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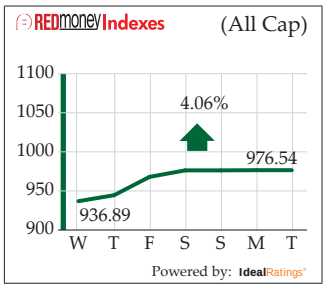


COVER STORY

2nd September 2015 (*Volume 12 Issue 35*)

Peerless potential: New adventures in alternative finance

Crowdfunding has been a hot topic for IFN over the past year, and we've worked hard to promote the exciting prospects that the sector could offer the Islamic finance industry. Now, however, the market is evolving yet further — with new developments in peer-to-peer (P2P) platforms and innovations in product offerings opening up a whole new horizon of opportunity. LAUREN MCAUGHTRY looks at the latest adventures in alternative finance.

A world of opportunity

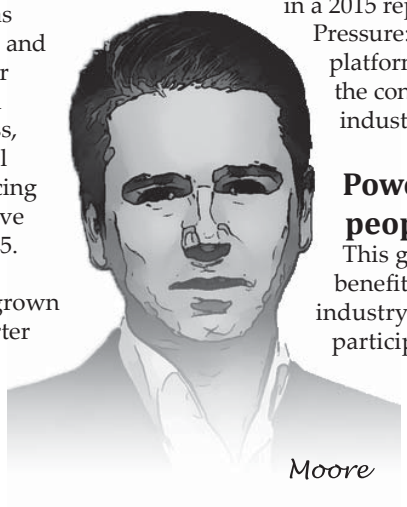
Global crowdfunding volumes accelerated yet again last year, expanding by 167% to reach US$16.2 billion raised, up from US$6.1 billion in 2013, according to the latest industry figures from Massolution. This year, the industry is set to more than double once again, with an expected US$34.4 billion raised — pushing crowdfunding volumes beyond those of the global venture capital industry, which invests around US$30 billion annually. The World Bank in 2013 estimated that by 2025, the global crowdfunding market could reach between US$90-96 billion — 1.8 times the size of the current venture capital market. There is no doubt that the sector is becoming a force to be reckoned with. But how is it evolving — what new trends are emerging and with increasingly robust regulation, clarification and documentation, what direction is this evolution taking?

Right now, one of the most exciting aspects of the industry is its impact on investor involvement, entrepreneurship and egalitarian access. Last year, business and entrepreneurship remained the most popular crowdfunding category, according to Massolution, raising US$6.7 billion or 41.3% of the global total (followed by social causes at US$3.06 billion, films and performing arts at US$1.97 billion, real estate at US$1.01 billion and music at US$736 million).

P2P possibilities

This focus on entrepreneurship and SME support, as well as increasing acceptance from and involvement with the wider financial infrastructure and growing investor awareness, has driven a boom in global P2P or 'marketplace' financing — which is estimated to have reached US$9 billion in 2015. US P2P lending platforms' origination volumes have grown an average of 84% per quarter since 2007 and while projections for the future vary, one venture capitalist has projected volumes as high as US$1 trillion by 2025. PwC expects the segment to reach US$150 billion by 2025, while the International Organization of Securities Commissions estimates that global P2P originations could exceed US$70 billion within the next five years.

This new sector is benefiting not only from the growth and reach of new technology solutions and popularity of crowdfunding channels, but from an urgent need to source alternative methods of financing to the traditional banking methods. "P2P platforms seem to have found a niche by offering borrowers an improved lending experience — and they're quickly gaining momentum," noted PwC in a 2015 report entitled 'Peer Pressure: How peer-to-peer platforms are transforming the consumer lending industry'.



Power to the people

This growth can only benefit the Islamic finance industry — as long as participants are proactive in grasping the opportunity. "At its absolute

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DEALS

Indonesia sovereign Sukuk auction receives higher-than-expected bids

Noor Bank to invest more than US$500 million in Indonesian sovereign Sukuk as it seeks to increase its Islamic assets

Turkiye Finans and **Albaraka Turk** looking to raise lira-denominated Sukuk

Puncak Niaga Holdings to make Sukuk payment on the 17th September

Sunway Treasury Sukuk to sell Islamic papers Series 11

Saudi Electricity Company turns to Sukuk to raise up to US$1.5 billion to fund capital projects

Government of Indonesia prepares to issue IDR12.2 trillion (US$856.44 million) in sovereign Sukuk in 2016 to fund infrastructure projects

Al Othaim Real Estate and Investment Co issues debut Sukuk

International Finance Corp to hold Sukuk roadshow; obtains preliminary top rating for proposed US dollar issuance

TSH Sukuk Ijarah issues RM30 million (US$7.11 million) facility; fully subscribed

NEWS

First National Bank inaugurates new branch in Dar es Salaam

Ghana could welcome first Islamic bank before December

International Islamic College and **Islamic Banking and Finance Institute** sign MoU on academic collaboration

National Australia Bank provides debut onshore Islamic financing deal for **Crescent Wealth**

Ramly Food Industries secures syndicated financing worth RM274 million (US$64.77 milllion) with **Agrobank** and **Bank Pembangunan Malaysia**

Commercial Leasing and Finance introduces **CLC Islamic Finance** to Sri Lankan community

Bank Simpanan Nasional converts deposit products to Wadiah structure

Filipino legislator files bill to enhance Islamic banking framework

Meezan Bank expands with new branch in Darul Uloom

First French Islamic bank opens doors in Paris

Gulf private equity firms compete for majority stake in **Al Raya for Foodstuff Co**

Malaysian experts study Islamic banking possibility in Russia as the Federation keen to collaborate

Iranian banks to resume operations in the UK

Noor Bank teams up with **Dubai Properties** to offer Shariah compliant property financing options

ASSET MANAGEMENT

Tharawat Investment House to liquidate **Tharawat Sukuk Fund Company**

EIIB-Rasmala announces initial closing of Rasmala Leasing Fund 2; targets US$125 million in capital commitments

Public Mutual announces over RM185 million (US$44.03 million) in distributions for 11 funds

TAKAFUL

Jubilee Insurance launches Takaful business for Pakistani market

RATINGS

MARC affirms 'AA-IS' rating on **Kimanis Power**'s Sukuk program

Capital Intelligence affirms **Gulf Finance House**'s rating with stable outlook

Capital Intelligence affirms Egypt at 'B-' and 'B' with a stable outlook

Fitch affirms Qatar's ratings with a stable outlook

Bahrain Mumtalakat's Sukuk rating downgraded in line with sovereign rating revision

Bahrain to face challenges in fiscal consolidation as oil prices remain weak, says **RAM**

Sarawak Energy maintains 'AA1/Stable' rating on RM15 billion (US$3.57 billion) Sukuk program

RAM withdraws rating of **KLIA**'s guaranteed issue

Oman's government financing needs grow amid low oil prices

Bangladesh receives 'BB-' ratings from **Fitch**

MOVES

Al Salam Bank Bahrain's Janaka Mendis joins **Ibdar Bank** as CFO

Azhar Zabidi to lead **Capital Markets Malaysia** as CEO

Markus Blenntoft joins **K&L Gates** as banking and asset finance partner in Singapore office

Qatar Financial Center names Hamed Al-Saadi as chief financial officer and tax officer

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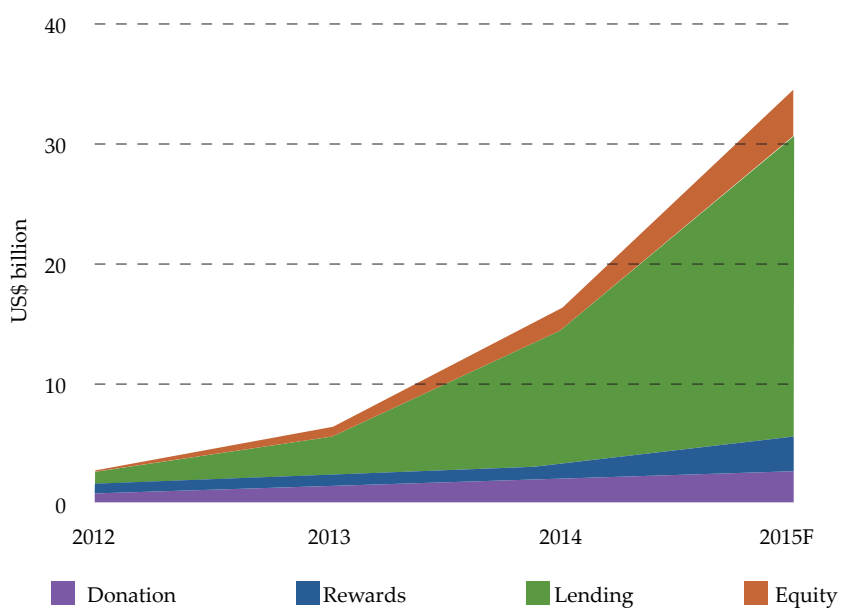
fundamental level, when you look at peer-to-peer and combine it with Islamic finance, you are really pulling together the essence of Islamic finance — it is a natural progression and one which offers a real, new and incomparable opportunity for the sector to truly grow into an influential power in the global marketplace," explained Craig Moore, the founder and CEO of UAE-based P2P platform Beehive, which recently received Shariah compliance certification.

> ***"P2P platforms seem to have found a niche by offering borrowers an improved lending experience — and they're quickly gaining momentum"***

"It's about opening up new opportunities through technology: and for individuals to access opportunities that were not previously available to them — opportunities that perhaps before we limited to PE or VC involvement," he elaborated to IFN. "This offers a far more egalitarian price point: regardless of the sum of investment they can still get involved."

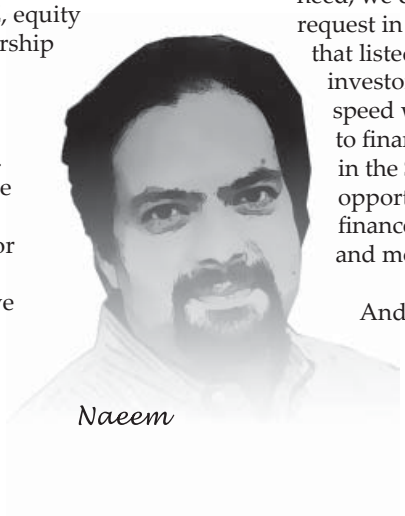
Sam Quawasmi, the managing director and co-founder of Dubai-based platform Eureeca, agrees. "Eureeca is not an Islamic platform but private equity investing (the type of investing conducted through Eureeca) — with its risk-sharing among investors and issuers and interest-free financing — [and] is largely aligned with the principles of Islamic finance," he told IFN. "Islamic banking/finance is a multi-trillion dollar industry so there is clearly a demand for Islamic products and thus a space for Islamic platforms to operate."

Chart 1: Crowdfunding growth 2012-15



Source: 2015F The Crowdfunding Industry report (massolution.com)

Naeem Randhawa, the founder and CEO of US-based Shariah compliant real estate crowdfunding platform HalalSky, explained to IFN that the crowdfunding trend was also opening up broad new horizons for platforms like his — and the benefits are equally attractive. "HalalSky heralds a new wave of global Shariah-based investing, it is the next disruptive ideology to open the floodgate to the everyday investor to participate in equitable, Halal, and value-based opportunities. The payment revolution is here, and everyone from private investors to Wall Street are taking notice." Real estate crowdfunding grew 156% in 2014, passing the US$1 billion mark, with further growth expected — and niche areas like these, along with the broader SME, equity and entrepreneurship platforms, are revolutionizing access to the finance industry. "For the first time in history, the everyday investor now has direct access to lucrative opportunities traditionally reserved for institutions and the wealthy. No more interest-bearing good ol' boys bankers needed… and the winner is the value-based Halal investor."



No-brainer benefits

So what are the real benefits to P2P participants? "The first is the cost of finance — how much is it costing the businesses. They are keenly aware of that and looking to get the best possible pricing," explained Moore. "We are typically seeing savings of between 25-30% on their cost of finance, and that becomes quite material."

The second issue is time to finance. "If we get all the necessary information we need, we can turn around a financing request in a couple of days, and have that listed on our marketplace for investors to look at and invest in. The speed with which they can get access to finance is particularly critical in the SME space — if they see an opportunity, they need access to finance in days and weeks, not weeks and months," said Moore.

