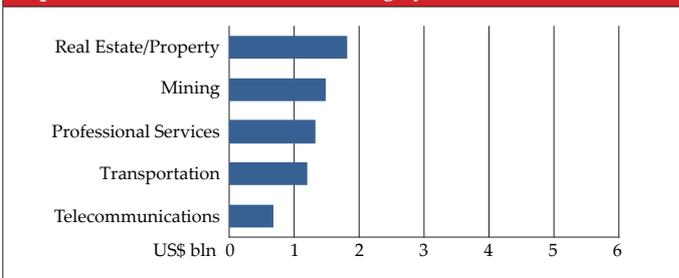
Top Islamic Finance Related Financing Deal List 12 Months

Credit Date	Borrower	Nationality	US\$ (mln)
30 th Jun 2014	Ma'aden Waad al-Shamal Phosphate	Saudi Arabia	2,350
21 st May 2014	Emaar Malls Group	UAE	1,500
19 th Nov 2014	Saudi BinLaden Group	Saudi Arabia	1,327
7 th May 2014	Emirates Steel Industries	UAE	1,300
8 th Sep 2014	Atlantis The Palm	UAE	1,100
26 th Feb 2014	Mobily	Saudi Arabia	761
24 th Dec 2014	National Central Cooling - Tabreed	UAE	706
31 st Jul 2014	Emirates Airlines	UAE	425
10 th Nov 2014	Zakher Marine International	UAE	420
14 th Feb 2014	Gulf Marine Services	UAE	410

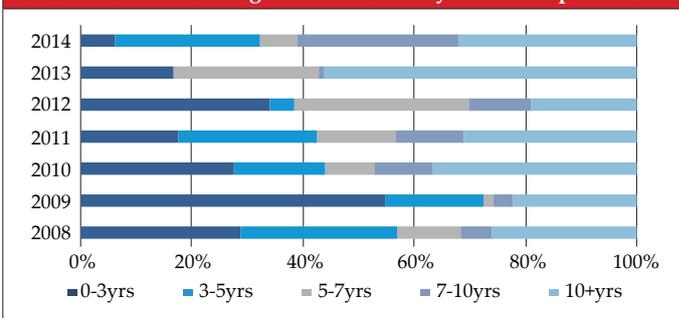
Top Islamic Finance Related Financing by Country 12 Months

Ranking	Nationality	US\$ (mln)	No	%
1	UAE	5,064	13	48.6
2	Saudi Arabia	3,705	4	35.6
3	Turkey	573	2	5.5
4	Qatar	350	1	3.4
5	India	272	1	2.6
6	Sri Lanka	150	1	1.4
7	Pakistan	138	1	1.3
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

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REDmoney events

MARCH 2015

18 th	IFN Student Forum (ASIA)	Kuala Lumpur, Malaysia
25 th	IFN Qatar Forum	Doha, Qatar

APRIL 2015

1 st	IFN Investor Forum	Dubai, UAE
2 nd	IFN US Investor Forum	Dubai, UAE
22 nd	IFN Indonesia Forum	Jakarta, Indonesia

MAY 2015

TBC	IFN Iran Forum	Tehran, Iran
25 th – 26 th	IFN Asia Forum	Kuala Lumpur, Malaysia

JUNE 2015

10 th	IFN Europe Forum	Luxembourg
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SEPTEMBER 2015

13 th	IFN Issuer Forum	Dubai, UAE
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OCTOBER 2015

5 th	IFN Kuwait Forum	Kuwait City
27 th	IFN Africa Forum	Cairo, Egypt

NOVEMBER 2015

17 th	IFN Turkey Forum	Istanbul, Turkey
30 th	IFN Saudi Arabia Forum	Riyadh, Saudi Arabia

REDmoney training

JANUARY 2015

12 th –13 th	Shariah Audit for Islamic Investment & Capital Market Instruments	Kuala Lumpur, Malaysia
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22 nd	IFSA 2013 & Islamic Banking Deposits	Kuala Lumpur, Malaysia
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26 th –27 th	Managing Operational Risk in Trade Finance	Kuala Lumpur, Malaysia
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28 th –29 th	Structuring Bank Payment Obligations	Kuala Lumpur, Malaysia
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FEBRUARY 2015

1 st –3 rd	Derivatives & Options Masterclass	Dubai, UAE
----------------------------------	--	------------

3 rd –5 th	Shariah Governance & Islamic Law of Business Transactions	Dubai, UAE
----------------------------------	--	------------

10 th	IFSA 2013 and Islamic Investment Accounts	Kuala Lumpur, Malaysia
------------------	--	------------------------

10 th –11 th	Ethical Banking, Sustainable & Responsible Investment (SRI) Sukuk	Kuala Lumpur, Malaysia
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11 th –12 th	Anti-Money Laundering & Compliance	Dubai, UAE
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15 th –17 th	Understanding, Developing & Marketing Takaful Products	Dubai, UAE
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