And the third issue is flexibility. Beehive, for example, offers an innovative

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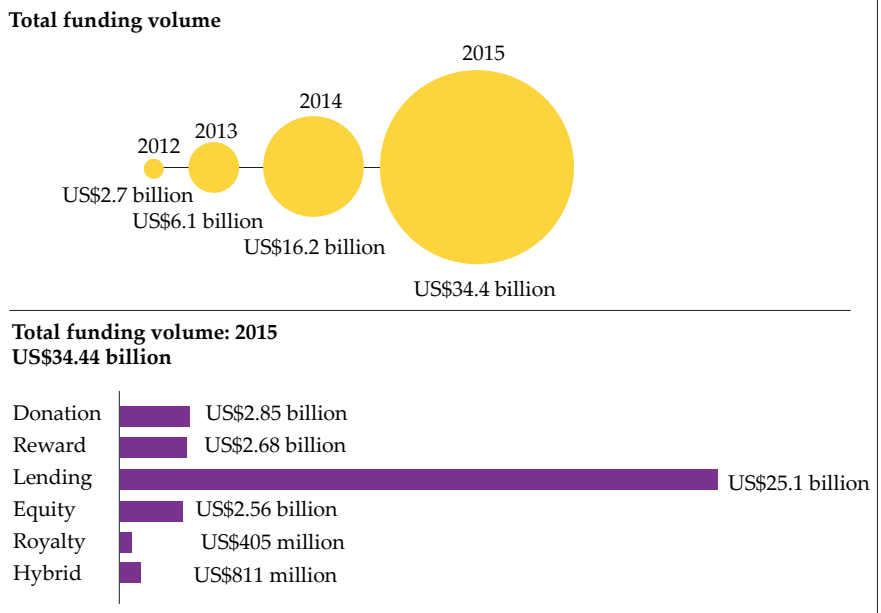
Chart 2: Crowdfunding industry growth figures, as reported by Massolution



Growth by crowdfunding model prediction for 2015 in US$ millions (research-based estimate)
Source: 2015F The Crowdfunding Industry report (massolution.com)

range of products including invoice financing (helping SMEs manage cash flow by closing the gap between invoice issuance and receipt of payment), business financing (helping SMEs who are seeking financing of over AED100,000 (US$27,218.4)), a marketplace for investors to make bids related to specific finance requests (using a 'reverse auction' process which lowers the overall financing rate for the business while still giving investors the opportunity to lock in the rate of return they want) and a secondary market (allowing investors to release their invested funds before they reach their full term, by transferring the outstanding capital to another investor on the platform). In addition, the business does not charge early repayment fees — compared to banks, which can charge anything between 2-5% for early repayment of financing. "That offers great flexibility for SMEs. It's all about helping people," said Moore.

SME support

"As a medium-sized, rapidly growing business, one of the major issues plaguing us was a lack of financial support. Dealing with banks presented an endless battle of unreasonable rates, paperwork and time delays," said Wadih Haddad, the founder and CEO of The Box, a UAE-based self-storage company, about his Beehive activity. "Luckily Beehive did a good deal of the grunt work for us. They provided us with cheaper, quicker and more flexible finance, and as a result we saved around 30% on our financing costs. This meant that we could spend more money on growing our business and less time on red tape." Vishaal S Shah, CEO of Panache International, agreed. "The speed of Beehive's financing process came as a sharp contrast to the months we had previously spent anticipating responses from banks. The way the process was conducted also allowed us to assess our business from a variety of angles and reconfirmed to us that we were on the right path."

These advantages are vital in attracting businesses to the platform — and enabling platforms such as Beehive and its peers to provide a whole new channel of much-needed financing to the small business sector. SMEs are critical to GDP, employment and growth prospects – especially in many Muslim countries – and yet (according to Beehive figures) they account for only 3-4% of bank lending, with bank rejection rates standing at between 50-70%. The International Finance Corporation (IFC) estimates the current SME funding gap in the MENA region to be at least US$260 billion — driving an urgent need for alternative finance solutions.

"There is considerable interest in equity crowdfunding in the GCC, which is home to the largest percentage of investors using the Eureeca platform," noted Quawasmi. "The GCC and wider Middle East are experiencing an explosion of entrepreneurial activity. The rise in the number of SMEs means that there must be an increasingly larger pool of capital to fund them. This is where equity crowdfunding and alternative finance come in."

> ***"Islamic banking/ finance is a multi-trillion dollar industry so there is clearly a demand for Islamic products and thus a space for Islamic platforms to operate"***

Lending a hand

Currently, however, lending holds by far the lion's share of the crowdfunding market — an estimated US$25.1 billion out of the US$34.4 billion expected this year — and this could be problematic for Islamic players, with interest on loan financing presenting a stumbling block and equity platforms proving at the moment to be of more interest to the Shariah compliant component. However, developments are apace and the industry already has its own Shariah compliant P2P lending platform in the form of Liwwa, an Amman, Jordan-based business that was launched in 2013 by two Palestinian entrepreneurs: Ahmed Moor and Samer Atiani. The platform is based on Murabahah and Ijarah transactions — business owners create a profile, list their loan application,

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and then make monthly repayments to the investors. "The transaction structure is fully Shariah compliant because the capital exchange occurs around an asset," explained Ahmed to ArabNet at the launch of the platform. "And the profit rate that investors receive is like the profit rate that any merchant receives when they buy a wholesale good and sell it to you in the store. For investors, they know exactly how much they're getting in return and when. They can model the returns on their investments. In that sense, Liwwa is more like a bond than a stock investment."

> ***"It is about ensuring that you are educating your investor base, so they understand that their capital is at risk. It is also about ensuring that the investors are diversified"***

East meets west

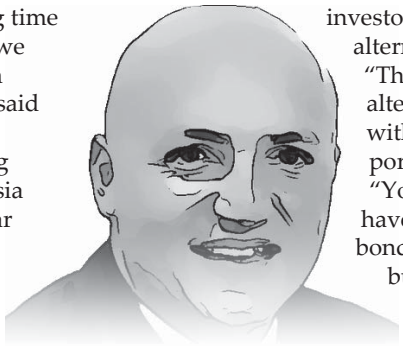
But expansion is not limited to the MENA region. The US currently leads the P2P pack, with around US$5.5 billion P2P loans issued in 2014, but other markets are rapidly gaining ground. By 2016, the P2P market in the UK is expected to reach GBP5 billion (US$7.7 billion), growing to GBP36 billion (US$55.44 billion) by 2025. And on the other side of the globe: "Surprises materializing from this year's research included the astounding growth in the P2P and P2B lending market in Asia," noted Massolution founder and CEO Carl Esposti at the launch of their latest report on the crowdfunding sector.

Asian crowdfunding volumes grew by 320% in 2014, to US$3.4 billion — putting it ahead of Europe (US$3.26 billion). The Asian market represents a compelling prospect for investors, and participants are quick to grasp its opportunities. "We have two fundamental tenets to our proposition — one is as an emerging markets player, and the other is Shariah compliance," explained Moore. "This is a great opportunity not only in the Middle East but also in Asia. There is a huge appetite for Islamic finance products, and there is a lot of liquidity in the Islamic finance space – but not a lot of spaces outside of property in which to invest. We think this is very exciting and gives us a good opportunity to connect east and west: through matching liquidity to investment opportunities."

Malaysia in particular is emerging as a highly desirable destination, with new legislation and a supportive regulator encouraging growth. In June, the Malaysian Securities Commission approved six equity crowdfunding (ECF) platforms out of 27 applicants, giving them authority to start their operations by the end of the year. The winners included Alix Global, Ata Plus, Crowdonomic, Eureeca, PitchIN and Propellar Crowd+ — many of which have international support. Alix Global is in partnership with FundedByMe, a Swedish platform, while Crowdonomic has US and Japanese backing as well as a presence in Singapore. Eureeca, based in Dubai, is regulated by the UK's Financial Conduct Authority, while Propellar Crowd+ has partners from Hong Kong, China, Taiwan, China and New Zealand — demonstrating the breadth and depth of regional interest.

Exciting expansion

Dubai-based Eureeca is one of the biggest and earliest arrivals to the party, with over 10,000 registered investors, a 43% repeat investor rate, a 40% campaign success rate and the largest network of angel investors in the Middle East. "It's an exciting time for us at Eureeca as we are really focused on market expansion," said Quawasmi to IFN. The firm is launching operations in Malaysia by the end of the year and expects to be listing businesses from Egypt in the coming months as well as opening an office in Amsterdam in 2015. "This market expansion will prove to be of great benefit to our investors and entrepreneurs from these markets that are raising funds. Investors will have access to deals from an increasing variety of markets so they can further diversify their portfolios via the Eureeca platform. For businesses raising funds, Eureeca's market expansion means access to an ever-growing network of investors, which will translate to more money being available and more door-opening connections to be made from external markets," he explained.



Quawasmi

Beehive also has plans to expand into Asia and beyond. "Over the next six months, we will certainly be looking to launch in another jurisdiction or two," Moore exclusively revealed to IFN. "We are looking at a number of markets, especially in Asia, and including Malaysia. There is a broad awakening to the general principles of crowdfunding in many of these markets, and there is a natural attraction to markets where the regulators are trying to help the economy grow through these channels." Beehive has also chosen to create an Asian platform with Thailand, as the gateway to its regional expansion. "On the Shariah side, many western markets are now quite comfortable with peer-to-peer and crowdfunding, so to offer finance within a Shariah compliant structure in these markets also has some attraction for us," continued Moore.

Portfolio theory

One of the key reasons for the success of the sector is its position in the wider alternative finance landscape. "Investors are looking for a way to diversify their portfolios and seek healthy returns by investing in private equities," explained Quawasmi. The platforms may not play the same role as banks, but they offer investors valuable access to an alternative investment model. "This is a valid part of an alternative investment strategy within a diversified investment portfolio," agreed Moore. "Your average investor will have money in stocks, shares, bonds, mainly safe investments, but they may have 15-20% in slightly riskier alternative

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investments with a higher return, such as private equity or real estate. No one should really be putting more than 3-5% of their net wealth on a platform like this, but it gives them a good opportunity to increase their returns overall across their portfolio."

So how are investors protected should it all go belly-up? Even good businesses can fall on hard times and there's no guarantee of success. Beehive has around 160 criteria for risk assessment, but at the end of the day: "It is about ensuring that you are educating your investor base, so they understand that their capital is at risk. It is also about ensuring that the investors are diversified," explained Moore.

> ***"Some of the more progressive banks will certainly look at platforms like these as an opportunity, in order to broaden their reach and touch base with more customers who are attracted by the benefits of using a peer-to-peer platform"***

Joining the dots

As the sector grows, there is no doubt that it will find its place in the broader financial firmament — and there are signs that a firm footing is already being established, with financial institutions increasingly attending to the advantages of involvement. Investors, businesses, and governments are becoming increasingly aware of the benefits of equity crowdfunding and the wider field of alternative finance, and they are embracing them accordingly. As the various models continue to prove themselves, investors become more comfortable investing larger and larger sums of money, businesses are more keen to use them for their raises, and governments and their regulators are promoting them in their markets.

"Equity crowdfunding, P2P lending, rewards crowdfunding, invoice financing are just some of the models that fall under the umbrella of alternative finance. They are all viable and suited to different financing requirements, stages of development, capital structure, to name a few," said Quawasmi. "We anticipate that the equity crowdfunding industry will become increasingly globalized. We also expect that the deal sizes are going to get larger. This is because of the growing confidence in the model among more mature businesses that will be raising larger sums of money and among investors who will be investing larger sums to meet this demand."

And with this growth will come integration and collaboration. "My view is that you will find a lot of collaboration between crowdfunding platforms and private equity, venture capital firms – including a sharing of knowledge across the ecosystem," thinks Moore. In the US, around 80% of P2P funding already comes from institutional investors, including at least 12 funds that have committed to buying US$200 million or more in P2P platform assets — suggesting that the big players have already cottoned onto the size of the opportunity.

Big banking business

So what role can banks and existing financial institutions play in this burgeoning industry? While it may seem as if they face little danger from such a niche sector, the astonishing growth figures suggest it might be time they started to look over their shoulder at the upcoming competition. But will competition or collaboration be the name of the game when it comes to the traditionalists? Might financial institutions start to actually get involved with their own offerings?

Financial institutions could collaborate – by investing on the platforms themselves or directing their clients towards it. They could white-label their own P2P offering, or co-brand with an existing platform. Or they could compete directly, developing their own proprietorial platform. But will it really ever happen? "I think you will find that some of the more progressive banks will certainly look at platforms like these as an opportunity, in order to broaden their reach and touch base with more customers who are attracted by the benefits of using a peer-to-peer platform," said Moore. "Over the next couple of years, we will see a lot more banks and platforms teaming up, creating more formal relationships, perhaps the acquisition of platforms by banks. I wouldn't be surprised if some of the big banks are already looking at getting into this space in a big way. We are all trying to solve the same problem – it comes down to what the most efficient way is to solve that problem."

A bright future

The industry is growing and the opportunities are almost endless — but that is not to say that challenges do not exist, and not everyone will succeed. Ultimately, the P2P and crowdfunding business is highly transparent and relatively low margin — the fees are low and achieving scale is essential. "It's about making a splash and then building on that success," explained Moore. "Really, it's a classic technology start-up play." But the rewards look to be worth the risk — Beehive expects to raise between AED70-80 million (US$19.05-21.77 million) next year, and believes the marketplace in the GCC alone to be worth tens of billions.

Naeem of HalalSky agrees that the potential is spectacular. The platform expects to close on a dozen private placements, starting with the Texas market, and opening to other markets. Primary properties are single residence, but by early next year the firm thinks it will need to start offering multi-unit and commercial properties, as demand is already coming in for diverse assets — and is hopeful that the US regulations (Title III) will bring about easier access to more investors. "We expect sustained growth for the foreseeable future," confirmed Naeem. "The sky is the limit — and so far, that's been echoed by investors!"

It seems that when it comes to alternative financing, the only limit to its potential for the Islamic finance industry is imagination.

Peer-to-peer platform Beehive gains landmark Shariah certification

Exclusively talking to IFN, we can reveal that Beehive, the UAE's leading online marketplace for peer-to-peer (P2P) finance, has received certification from the Shariyah Review Bureau (SRB) — making it the first P2P platform in the world to independently confirm that its processes are Shariah compliant. LAUREN MCAUGHTRY writes.

The step is significant for the rapidly growing P2P and crowdfunding sector, which is itself widening the horizons for available financing and expanding opportunities across the Islamic finance industry. "We are pleased with the confidence Beehive has placed in our comprehensive Shariah supervisory services and we look forward to helping them further develop their Islamic finance offer," said Yasser S Dahlawi, CEO at SRB.

The Beehive platform uses peer-to-peer finance, based on crowdfunding technology, to directly connect investors with creditworthy businesses seeking working capital to grow their business. Shariah compliant finance requests are processed under a commodity Murabahah structure, using the DMCC Tradeflow platform operated by the Dubai Multi Commodities Center. With a minimum investment limit of AED100 (US$27.23) and targeted monthly returns of between 8-20% APR, the platform has already attracted over 1,500 investor registrations, and according to the firm this number continues to rise. For the businesses themselves, the platform can provide a potentially lower cost of financing, as well as advantages such as innovation of financial products, simplicity of structure and speed to market — making it an attractive alternative to traditional forms of bank financing.

Global P2P financing, or 'marketplace financing', is estimated to have reached US$9 billion in 2014 and expected to top US$1 trillion by 2025, making it one of the fastest-growing sectors in the global financial market. With its methods already closely aligned to Islamic principles, especially in the areas of equity financing, it also offers an exciting chance to grow and develop Islamic financing opportunities through alternative and innovative methods. As the first online marketplace for P2P finance in the UAE, and with over AED15 million (US$4 million) in financing already channeled to over 30 SMEs less than a year since its launch in November 2014, the message of support and commitment represented by the Beehive Shariah certification is compelling.

"We are proud to offer Islamic investors the opportunity to ethically invest in some of the most innovative SMEs in the UAE," said Craig Moore, the founder and CEO of Beehive. "Dubai is recognized as the global Islamic finance capital, and we are proud to support this vision by offering smart, Shariah compliant investment options to investors, that directly support economic growth and employment in the country."

> ***"Global P2P financing, or 'marketplace financing', is estimated to have reached US$9 billion in 2014 and expected to top US$1 trillion by 2025, making it one of the fastest-growing sectors in the global financial market"***

Fund Focus: Rasmala Leasing Fund 2

EIIB-Rasmala this week announced the initial closing of its Rasmala Leasing Fund 2, a fund that was launched in line with the group's renewed asset management-focus strategy. VINEETA TAN brings you a look at the firm's latest addition.

Targeting to attract US$125 million in capital commitments, the new fund builds on the phenomenal response for the Rasmala Leasing Fund 1 introduced last year at a time when the firm was looking to diversify and expand its portfolio which comprised mainly of equity and fixed income as well as real estate investment products.

"In response to the success of this initial fund, the positive feedback we received from investors, and on the basis of the income generating and overall return potential from equipment leasing, we launched the Rasmala Leasing Fund 2," confirmed Eric Swats, the head of asset management at EIIB-Rasmala. According to Swats, the maiden fund generated over US$60 million in capital contributions and investments and as of the 1st August 2014, distributed US$7.41 million to investors.

With an internal return rate of 6-7% and a minimum targeted annual cash distribution of about 8.5%, the fund is suited for investors seeking stable, low-risk and attractive returns from investments in asset-backed equipment leases with predominately US-domiciled high-quality corporate credit lessees.

Reaching record growth in 2013 and 2014, equipment financing in the US (of which leasing is a single large form of commercial finance for equipment) is indeed a lucrative asset class with the Equipment Leasing & Finance Foundation projecting a 5% investment in equipment this year. Rasmala's new fund will focus on low-obsolescence equipment leases in a wide range of items including rail, manufacturing, material handling, mining, construction, logging, machine tools and trailers.

2015's largest Sukuk in the works

The tepid Malaysian Sukuk market is poised to receive a significant boost over the next few months as Southeast Asia's largest power company plans what is looking to be the year's largest Islamic bond sale. VINEETA TAN zooms into the deal.

Electric utility company Tenaga Nasional (TNB) has revealed that it will be turning to the Islamic debt capital market to raise up to RM10 billion (US$2.4 billion) in nominal value through its subsidiary Jimah East Power (JEP) to fund the development of a power plant it earlier procured from the controversial sovereign wealth fund, 1Malaysia Development (1MDB).

Incorporated in 2013 by 1MDB and Mitsui and Co as an SPV to develop a 2,000MW coal-fired power plant in the state of Negeri Sembilan scheduled to be operational in the second half of 2019, JEP's 70% stake was acquired by TNB for approximately RM46.98 million (US$11.22 million) in July this year, with Mitsui's 3B Power holding the remaining 30% stake.

> ***"The international Sukuk market would remain subdued especially with investor sentiments toward Malaysia — the world's largest Sukuk market by volume — taking a negative turn"***

The Sukuk Murabahah, if issued for the maximum RM10 billion, would see TNB's consolidated gearing (based on 2014 balance sheet) increase to 42% from 37% (before taking into consideration the use of proceeds and expenses associated to the Islamic facility).

The Malaysian (and global) Sukuk market this year has been significantly affected due to a confluence of macroeconomic conditions and lingering uncertainties which saw rating agencies revising their forecast of Sukuk issuance volume to assume a more moderate outlook; S&P last month halved its global projections from US$110-115 billion to US$50-60 billion. While oil price volatility and uncertainties over the Federal Reserve's quantitative easing plan persist, coupled with the more recent plummeting of the ringgit, the international Sukuk market would remain subdued especially with investor sentiments toward Malaysia — the world's largest Sukuk market by volume — taking a negative turn. That being said however, market observers have noted that the ongoing (and planned) infrastructure development needs of the country will continue to support the Sukuk sector.

Pakistan moving toward single national stock exchange

Pakistan may soon welcome a unified single stock exchange as the Republic's three bourses have agreed in principle to integrate their operations as the frontier market gears itself to attract more capital, including those from abroad, and bolster its competitiveness in the face of stiff international competition. VINEETA TAN reports.

The proposed consolidation exercise of the Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange has long been discussed in the Muslim country culminating in the formation of an expert committee on demutualization and integration in 2004. The Securities and Exchange Commission of Pakistan (SECP) confirmed that a formal memorandum with regards to the formation of a Pakistan Stock Exchange was due to be signed on the 27th September 2015.

This move by the South Asian nation is part of a broader strategy to develop its capital markets and wider economy. Earlier this month, the SECP implemented a nationwide initiative to establish capital market hubs in non-Tier 1 cities as a means to broaden the investor base by easing access to capital markets and non-bank financial services with the end goal of bolstering its capital markets, both Islamic and conventional (See IFN Report Vol 12 Issue 32: 'SECP moves beyond main financial centers; targeting smaller cities to bolster capital markets').

The development of Pakistan's capital market is commendable as the country wrapped up the year 2014 as the best-performing frontier market according to MSCI measures, and the index provider is likely to elevate Pakistan's status to emerging market in 2016, a testament to its solid growth and robust potential.

Demutualizing and integrating the local bourses into a single platform is the next step for Pakistan in line with the government's goal of creating a fair, efficient and transparent market in

> ***"Streamlining the markets would increase its competitive advantage in securing a larger share of global economic capital"***

compliance with international best practices and standards. Streamlining the markets would enable investors access to geographical neutral trading, custody and settlement services and is anticipated to increase its competitive advantage in securing a larger share of global economic capital.

Sovereign Sukuk: Indonesia doubles its volumes

Over the past week, the sovereign Sukuk market was lively with back-to-back news on Indonesian deals. The Republic issued its regular project-based Sukuk, announced its plans for 2015, and revealed one of its major international Sukuk investors. As usual, NABILAH ANNUAR keeps up with the latest developments in the sovereign arena.

Following the recent auction of its project-based Sukuk series and Islamic treasury bills series held on the 25th August 2015, the government of Indonesia awarded IDR2.5 trillion (US$176 million) of its Sukuk which received total incoming bids of IDR6.31 trillion (US$444.08 million). In a statement on the Ministry of Finance's website, the highest bid-to-cover ratio was 3.8 for the SPN-S 05022016 series.

Tapping the Indonesian market, the UAE's Noor Bank will be investing more than US$500 million in Indonesian state Sukuk as the bank seeks to increase its Shariah compliant asset holdings, including those from emerging market countries, confirmed Robert Pakpahan of the Ministry of Finance to IFN. Indonesian finance minister Bambang Brodjonegoro further said that the Sukuk will be in the form of a private placement and the bank would realize returns from its purchase as soon as possible this year.

Meanwhile, the government of Indonesia is preparing to issue Sukuk in 2016 amounting to IDR12.2 trillion (US$856.44 million) which will be used to finance several strategic infrastructure projects such as road and railway constructions.

Upcoming sovereign Sukuk

Country	Amount	Expected date
Ivory Coast	XOF300 billion	Fourth quarter of 2015
Sindh Province	US$200 million	TBA
Oman	US$1 billion	2015
Kazakhstan	TBA	2016
Turkey	US$1.1 billion	TBA
Bangladesh	TBA	TBA
Hong Kong	US$500 million to US$1 billion	TBA
Ningxia Hui Autonomous Region	US$1.5 billion	TBA
Kenya	TBA	2016
South Africa	TBA	2016
Senegal	TBA	TBA
Niger	XOF150 billion	TBA
Tunisia	US$500 million	2015
Jordan	JOD400 million	2015
UAE	TBA	2015
Luxembourg	TBA	TBA

According to Katadata, the Ministry of Finance has approved the issuance of Sukuk and there will be a total of 120 road and railway construction projects that will be funded by this Sukuk. The Ministry of Public Works and Public Housing through the Directorate General of Bina Marga and the Transport Ministry through the Directorate General of Railway will work on these projects.

Data from the Directorate of Transportation of the National Development Planning Agency (Bappenas) shows that the Sukuk issued for road construction next year will reach IDR7.22 trillion (US$506.84 million), whereas railway construction will be allocated approximately IDR4.9 trillion (US$343.98 million).The largest financing worth IDR670 billion (US$47.03 million) will be used for road and bridge constructions in Papua Province, while the construction of an elevated railway track in Medan will be the biggest railway project worth IDR1.4 trillion (US$98.28 million). Directorate General of Bina Marga will hold an early tender for the 2016 fiscal year projects amounting to IDR28.3 trillion (US$1.98 billion).

While Indonesia adjusts its sails to improve its infrastructural facilities and financial landscape via Sukuk, the sovereign Islamic bond market waits on other governments to jump on the boat.

STMB diversifies distribution channel to bolster Takaful penetration rate

VINEETA TAN writes how the partnership between one of the largest Takaful operators in Malaysia and RHB Islamic in the backdrop of a growing number of bancaTakaful arrangements is indicative of Islamic insurers showing no signs of abating their efforts to widen their reach and increase their market share.

Syarikat Takaful Malaysia (STMB) revealed this week that it has entered into a 10-year bancaTakaful agreement with RHB Islamic Bank under which the bank will distribute the operator's Family and General Takaful products for a total service fee of RM110 million (US$25.84 million).

"The bancaTakaful service agreement is not expected to have any material effect on earnings and earnings per share of STMB group for the financial year ending the 31st December 2015 but is expected to contribute positively to the future earnings of STMB group," the insurer noted in a bourse filing.

STMB's strategic decision follows a slew of similar partnerships in recent months by its peers including Great Eastern Takaful with both Al Rajhi Malaysia and Bank Muamalat Malaysia, moves which build the momentum toward doubling the country's bancaTakaful penetration rate to 10% as targeted by the central bank.

> ***"Despite commanding the world's largest Family Takaful market share, Malaysia intends to up the penetration rate of life insurance and Family Takaful to 75% from 54%"***

Despite commanding the world's largest Family Takaful market share, Malaysia intends to up the penetration rate of life insurance and Family Takaful to 75% from 54% (2013) and Bank Negara Malaysia in a concept paper highlighted the need to diversify distribution channels to meet that target. Apart from making available pure protection products via direct channels and incentivizing the growth of financial advisors, the regulator emphasized the need to form alliances with Islamic banks to capitalize on their extensive network.

Holding about three quarters share of total gross Takaful contributions in ASEAN, Malaysia's total net contribution of Family Takaful reached RM4.5 billion (US$1.06 billion) in 2014 according to EY.

IFN Weekly Poll: Will India's need for infrastructure funding finally open the doors to Islamic finance?

This week IFN takes a look at India; at the possibility of finally seeing Islamic finance take off in the country. The Ministry of Finance earlier this year announced that the national budget would focus on the development infrastructural amenities in the country, spending an additional INR700 billion (US$10.54 billion) on roads, railways, ports and other projects next year. With a view to unblock the country's infrastructure pipeline, could this see a spur of Shariah compliant transactions in its financial landscape? NABILAH ANNUAR explores.

Sitting on the fence, the poll results were split 50-50 indicating that the country's infrastructure financing needs equally may or may not open the doors to Islamic finance in the country. According to industry estimates, the urban population in India would reach 500 million by 2017, hence the necessity to connect the infrastructural gaps is a large part of the country's immediate demands.

Acknowledging the fact that many projects were stalled by a lack of private funding, India's recent budget included US$10.5 billion in increased commitments through private sector enterprises for infrastructure investment. According to the country's Planning Commission, India is facing a funding gap of US$300 billion in meeting its infrastructure funding requirements until 2017.

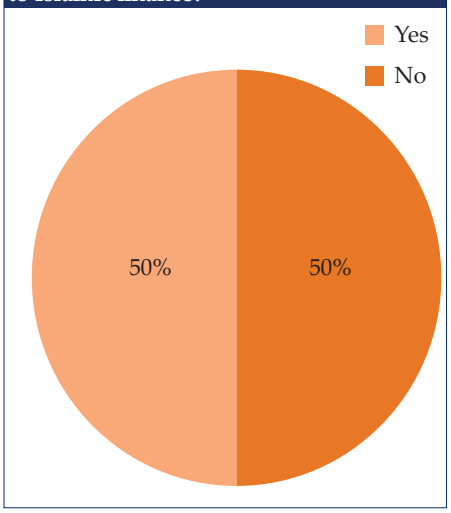
"India does need the funding; however, I feel it's not the most important issue at hand for [the] Indian government. The more important issues are internal to the economy like regulatory hindrances, supply and raw material bottlenecks, taxation issues, corruption and 'red-tapism' among others. The current Indian government's priority would be these issues and opening up [the] Islamic finance sector would be the last thing on its mind. Also opening up [the] Islamic finance sector in India would need lots of political willpower and farsightedness, which is unexpected in [the] current political environment," said Mohammad Asif, the director of New Delhi-based boutique consulting firm, JaZaa Financial Advisory.

Sharing the same sentiment, Saif Ahmed, the managing partner at Banglore-based Infinity Consultants opined that Islamic finance is a far-fetched idea for the country. "Though India has a huge need for infrastructure funding and is courting cash-rich GCC economies under the new government, I only see limited scope for this to translate into Islamic finance development in India as most of the funds being courted are large GCC-based sovereign funds, which mostly don't require Shariah compliance to make investments. Secondly, structuring a Sukuk for the first time would be a huge challenge given India's complicated legal and regulatory framework and the various issues related to taxation, foreign investment and repatriation of profits. Lastly, when we talk about 'opening the doors', what I envision is the growth of large-scale services that would be available to 200 million Indian Muslims who currently have very little access to Islamic finance. Cracking this market and coming up with products that are both Shariah and legally compliant in the Indian market is something I believe that is only limitedly related to India opening up its infrastructure space to Islamic investments."

Aiming to improve the environment for private infrastructure investment and to cement its initiative to improve the country's public facilities, the budget proposed the creation of a 'National Investment in Infrastructure Fund' (comprising an initial annual allocation of US$3.25 billion) to invest in public sector infrastructure finance companies which, in turn, will be able to leverage their higher credit rating to access domestic and international debt markets.

The government's infrastructure initiatives also move hand in hand with the Republic's Infrastructure Leasing & Financial Services's efforts when it signed an agreement with the Islamic Corporation for the Development of the Private Sector (ICD) earlier in March this year. The cooperation agreement will essentially see the ICD and IL&FS joining hands in evaluating and structuring infrastructure opportunities, as well as achieving financial closure of projects.

Will India's need for infrastructure funding finally open the doors to Islamic finance?



"There is a definite need for funding in the infrastructure sector in India. The multi-billion dollar fund to be set up by India and the UAE has already set the ball rolling to fill the huge funding gap. However, given that Islamic finance is at a relatively nascent stage in India, there is a tremendous requirement for opening of mindsets and markets towards unexplored funding methodologies. Then, there is [a] distinct possibility that Islamic finance may command [a] high mind space if appropriate thrust and balance is put behind this by relevant market participants," said Jeet Sen Gupta, a partner at Juris Corp.

Evidently, both the government and the private sector are pushing for infrastructural development in the country. However, whether Islamic finance would have an instrumental part to play in the scheme of things still remains as a sceptical premise.

Kazakhstan and Central Asia: Accelerated rise

With a commendable Muslim population and abundance in natural resources due to its strategic location, Central Asia holds much appeal to Islamic investors. While its Islamic finance growth story has been slow to unfold, however, this past year has witnessed various landmark progresses — due in no small part to the strong support of the Islamic Corporation for the Development of the Private Sector (ICD) — as the region steps up its game. VINEETA TAN provides an overview of key Shariah finance developments in the Central Asian region.

Regulatory landscape

In Central Asia, Kazakhstan arguably has the most sophisticated and enabling environment for Islamic banking and finance transactions. Following the passing of Kazakhstan's Islamic finance law in 2008, the regulation has undergone multiple amendments including in 2011, 2013 and 2015. The 2015 Islamic Finance Amendments became effective on the 10th May 2015 and introduce new legal provisions for Takaful and Ijarah as well as Tawarruq.

Like Kazakhstan, Azerbaijan is another regional player working on improving its legal landscape for Islamic finance, although its development is not as fast. The Republic's largest lender, International Bank of Azerbaijan (IBA), has been engaging the Ministry of Economic Development since November 2013 to draft Shariah banking legislation, initially intended to be presented to the parliament in 2014. No law has been passed yet; however, the bank did confirm with IFN previously that it anticipates introducing such law — developed in collaboration with the IDB — to the central bank in 2015.

Jumping on the bandwagon, Tajikistan is expected to announce enhancements to its Islamic banking law introduced in 2014 later in 2015. This initiative is led by the National Bank of Tajikistan through a working group. Kyrgyzstan also introduced legislation to facilitate Shariah compliant financial transactions.

Banking and finance

Islamic banking activities in Central Asia is limited although there has been significant take-up in recent years, with conventional players expressing keen interest to spin off Shariah operations or convert their business model to be in compliance with Islamic law. In Kazakhstan, Abu Dhabi's Al Hilal Bank is its sole fully-fledged Islamic bank while Zaman Bank, in partnership with the IDB, is in the process of transforming its operations to become the country's second Shariah financier. Looking to accelerate the development of the industry, Kazakhstan has formed ties with established Islamic finance markets including Saudi Arabia, with whom the Central Asian nation reportedly intends to create a joint Islamic bank or fund to finance projects.

The year 2015 also saw local microfinancier New Finance engaging Bahrain-based Shariyah Review Bureau to advise and certify its planned Shariah compliant offerings, becoming the first fully-fledged Shariah compliant microcredit institution in the country (See IFN Reports Vol 12 Issue 32: 'First Islamic microfinance company in Kazakhstan'). While Islamic microfinance products have been available in Kazakhstan since 2011 (thanks to the IDB, Fund for Financial Support of Agriculture and KazAgro), experts have called for a more efficient tax system to accommodate and support these instruments which are largely based on the structures of Salam and Ijarah as well as Murabahah.

Islamic microfinance also made its way to Azerbaijan. In 2015, VisionFund Azer Credit which is part of the World Vision Azerbaijan program, entered into an agreement with the ICD to jointly develop Shariah products for the Republic. The IBA, which offers Islamic products on a window basis, plans to elevate Baku to become a regional hub for Islamic finance. In 2015, the bank secured a US$252 million Shariah compliant facility (See Case Study Vol 12 Issue 05: 'IBA's largest Islamic facility to date') to boost its Islamic financing capabilities and it also began extended Shariah compliant financing services to the Russian market via its subsidiary IBA-Moscow. IBA has also reportedly been in discussions with Russian delegates on the possibility of establishing a CIS IDB.

In May 2015, Tajik lender Bonki Rushdi Tojikiston confirmed that it will be converting its business to become the country's first fully-fledged Islamic bank. Announcing its intentions to do so in October 2014, the bank's transformation will be assisted by the ICD.

Takaful

As dictated by the Islamic Finance Amendments, Takaful window operations are not permitted in Kazakhstan and all Shariah compliant insurance activities fall under the purview of the National Bank of Kazakhstan. By law, the assets of a Takaful fund do not belong to the operator and needs to be segregated from the company's own assets and should not be included into the insurer's liquidation estate nor be subjected to bankruptcy claims. The regulation also requires a dedicated Islamic Insurance Council to be appointed upon the recommendation of the board of directors. Islamic insurance is available in Kazakhstan via Takaful Halal Insurance and will soon be available in Azerbaijan through a fully-fledged Takaful operator. The establishment of Azerbaijan's pioneering Islamic insurer would be facilitated by Ekvita, a legal and tax services provider, which won a contract by the ICD to launch the company.

Islamic capital markets

The first Sukuk to be issued out of the region was by the Development Bank of Kazakhstan in 2012, which again tapped the market in January 2015. While there has yet to be a sovereign issuance out of Central Asia, this could, however, soon change as Kazakhstan is working toward selling Islamic debt in 2015 once regulations are in place. The Kazakhstan Stock Exchange earlier in May forged a partnership with NASDAQ Dubai to pool resources together to jointly develop initiatives to bring the markets of Dubai and Almaty closer including building links between central securities and forming stronger cooperation within the Islamic capital market space. This synergy is anticipated to boost cross-border Islamic investments.

Kazakhstan aside, Azerbaijan's IBA is also planning to issue Sukuk in 2015 when the appropriate legal infrastructure is in effect.

Takaful and re-Takaful: Gradual progression

Contrary to common perception, the global Takaful industry is not in stagnation. The sector has in fact witnessed a humble growth in respective countries. From regulatory advancements to organic growth, Takaful operators are gradually capturing the market piece by piece. Evidence to this progression, NABILAH ANNUAR provides a comprehensive update of the developments in the Takaful and re-Takaful sector worldwide.

Law and regulation

Brunei Insurance and Takaful Association at the beginning of the year enforced new guidelines for insurance and Takaful agents, which also includes a common motor tariff and underwriting framework.

Moving to the Middle East, Oman's State Council in February approved the draft Takaful Insurance Law. The Central Bank of Bahrain in the same month implemented a new Takaful model to attract new entrants to the market and foster competition. In neighboring UAE, the Insurance Authority of the UAE's 'Financial Regulations to Traditional and Takaful Insurance Companies' was deemed to be well placed (according to AM Best) as it addressed the common issues faced by insurance and Takaful operators of the emirate including: exposure to high-risk assets, inadequate and varied accounting treatment, unsophisticated measurement of technical reserves and weak enterprise management practices.

In the African continent, the Insurance Regulatory Authority of Kenya in May released draft rules on Takaful, dictating the scope of duties and responsibilities of Takaful operators, providing a framework for operations and sustainable Takaful funds and setting minimum standards for operations — both for fully-fledged operators and Takaful windows. In the same month, the Moroccan government adopted a bill to regulate Takaful activities which will face a final vote by parliament later this year.

Expansion and growth initiatives

In Southeast Asia, Indonesia's Otoritas Jasa Keuangan announced plans to develop microinsurance and microTakaful in order to enhance the public's access to non-banking financial services. The Republic's Islamic non-bank financial industry only accounted for 3.9% of the total non-bank financial industry market share in 2014 whereas in relation to the country's wider Islamic finance industry, it only commanded 8.8%.

In Malaysia, Khazanah Nasional's insurance unit Avicennia is looking to develop Takaful in Turkey as well as build best practices in Malaysia. The operator is targeting to invest in Malaysia, Indonesia, the Philippines, Singapore and Thailand. MNRB Holdings, the parent company of Takaful Ikhlas, MNRB Retakaful, Malaysian Reinsurance and Malaysian RE (Dubai), is looking to increase its overseas portfolio to 50% of its entire portfolio, from its current 40%, as part of the firm's new strategy for its reinsurance business.

In the UK, providing Takaful coverage for the UK property market, Cobalt Underwriting in July secured a major property portfolio placed by Lockton's Real Estate and Construction for Islamic real estate specialist 90 North. Meanwhile, specialist insurance market Lloyd's of London plans to apply for an onshore reinsurance license and to open an office in Malaysia, pending confirmation from the UK and Malaysian governments, targeting the Takaful market as well as to develop its marine, energy, construction, engineering and liability businesses, while pushing for new products.

Mergers, acquisitions and exits

Arab Insurance Group has been in negotiations to purchase the remaining 46% in Takaful Re's equity as it intends to acquire full control over the Islamic reinsurer. The purchase remains subject to approvals from shareholders of Takaful Re and the Dubai Financial Services Authority.

Kuwait-based Wethaq Takaful Insurance Company intends to dispose of its stake in Wethaq Takaful Egypt for KWD1.3 million (US$4.3 million) after the board of the Kuwaiti insurer had given the green light to proceed with the sale to a buyer whose identity was not disclosed. Oman's Al Madina Takaful in June revealed its interest in acquiring 100% of Vision Insurance Company. In Malaysia, MAA Group seeks to dispose of its 75% equity stake in MAA Takaful, with the

remaining 25% interest held by Bahrain's Solidarity Company.

New players

Several markets welcomed new players into the Takaful scene. Pakistan's IGI Life Insurance in January announced its board of directors' approval to commence Family Takaful operations on a window basis; similarly, Premier Insurance in March signed an agreement with Meezan Bank for the latter to extend Shariah technical services and support for PIL's upcoming Takaful window. The UAE's Arabian Scandinavian Insurance Co (Ascana Insurance) converted its operations to become Shariah compliant, practicing its business on a cooperative basis with a view to transform subscriptions of all customers to the Takaful insurance system, and the emirate's PineBridge Investments Middle East plans to launch a US$500 million re-Takaful company in Dubai. Malaysian Reinsurance in April received central bank approval to establish a re-Takaful arm to conduct General and Family re-Takaful business; in Somalia, a Takaful company, known as Takaful and Re-Takaful Islamic Insurance Company, launched operations in Mogadishu, while Takaful Insurance Company set up shop in the country's northeastern state of Puntland.

Al Meezan's new fund: Access to Pakistan's equity markets

Al Meezan Investment Management (Al Meezan) earlier this month launched a new fund, the Meezan Asset Allocation Plan-I (MAAP-I). An asset allocation plan for investors seeking to benefit from the equity market, the fund is an actively managed investment portfolio with diversification and an initial term of two years. Exclusively speaking to Mohammad Shoaib, CEO of Al Meezan, NABILAH ANNUAR gets acquainted with the fund.

According to Shoaib, many investors are wary of investing in the stock market for both obvious and subjective reasons. However with the MAAP-I, investors are provided a convenient way to invest up to 100% in the stock market and simultaneously earn the benefit of diversification instead of having to invest in multiple funds. "[The] stock market tends to provide higher returns when compared to other asset classes but it is also highly volatile that an investor would be unable to identify when to enter and exit this market. Trading in stock market requires relevant expertise, research, time and resources. Therefore, Al Meezan decided to launch an allocation plan which will actively allocate its portfolio between the equity schemes and fixed income/money market schemes based on the fund manager's view on macroeconomic outlook of such asset classes," he said commenting on the factors leading up to the fund's launch.

The objective of the plan is to earn a potentially high return through asset allocation between Shariah compliant equity schemes and Shariah compliant income/money market schemes. "In order to mitigate the risks of underperformance of a certain asset class due to fluctuating economic conditions, this plan will actively allocate between various asset classes based on [the] fund manager's outlook," highlighted Shoaib. The fund is therefore tailored for investors who wish to gain returns from the equity market but are unaware of the right time to buy or sell. Key factors that are expected to drive the fund's performance include: performance of the equity market as well as the fund's exposure to it; return on fixed income instruments, and timing equity investments in volatile market conditions.

Risks that the fund takes into consideration are: 1) price risk — where the value of the fund, due to its holdings in such securities, rises and falls as a result of change in profit rates; 2) liquidity risk — the possibility of deterioration in the price of a security in the fund when it is offered for sale in the secondary market; 3) settlement risk — where the fund encounters settlement risk in purchasing/investing and maturing/selling its investments affecting the fund's performance; 4) reinvestment rate risk — risk that maturing securities or coupon payments will be reinvested at lower rates (in a declining profit rate economic environment) which reduces the return of the fund compared to return earned in the preceding quarters; 5) redemption risk — special circumstances where the redemption of units may be suspended or the redemption payment may not occur within six working days of receiving a request for redemption from the investor; and 6) plan-specific risks — risk of non-fulfillment of the plan's investment objective.

The fund is said to be unique in a sense that up to 100% equity participation is possible for the fund, based on fund managers' outlook on the market and it is strategy-reflective of the investor's risk appetite as market conditions change. Incorporated in 1995, Al Meezan has one of the longest track records (20 years) in the private sector in Pakistan. With an 'AM2+' management quality rating, Al Meezan has the distinction of being the largest private sector asset management company in the country with total assets under management of over PKR66.4 billion (US$635.22 million) (as of the 30th June 2015).

Fund Fact Sheet: Meezan Asset Allocation Plan-I

Issuer	Al Meezan Investment Management
Investment objective	The objective of Meezan Asset Allocation Plan-I (MAAP-I) is to earn a potentially high return through asset allocation between Shariah compliant equity schemes and Shariah compliant income/money market schemes.
Trustee	Central Depository Company of Pakistan
Shariah advisor(s)	Meezan Bank
Benchmark (Index)	Weighted average daily return of KMI 30 Index and six-month deposit rate of 'A'-rated (and above) Islamic banks or Islamic banking windows of scheduled commercial banks, based on the actual proportion of investment in equity and fixed income/money market component made by the allocation plan
Domicile	Pakistan
Fund characteristics	a) Fund type: Fund of funds b) Fund size: PKR430 million (US$4.11 million) (subscriptions currently open) c) Net asset value per share: PKR50.54 (48 US cents) (12th August 2014)
Minimum/subsequent investment	Minimum initial investment: PKR5,000 (US$47.83) Minimum additional investment: PKR1,000 (US$9.57)
Management fee	Same as underlying funds and 1% on cash
Dividend policy	Distribution of at least 90% of the accounting income (excluding capital gains and expenses allowed to be charged to the fund under regulations). The distributable profits may be in the form of stock and/or cash dividend, which would comprise bonus units of the scheme and/or re-investment or payment (net of applicable tax) of cash dividend.
Fund portfolio composition	Meezan Islamic Fund (equity fund): 34% Meezan Sovereign Fund (income fund) and cash: 66%

The bare truth

By Dr Ken Baldwin

It's more than 20 years since I was first introduced to Islamic finance. Having only worked for conventional banks up until then, I was curious to know about Islamic finance and whether Islamic banking in particular was really any different from conventional banking. It is, I think, an important question, and one which many people ask.

> ***"Competition within the banking sector drives Islamic banks toward practices that create a close alignment with conventional banks"***

There's no doubt that Islamic finance is significantly different in the way that financing receivables are originated. Islamic finance requires the purchase and sale of a real asset to originate receivables, whereas conventional financing allows all-purpose lending which does not link financing to a specific asset. This directly impacts the transactional underpinning of the way Islamic banks source and deploy funds. Such transactions can, in theory, be arranged between the financier and 'financee' with or without a banking intermediary. Hence, the possibility in the future that crowdfunding may reduce the need for bank credit. However, banking intermediaries benefit from scale and therefore market access, so they can finance many such transactions and diversify their risks along the way.

Based on the aforementioned, why then is Islamic banking not thought of by some people as all that different to conventional banking? The root cause is, in my opinion, primarily due to competition. Competition within the banking sector drives Islamic banks toward practices that create a close alignment with conventional banks. This closeness is reflected in the type of products that we, as consumers, expect Islamic banks to provide, such as investment accounts that on the face of it are risk-bearing, but in reality will pay us a return which is not too variable and not too different from conventional deposits. If, on the other hand, expectations of the users of Islamic financial products were not shaped by conventional molds, then Islamic banks would be at greater liberty to explore products which align more closely to the risk-sharing characteristics of equity-styled instruments, such as Mudarabah and Musharakah.

Another reason that Islamic banking may be struggling to distinguish itself is Islamic finance practitioners themselves. Many practitioners within the Islamic banking industry simply do not believe Islamic financing products are any different to conventional banking products. I wish I had a dollar for every person that has arched his right arm over his head to touch his left ear, and said "This is Islamic banking". For those not familiar with this scenario, this means to achieve exactly the same outcome by pretending to do something different. But there is no pretending. Islamic financial products are different and this distinction is made clear in no uncertain terms in the Quran, wherein it is stated that trade is not like Riba.

Opportunity to create an Islamic bank in Canada

CANADA

By Suhail Ahmad

Canada needs a domestic Islamic bank to service its growing Muslim community and other Canadians who are looking for an ethical banking alternative.

The government of Canada has recently indicated its interest in promoting the entry and growth of small deposit-taking institutions. In response, the Canadian Office of the Superintendent of Financial Institutions (OSFI) has sought to make regulatory priorities and the application process more transparent. To that end, OSFI has issued guidance that sets out the three phases of the application process, along with the information that applicants are generally expected to submit in support of their applications.

The phased approach is intended to provide applicants with increased guidance and feedback both at the initial stages of the proposed application and throughout the application process. The phased approach will help those considering establishing an Islamic bank in Canada to determine at an early stage whether they have a solid basis on which to proceed, before they incur the significant costs of preparing and filing a full application.

Prior to submitting the formal application, prospective applicants are to contact the Legislation and Approvals Division of OSFI to schedule an initial in-person meeting to discuss the proposed entity and the application process. The initial discussion will also provide an opportunity for OSFI to clarify its processes and expectations regarding applications to establish a bank, along with any unique considerations that may be applicable to that particular prospective applicant.

OSFI will request the information from prospective applicants who wish to proceed with the application. OSFI's primary purpose in reviewing this information is to identify any fundamental issues that should be considered by the prospective applicant. The prospective applicant is generally expected to provide a minimum five-year business plan for the proposed bank.

A second in-person meeting with the prospective applicant will be scheduled once OSFI has had an opportunity to consider the aforementioned information. The purpose of this second meeting is for the prospective applicant to demonstrate an understanding of the material risks associated with its business plan and the methods by which it intends to mitigate those risks.

Following the second in-person meeting with OSFI, the prospective applicant will receive a letter setting out OSFI's views and expectations regarding: (i) any material risks or concerns with the proposed business plan and whether OSFI will expect those risks or concerns to be resolved in the application process; and (ii) additional information requirements that the prospective applicant will be required to submit as part of its formal application.

At this point, the applicant is required to publish a notice of intention to apply for a Letters Patent. After publishing the notice, the applicant submits its formal application for a Letters Patent for review and consideration.

Upon completion of the review of the application, OSFI submits its recommendation to the Minister of Finance (Canada) regarding the issuance of a Letters Patent.

While there is no specific time limit on the assessment of applications, OSFI indicates that it endeavors to complete all application assessments as quickly as possible. The assessment of each application will depend on the specific facts and circumstances, and OSFI indicates that it will communicate regularly with the applicant throughout this process.

Final comments

With adequate committed capital (CA$50-100 million (US$37.69-75.38 million)), a strong business plan and plans to hire management experienced with the Canadian banking environment, there is now a tremendous opportunity to create Canada's first Islamic bank.

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Major boost for Islamic finance in Brunei

BRUNEI

By Dr Aimi Zulhazmi

The Islamic finance industry in Brunei received a welcome boost recently with strong endorsement from the UK's top envoy that the UK is highly keen to collaborate with Brunei on the development of Islamic finance in both countries through the sharing of expertise and knowledge.

The UK is the leading western country and Europe's premier center for Islamic finance with US$19 billion of reported assets. Its success in becoming the key western gateway for Islamic finance is attributed to its farsightedness years ago, ie removing double tax on Islamic mortgages, the extension of tax relief on Islamic mortgages to companies as well as to individuals and the reform of arrangements for issues of debt. The UK has been providing Islamic financial services for over 30 years and government policies over the last decade have created a fiscal and regulatory framework that encourages the growth of Islamic finance.

The UK has not only recorded the highest number of Islamic finance providers but is also the leading western country in Islamic finance education. There are 68 institutions, including universities, schools and educational institutions that offer Islamic finance courses; and 25 institutions of which mainly the universities and colleges offer Islamic finance degrees. It is well known that the UK has been one of the most desirable destinations to study mainstream courses including accounting, medicine and engineering. Lately, Islamic finance has also become a popular course offered by universities and educational institutions in the UK.

The area of cooperation can be utilized to support Brunei's intention to specialize in niche areas in Islamic finance, for example, Islamic wealth management. The British envoy was also quoted in The Brunei Times as saying: "It's [Brunei] already got good banks and insurance [companies]. It's got a good infrastructure here so there may be further opportunities on the investment side when Brunei is looking to invest here and overseas." Furthermore, the envoy emphasized the importance of the Bruneian government's commitment to grow the country's talent pool to support the Islamic finance industry, one of which is through collaboration with the UK's leading education centers.

Indeed, investment in the education sector is one of the means to achieve Brunei's ambition to establish itself as one of the Islamic financial centers in Southeast Asia.

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Slow turn of events for Islamic finance in Russia

RUSSIA

By Timur Rustemov

There are some examples of the development of the Islamic finance industry in non-Muslim states. Countries such as the UK, Luxembourg, Japan, France, Singapore and Hong Kong have been providing a conducive environment for the operations of Islamic financial institutions in their respective states. The Russian Federation is another example in the making. Despite the fact that 22 million Muslims live in Russia, the majority of the population are still suspicious of anything that has the word 'Islamic'.

According to the vice-president of VneshPromBank, Vladislav Sitnikov, the results of a recent official public questionnaire conducted online showed that only 14.1% support Islamic finance, 27% are against it, 32.8% do not have any knowledge about it and 26.1% are against it because they are not Muslims. These results prove the need for an Islamic finance awareness campaign in Russia.

One of the pioneers in the Islamic finance education sector is Fikra, an education center based in the city of Makhachkala in the Republic of Dagestan, one of the Muslim-majority republics in the Russian Federation. The center offers a first-of-its-kind Islamic finance program available in the Russian language called the 'Certified Islamic Banker' program from CIBAFI.

Other services include: drafting legal documentation for Islamic finance institutions, providing consultancy services to SMEs and mediation procedures among business entities. Fikra has established a strategic partnership with international firm Al Maali Consulting Group with offices in Dubai, Brussels and Casablanca that specializes in providing Islamic finance consulting services.

It is expected that in September 2015 the Malaysian-Russian consortium (that includes members such as IBFIM, UNIRAZAK, IBFD Fund) will complete the feasibility study for establishing Islamic banks or introducing Islamic windows in the commercial banks in Russia. Because of this, Fikra is getting ready to enhance their education and consulting services throughout the country.

It is worth noting that traditionally the majority of Islamic finance projects have been initiated in another part of Russia, namely the Republic of Tatarstan. However, due to the territorial size and ethnic diversity, it is expected that the Republic of Dagestan will become another Islamic finance hub in Russia, especially for the North Caucasian Federal District with a total Muslim population exceeding 10 million and which also includes the Republic of Ingushetia, the Chechen Republic, the Karachaevo-Cherkess Republic, the Kabardino-Balkaria Republic, Stavropol and the Republic of North Ossetia-Alania.

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Islamic finance gaining ground in Kazakhstan

KAZAKHSTAN

By Timur Rustemov

Despite the fact that during the summer season, universities in Kazakhstan are closed for the holidays, the Education Committee of the Association for Development of Islamic Finance (ADIF) has conducted a few notable educational events inside and outside of Kazakhstan for students as well as lecturers.

With full support of the National Bank of Kazakhstan and in collaboration with the Association of Higher Education Institutions of Kazakhstan, ADIF ran a six-day 'Train the Trainers in Islamic Finance (ToT)' program for more than 60 lecturers from all regions of the country. The objective of the ToT program was to disperse the knowledge about the main subsectors of Islamic finance (Islamic economics, Islamic banking products and services, Islamic trade financing, home financing, etc) in a way that is sufficient for them to conduct classes for undergraduate students.

The program was delivered in 13 modules and participants were hosted in the Tau Turan resort in Belbulak Mountain. One of a kind in Kazakhstan, the program received positive feedback from universities since many lecturers found it very interesting and useful. ADIF expects to have more participants from local universities and educational institutions of the Commonwealth of Independent States (CIS) during the second part of the ToT program that will be conducted in Almaty in January 2016 during the winter holidays.

Another educational event that was conducted at the same time with the ToT program was a study trip to Malaysia for 25 postgraduate students registered in the graduate program of the National Bank of Kazakhstan. The five-day 'Connecting the Dots in Islamic Finance' advanced seminar organized by the Center of Executive Programs at INCEIF gave an opportunity for participants to acquire world-class knowledge in Shariah, Islamic banking, Takaful, Islamic capital markets and Islamic accounting and auditing. At the end of the seminar, the group made an industry visit to CIMB Islamic, where the managing director, Shamsun Anwar Hussain, welcomed participants and shared his experience at CIMB Islamic and its contributions to the development of Islamic finance industry in Malaysia.

Overall, the participants learned not only about Islamic finance, but also discovered how the Islamic lifestyle can be embedded with professionalism and the modern lifestyle. Currently, ADIF is planning to enhance cooperation with INCEIF and is making preparations to launch a graduate program titled 'Islamic Finance Practice' in Almaty.

> ***"Even though Kazakhstan is a secular state, in recent years the development of Islam has gained tremendous growth that gives a positive impact to the local Islamic finance institutions"***

Besides that, ADIF is starting an information campaign among the students of Kazakhstan and CIS states to promote education in Islamic finance (at the undergraduate, graduate and postgraduate levels) in universities of Malaysia, the UAE, Bahrain and the UK.

As part of the Islamic finance awareness program in Kazakhstan, the Education Committee of ADIF also initiated, developed and published information materials on Islamic finance. In July 2015, ADIF in collaboration with the National Bank of Kazakhstan prepared the first brochure about Islamic finance in the country. Available in Kazakh and Russian languages, the brochure consists of 55 pages and covers the basics of Islamic finance products and structures, and current market trends globally and locally. It also explains current legislation for Islamic finance in Kazakhstan, provides terminology and a list of the most common misunderstandings about Islamic finance and shows the real examples of Islamic finance transactions.

Even though Kazakhstan is a secular state, in recent years the development of Islam has gained tremendous growth that gives a positive impact to the local Islamic finance institutions. The most recent official data shows that about 70% of the population are Muslims and the number of mosques throughout the country exceeds 2,470.

In addition, the Education Committee of ADIF has started negotiations with the Department of Expertise and Resolution of the State Authority of Islamic Affairs, the State Agency of Religious Affairs and other government bodies to conduct an awareness program by distributing the Islamic finance brochures via mosques. The Islamic finance industry in Kazakhstan will benefit once the people become more acquainted with the alternative financial system.

The next event for ADIF in partnership with other members is the preparation of a book in Islamic finance that can serve as a reference guide for professionals and university lecturers in Kazakhstan. Funded by the Ministry of Higher Education, the research project needs to cover the latest updates in global Islamic finance infrastructure, practices of Islamic accounting and audit, and the experiences of regulatory and supervisory bodies in Islamic financial institutions in selected countries.

Since ADIF's mandate includes participation in the development of human talent in Islamic finance in Kazakhstan, it is expected to publish new literature in Islamic finance in Russian and Kazakh languages in the forthcoming years.

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Integration of stock exchanges in Pakistan

PAKISTAN

By Muhammad Shoaib Ibrahim

The demutualization committees of the Karachi Stock Exchange (KSE), the Lahore Stock Exchange (LSE) and the Islamabad Stock Exchange (ISE) have agreed in principle to integrate the three stock exchanges to form one national stock exchange, ie the Pakistan Stock Exchange (PSE). In this regard, a formal MoU was signed on the 27th August 2015, in the presence of the federal finance minister, senator Muhammad Ishaq Dar.

Regarding the occasion, Dar said that the new integrated capital market would be well received and soon will be regarded as an emerging capital market. He further added that Pakistan's economy is continuously growing on the back of the government's hard work and comprehensive economic policies. Pakistan will now get its due share in the international capital market and will be counted among the fast developing markets of the world. The government is committed to ensure that the PSE would meet international standards.

> ***"The integration process of three exchanges will further enhance the size of Pakistan's capital market and this will help to reduce market fragmentation"***

A couple of years ago, in order to attract strategic investors for demutualized stock exchanges, the Securities and Exchange Commission of Pakistan had proposed a merger of all three exchanges into a single national stock exchange for the whole country. The demutualization of the stock exchanges and integration will assist in bringing the market on par with global markets, and increasing stock values due to the inheritance of LSE and ISE assets.

Competition between the local stock exchanges will also be avoided allowing them to consolidate their complete energies in attracting foreign investments. The PSE will now be able to continue trading and have better resilience against any economic or financial crises whenever they occur. The proposed exchange can also support local and international investors to trade shares with a stock exchange at the country level.

Pakistan's capital market is performing very well and it ranked third in 2014 among the top 10 best-performing markets in the world. The index of the KSE exhibited outstanding performance and touched historic, unprecedented levels in terms of value and volume. During the year ended the 30th June 2015, the benchmark KSE-100 Index posted a return of 17.5% versus 41.2% in the fiscal year of 2014.

The said integration process of three exchanges will further enhance the size of Pakistan's capital market and this will help to reduce market fragmentation and create a strong case for attracting investment from local and international markets. This will also provide a strategic forum to exchange knowledge and expertise for a sustainable and long-term development of the equity and debt markets.

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Islamic finance in Mauritania: Rapid growth and challenges

The start of Islamic finance in Mauritania goes back to the last century when Al Baraka Bank was given a license by the Central Bank of Mauritania (BCM) to operate as an Islamic bank. The venture capital of Al Baraka Bank reached MRO500 million (US$1.57 million), with half of its initial capital subscribed by Al Baraka's Saudi Arabian unit, while 10% of the capital was subscribed by the BCM and the remaining 40% by Mauritanian businessmen. ELMAMY AHMEDSALEM provides an overview of Islamic finance developments in Mauritania.

MAURITANIA

By Elmamy Ahmedsalem

In November 1999, the Mauritanian Islamic Insurance was established to offer Islamic insurance products based on Shariah. By the end of 2006, Mal Irchadat Company was licensed as the first company to issue Sukuk in Mauritania. In 2008, the National Bank of Mauritania (NBM) announced its plan to be converted into an Islamic bank gradually and later, Al Watani for Islamic transactions was introduced as a subsidiary of NBM.

2011 was a remarkable point in the growth of Islamic banking in Mauritania as many Islamic banks and several windows started offering Islamic banking products. At end of July 2015, the BCM had licensed the following fully-fledged Islamic banks: Mauritania Islamic Bank, Muamalat Assahiha Bank, Bank Popular de Mauritania, The New Bank of Mauritania, and Bank Al Wafa Mauritanie Islamic.

The sharp increase of licenses given to Islamic financial institutions can be read as a translation of the government policy to boost Islamic finance in the country. In addition to that, the BCM governor had said in an interview with Bloomberg Business in 2014 that the BCM had completed studies on the regulation of Islamic banks and Sukuk. In 2012, on the sidelines of the 2nd Islamic Finance Maghreb Forum, the government of Mauritania inked a deal which entitled the Islamic Corporation for the Development of the Private Sector to act as the transaction advisor for the proposed revolving Sukuk offering by Mauritania to the tune of US$300 million. This Sukuk have not been issued yet.

Challenges

The rapid growth of Islamic finance in Mauritania is facing many challenges, some of which caused institutions like Al Baraka Bank and Mauritania Islamic Bank to fail. Al Baraka Bank was later converted to a conventional bank named Bank Al Wafa Mauritania Islamic although the word 'Islamic' stuck with it even when it no longer was a fully-fledged Islamic bank. As for Mauritania Islamic Bank or Maurisbank, the BCM announced on the 1st January 2015 that it has withdrawn the bank's license which was obtained in 2013. Other Islamic financial institutions started to be harshly criticized by the public, questioning if they are really Islamic financial institutions. The following are some of the challenges.

Absence of a regulatory framework

Mauritania is one of the very few countries that licenses Islamic financial institutions before laying down a legal framework that governs these special type of institutions. So far, Islamic financial institutions in Mauritania are governed by the same regulatory framework that is applied to conventional financial institutions. Therefore, practitioners in the market are looking ahead and pushing the government to provide them a regulatory framework that takes into account the unique characteristics peculiar to Islamic finance and which does not put Islamic financial institutions at a comparative disadvantage and affect their competitiveness with the conventional finance system. Such a regulatory framework is critical for the potential growth in the overall Islamic financial system in Mauritania.

Absence of Shariah governance

The uniqueness of Islamic financial institutions is the compliance to Shariah, and the reinforcement of compliance to Shariah should come from the regulatory authority which is the BCM in Mauritania. Although most Islamic financial institutions have a Shariah advisor(s), but these advisors are not guided and supervised by a Shariah board in the BCM which can standardize the practice in the market and give a public guarantee that these Islamic financial institutions will act according to Shariah.

It is worth mentioning that, according to the World Bank Annual Report 2013 in the section 'Mauritania - Financial sector development strategy and action plan 2013-17', there are two companies offering Islamic insurance, namely TAAMIN and SMAI. However, the activities are more for business promotional purposes rather than compliant to Shariah principles. Also as mentioned earlier, Al Baraka Bank was converted to a conventional bank named Bank Al Wafa Mauritania Islamic but kept the word 'Islamic' even when it no longer was a fully-fledged Islamic bank. These examples can mislead the public in the absence of reinforced Shariah governance by the authorities. Such challenges remain and should be overcome before Islamic financial institutions lose the trust of the public.

Lack of awareness and banking culture among society

As shown by latest studies, the percentage of bank accountholders — for both conventional and Islamic financial institutions in Mauritania — is only 10%. Among the reasons for this low percentage is the religion issue. Mauritania, as a 100% Muslim nation, tends not to deal with financial institutions believing that their services are all about Riba which is unlawful in Islam. Such a belief results in a large part of society being uncomfortable with the use of all financial services. Therefore, it is challenging for Islamic financial institutions to be accepted easily by the Mauritanian society.

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Islamic finance in Europe: Which way to go?

Earlier in the summer, the writer had an opportunity to attend the IFN Islamic Finance Forum Europe in Luxembourg. The forum brought together industry experts from all over the world to discuss the region's rising Islamic finance market. Europe has strong players in Islamic finance including the UK, Luxembourg, Germany as well as the up-and-coming Commonwealth of Independent States (the CIS which includes countries such as Russia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Ukraine). With the Islamic finance industry having impressive double-digit growth in most markets where it has its presence, market players old and new have all ramped up efforts to gain a stronger foothold in this niche market. PROFESSOR SAADIAH MOHAMAD writes.

EUROPE

By Professor Saadiah Mohamad

Many issues were raised at the forum. Market leaders and regulators shared their views on the rise of new markets and asset classes in Islamic finance. With Europe, in particular Luxembourg, being a financial hub for asset management, it was fitting that the forum discussed the role of Shariah compliant funds in the global asset management industry and there was a session discussing the trends in the European asset management industry.

The forum also covered recent changes in legal and regulatory infrastructure impacting Islamic finance in Europe and a special presentation by Dr Amat Taap Manshor, CEO of Finance Accreditation Agency from Malaysia, on initiatives to develop talent and human capital in the Islamic financial services industry.

The most interesting sessions were on crowdfunding and its potential role in the Islamic world and the session on socially responsible investing and the social entrepreneurship's linkage with Islamic and ethical investing.

The turnout was good, with around 200 or so participants reflecting strong interest in Europe in Islamic finance. Understanding the European context, there is a big potential for Islamic finance products to have positioning and branding not only as Shariah compliant but as ethical products. Many investors of Islamic products are non-Muslims and the fact that these products are 100% Shariah compliant shows that there appears to be no hindrances to these products being accepted by non-Muslims. Islamic products can be marketed to anyone, even in Europe.

During the question and answer session on the topic 'Market Snapshot: European Markets on the Rise', I posed the question: "With varied images and [the] reputation of Islam in the world currently, does Europe really need Islamic finance?"

> ***"Financial institutions are not willing to offer Shariah compliant products because it is not consistent with their image and branding"***

A passionate response came from Anouar Hassoune, a Moroccan French who is the head of research and strategist for MENA at the Bank of Tokyo Mitsubishi UFJ, based in Dubai. According to Anouar, there is a huge demand for Islamic finance in France especially to serve the basic needs of the Muslim community like opening a bank account, saving money, property financing and life insurance.

There are between 5-7 million Muslims in France, and there are others, not necessarily Muslims, who might be interested in socially responsible investment products. But there is a dearth of Shariah compliant products in France. Anouar asked: "Why does such a large, developed and diversified economy such as France fail to serve its customers?"

According to Anouar, the answer lies with financial institutions; it's just simply that financial institutions are not willing

to offer Shariah compliant products because it is not consistent with their image and branding. He added that what was needed is a real player whose DNA does clearly Shariah compliant in order to close the gap and not to further frustrate customers in France.

There is an increasing awareness and interest in Islamic finance in other countries such as Italy, Germany and Belgium. There are no Islamic banks in Italy yet, but there are five to six events yearly dedicated to Islamic finance, clearly reflecting growing interest. There has also been an inflow of investment from the Middle East including in real estate and fund management activities.

As a country, Germany shares a similarly strong financial architecture of supervision with Luxembourg. There is also a long tradition of ethical and Christian banks. Out of a population of about 80 million, about 8% are Muslims signifying a potential for a niche market of Islamic finance in Germany.

A representative of Belgium on the panel, Ines Wouters, a partner of Legisquadra, Belgium, spoke with much enthusiasm and hope for the future of Islamic finance in Belgium. "Fundamentally, everything is already there," she said, in terms of the legal structure and interestingly, the value system to support it. In principle, the Christians share the same values on the prohibition of Riba and historically have shunned the charging of interest.

Continued

It was only in the early 19th century that the Church allowed the use of interest in business activities.

But there is now heightened interest to look for alternatives to modern interest-based finance and many are somewhat amazed with how similar the premise and the values of Islamic finance are with their own beliefs and values. There is thus a lot of potential that could be done to take advantage of what already exists in Belgium. According to Wouters, this should serve as a 'warning' to big banks to move forward and to grab the opportunity that Islamic finance could offer.

Europe has the entire framework and legal infrastructure and a financial market that is fully developed and sophisticated enough to take up the challenge of Islamic finance, an industry which, according to Irfan Harris in his 2014 book, 'Heaven's Bankers', is "rather technical." And in most places in Europe, awareness is still an issue. It's a chicken and egg situation. With less supply and market presence, awareness is lacking. And with little awareness, there is less demand and support, hence it is not surprising that financial institutions seem reluctant to supply.

Here lies the role for education and talent development. Who is doing it? How many universities in Europe are offering courses in Islamic finance? Out of the top six rated Master of Science degrees in Islamic finance offered globally, two are in Europe: Durham University and the Henley Business School at Reading University, both of which are in the UK. With such growth in Islamic finance, why aren't more top universities offering courses in Islamic finance? And on whose shoulders lie the role of educating and creating awareness for the public and potential market players?

"It's a chicken and egg situation. With less supply and market presence, awareness is lacking. And with little awareness, there is less demand and support, hence it is not surprising that financial institutions seem reluctant to supply"

To me, the question is also on how to make it big in Europe. Should Islamic finance go mainstream and be positioned as an ethical product for all, regardless of race and religion? Or should it remain in a niche market fundamentally for the Muslims? Is it just a matter of branding then?

With a rapidly growing Muslim population in Europe, there is potential for good business even with the second option. But even this calls for a strong commitment and big investment from real players into the market. For the first option of going mainstream, the investment is definitely bigger. I believe that the industry has what the economists call a positive externality, ie spillover benefits to the wider public in excess of benefits to market players.

And since Islamic finance could and should be serving everyone, the wider public indeed means everyone, not just the Muslims. If Islamic finance can offer a good business model and has the positive features of good merits much like education and health, state intervention in the form of investment to set up the necessary legal and regulatory infrastructure will be justified.

Islamic finance in Europe has the potential to grow from a slightly different trajectory to that which has happened in the Gulf and Asia. The premise of the positive features of Islamic finance means that the industry could embrace the idea of the Maqasid Al-Shariah and the Maslahah or to serve the public interest on maximizing benefits and minimizing harm right from the beginning by making sure that not only the commercial aspects of business are considered, but the real needs of its people, the customers and the wider public are all being taken into consideration.

Isn't this what Europe is talking about? The need for real finance for real people to solve real issues? These are indeed hard questions for the real players.

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Shariah compliant pawnbroking system in Sri Lanka

Traditional pawnbroking seems a more attractive banking activity than lending. It is common throughout South Asia as well as in East Asia to pawn gold jewelry. The desire of most Asians to hold some of their assets as gold jewelry may be the major reason for the pawnbroking industry's success. IMRUZ KAMIL explores.

SRI LANKA

By Imruz Kamil

Pawnbroking is a source of short-term financing generally used by the lower income group to alleviate their cash flow problems. Pawnbroking differs from other secured lending as the lending institution or pawnbroker takes physical possession of the gold at the time of lending.

Usually, there is a high volume of small-sized advances given for a relatively short period of time and the rate of interest is generally high. A credit evaluation of the borrower is not required. If the amount is not repaid when it is due, the pawnbroker or the lending institution can recover the advance by auctioning the collateral.

Contrary to traditional pawnbroking activity, the Shariah compliant pawnbroking system works on three Islamic principles: Qard Hasan (interest-free loan), Rahn (pledge) and Wadiah (custodian service). Rahn also refers to an arrangement whereby a valuable asset is placed as collateral for a debt. The collateral may be disposed off in the event of default.

Shariah compliant pawnbroking offers several advantages as compared to traditional pawnbroking. Islamic lending institutions grant a Qard Hasan loan to the applicant who wishes to pawn his or her gold jewelry and no interest will be charged under the concept of Qard Hasan, whereby the Rahn customer is only required to pay the amount borrowed, unlike traditional pawnbroking where customers will be charged an interest (percentage of loan amount) plus service charges.

The Islamic lending institutions accept gold jewelry on a Wadiah concept, where the institution promises to keep the asset in a safe place. In order to provide security and the safe return of the gold jewelry, the bank will charge the customer a fee for the services rendered in keeping the valuable asset. The service fee will be charged for a period and may vary depending on the policies of the Islamic lending institution.

In the event the customer fails to repay the loan, the repayment period can be extended for a further equivalent period; however, the lending institution will charge a service fee for extending the safekeeping of the asset. If the customer fails to pay after the extension period, the collateral will be auctioned to pay off the loan. If there is any surplus after the loan has been settled, the balance will be returned to the customer.

> ***"Pawnbroking plays the important role of providing emergency cash for small micro-level businesses, education purposes and social engagements"***

In Sri Lanka, pawnbroking activity is governed under the Pawnbrokers Ordinance. Licenses are issued by the regulatory authority to undertake a pawnbroking business in Sri Lanka with certain rules and regulations. Licensed commercial banks, finance companies and specialized pawnbroking agents are involved in this business.

Customer demand for pawnbroking services in Sri Lanka is greater than the demand for loans. This may be explained by the simplicity of procedures involved in pawnbroking, allowing immediate

access to funds, and the fact that most customers own the required collateral. However, the gold jewelry pawnbroking sector in Sri Lanka has been affected following the drop in gold prices in the world market.

The Rahn industry is still new in Sri Lanka, although Shariah compliant pawnbroking services had been started by some institutions/individuals in the later part of the 20th century on a private arrangement basis but were not regulated by the authorities. Amana Bank recently launched Rahn services to cater to the demand of non-interest-bearing pawnbroking services for the lower income group. Within a short period of time, the bank had captured a good slice of market share in Shariah compliant pawnbroking.

Conclusion

A customer-friendly Shariah compliant pawnbroking model will satisfy customers and bring more profit to the institution. Rahn is seen as a source of capital for many activities. It will benefit the community from various aspects because pawnbroking plays the important role of providing emergency cash for small micro-level businesses, education purposes and social engagements.

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The world of Islamic asset management

Managing financial assets Islamically compares to its conventional counterpart, with further additional constraints that comply with the ethical standards of Islamic finance. Shariah compliant asset management is net of derivatives and toxic instruments, hence its relatively better performance during the subprime crisis. The objective in Islamic asset management is not only to protect and grow the assigned capital, but also to ensure that the moral features of the investment are complied with. Islamic management has to be innovative and has to be built on values, while remaining socially and morally responsible. AMMAR DABBOUR and OUASSIM BENDIAB delve further.


ASSET MANAGEMENT

By Ammar Dabbour & Ouassim Bendiab

If one assumes that Islamic finance serves the economy and not the other way round, then Shariah compliant asset management must also redefine its ecosystem and fit into a model going beyond simple asset allocation, by providing better solutions in structuring private placements with tangible underlying assets. Any investment should indeed be tangible, useful to the human community and value-generating. In practice, eligible assets for management include: equities, Sukuk, commodities, infrastructure (including real estate) and private equity.

Eligible stocks

The management of an Islamic equity portfolio mainly innovates by self-imposing a filter to the stocks in which it invests, and the meticulous monitoring of such equities. Innovation will also derive from the process by which stocks are quantitatively, qualitatively and ethically selected. In addition, the use of modern, relevant and efficient technology is essential. In the management of an equity portfolio, the allocation of assets has no Islamic constraints provided target shares are the subcomponents of a Shariah compliant investible universe.

The five basic principles of Islamic equity investment are as follows:

1) The main business of the company must be in compliance with Islamic rules and values.
2) Income generated from the company's secondary activities in sectors viewed unlawful by Islam must not exceed 5% of total revenues.
3) The debt ratio should be below 33%.
4) The liquidity ratio must be less than 33% (limited leverage).
5) The ratio of (liquid and available for sale assets) to (total balance sheet) is smaller than 0.5.

Stocks that are excluded include those of companies whose primary business and income are linked to:

- gambling and casinos
- the production or trade of alcohol, tobacco or pork-based products
- the entertainment industry (pornography, music, media, cinema)
- hotels or restaurants
- conventional financial services (banking, insurance)
- defense industries or services, and
- any other area that could be identified as non-compliant from a Shariah perspective.

Sukuk

Investing in Sukuk is absolutely permissible, Sukuk being financial instruments with periodic returns and compliant with Shariah. However, a number of underlying contracts are to be studied carefully, and the role of the asset manager, prior to anything else, is to analyze each of the investible Sukuk in terms of their quantitative, qualitative and ethical features ahead of any underwriting. The secondary market liquidity remains a challenge, despite spectacular improvements (the supply of Sukuk jumped by almost 40% between 2004 and 2013 according to the 2013 IFSI report). At the end of the day, a Sukuk portfolio is also a selection of real projects in which we invest.

Commodities

Investing in commodities can only be made physically. Therefore future contracts, replicating ETFs and commodities-indexed certificates are out of scope, hence the need to restrict this asset class in managing Islamic portfolios.

Real estate and infrastructure

Investment in real estate and infrastructure, in order to meet the standards of Islamic finance, has to meet operating and leverage criteria. These assets are not to be neglected, as they contribute to portfolio diversification. The analysis of the risk-return profile of this asset class is the same as in conventional finance, but on top of it, Shariah non-compliance risk has to be measured, especially in terms of the destination of the goods and financial leverage.

Private equity

Islamic finance is undeniably quite suitable for managing private equity funds. Sector constraints are the same as for investments in listed stocks. Islamic financial contracts are well tailored to managing a portfolio of direct participations in unlisted companies. In this field, Islamic finance serves the real economy, and there is nothing more real than entrepreneurship and stands as a sub-sector of participative and value-creating finance.

The concept

Islamic asset management must first protect and grow the entrusted capital, but should also define itself, ultimately, as a tool to serve the real economy, while creating value(s) and adhering to Islam's ethics. Islamic asset management accompanies investors, and considers its advisory mandate as an ethical requirement.

Asset allocation in Islamic asset management ultimately entails the selection of a series of projects, with an underlying, global vision of the objectives the economy should look forward to. The evolution of new technologies and the internet in particular, opens up new horizons for investors: new fields for asset management are slowly emerging, such as participative finance and crowdfunding platforms. The inherent advisory role of Islamic asset managers contribute to a more comprehensive and personalized offering in the industry of professional investment. In particular, Shariah compliant asset management is perfectly suited to private placements structuring with tangible underlying asset classes.

UCITS's offering in the MENA/GCC region is embryonic, because outstanding assets under management are often small and their liquidity remains limited

Continued

(often, valuations are provided on a weekly basis). Investors in this region are still too much skewed toward real estate and commodities; out of Europe, they can be offered a winning, innovative diversification alternative, which is generating value while remaining ethical and in accordance with Islam.

What market for Shariah compliant asset management?

While demand for Shariah compliant products is growing about 20% per year, it remains focused on equity funds and Sukuk.

It must be noted, however, that Saudi Arabia and Malaysia together account for 69% of total funds under Shariah compliant management.

This may seem paradoxical given that the US is the first market in the world when it comes to the funds industry, thanks to its diversified economy, followed by Luxembourg, ranking second worldwide for funds. This is even more surprising as the globalization of Sukuk is a fact, particularly in terms of their structuring, the origin of issuers and the listing of such instruments in Europe: we have experienced it with the UK and Luxembourg, two recent issuers of high-profile sovereign Sukuk. It is also important to note that the Grand Duchy of Luxembourg is the European leader in terms of Sukuk listing.

While Luxembourg should be proud of its position within the Islamic financial industry, its Shariah compliant asset management business remains a work in progress, as London and Switzerland are quite ahead of the curve in Europe; the situation is not irreversible though.

One can wonder about the reasons behind such concentration in the European market for Islamic asset management, and the reasons behind the difficulty with which a genuine Shariah compliant asset management business is encountering across Europe.

Finance in general is an elitist industry, shallowly democratized and often opaque to the public; and what about Islamic finance, an industry still very young, often misunderstood and subject to far too many misinterpretations?
However, there has been momentum and a general trend toward better financial literacy in the recent past, probably thanks to the subprime crisis, which contributed to highlight the financial industry's excesses; the crisis also demonstrated the merits of Shariah compliant management that is faithful to its principles and values, ethics and transparency. Shariah compliant management has provided the proof of its commitment to unite financing to its underlying concept, ie the real economy.

There remains the issue of the scarcity of expertise in the European market, which is today mainly active in the selection of funds (funds of funds). Islamic asset managers are too few and not active enough; their pedagogy toward customers is still too timid and too 'ethnic', while it should be more ethical and more global.

Some platforms are starting to emerge in London and Luxembourg. It can probably be expected that Shariah compliant asset management will further shine in the years to come in both financial centers, so vital in Europe for further incremental disintermediation.

What are the kinds of Shariah compliant funds asset management?

There's no specific kind of Shariah compliant funds asset management.
In the early 1970s, several studies have highlighted the existence of different asset management styles. It thus appears that groups of shares, except by their sector affiliation, have common characteristics which help asset managers to create portfolios. Among the portfolio types are those associated with small or large capitalization, growth stocks or income-based stocks or cyclical stocks.

An asset management strategy can also combine several of these basic features into the so-called 'large value' or 'small growth' funds. If the notion of style has been given to describe funds or to define indexes for tracking performance, it remains to define the precise characteristics of the funds belonging to different categories.

The criteria generally associated with the notion of growth are the P/E or price/earnings (higher for growth stocks, low for income stocks), the profit growth rate over a recent period (often taken equal to five years), the ratio of book value to market value (or book to market value ratio) or its inverse (denoted P/B or P/BV: price to book value which is higher for growth stocks and lower for income stocks).

However, do note that the funds which are defined by a particular style of asset management do not refer to the quantitative selection criteria as those just mentioned. The strategies of their asset managers are usually defined in a larger way.

Some specialized advisory companies have developed indexes intended to represent the performance of different classes of shares. The particular way in which these indexes are built varies from one firm to the other.

Since the end of May 2002, for global growth markets, the related asset management strategy has been the most profitable and for the EMEA region, it is the small and mid caps that have performed the best.

Islamic asset management has room for innovation by combining sectors, geographical areas and complementarities of market fluctuations and behaviors.

Mapping of market risks

Shariah compliant asset management is subject not only to all risks that may occur in conventional asset management but also to specific risks as follows:

- The 'Shariatic' risk: this is the risk of investing in an asset (shares or funds for example) that does not comply with the standards of Islamic finance. Example: the asset manager does not react quickly enough in case the share or the fund loses its eligibility to remain Shariah compliant.
- The legal risk in Sukuk as the purchase or sale of a Sukuk involves a transfer of ownership.
- Currency risk: in the absence of derivatives, currency hedging is difficult to implement. Fluctuations in exchange rates of foreign currencies affect the value of assets.

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A quick glance at the case for Takaful windows

The Takaful world has reached a critical stage on its growth trajectory and therefore DAWUD ABDUS-SABOOR opines that it is necessary to take a cursory assessment of the case for Takaful windows in looking toward the future of the industry.

TAKAFUL

By Dawud Abdus-Saboor

For new entrant promoter groups as well as existing conventional insurers, there are two choices:

(1) to establish a brand new Takaful company (in the case of a promoter group) or an autonomous subsidiary (in the case of an existing conventional insurer), or

(2) to create a Takaful window.

Currently, there are approximately 200 Takaful operators around the globe, with 77 in the GCC countries and 16 in Malaysia. A rough estimate of the number of Takaful windows could be 200-250, with 43 in Indonesia alone.

The antecedent to the two choices begins with an understanding of the regulatory framework in the particular jurisdiction where the Takaful products are marketed or will be marketed. Table 1 shows Takaful regulatory frameworks in selected countries. There are five pros and cons that one could advance in the case for or against Takaful windows as follows:

Pros

1) Borrowing an analogy from Newton's laws of motion: "An object in motion [ie already existing conventional insurance company] tends to remain in motion [ie easier to establish Takaful window] unless an external force [eg regulatory directive] acts upon it." Likewise, "an object at rest [ie stand-alone Takaful start-up] tends to remain at rest [ie harder to establish Takaful operation] unless an external force [eg regulatory framework support] acts upon it".

2) In addition to the operational framework that can be inherited from a conventional insurance company, Takaful windows can benefit from the human resource expertise, specifically technical staff (underwriters, actuaries, claims specialists, and appraisers). It is well known that the Takaful industry continues to suffer from a shortage of expertise.

3) As the minimum capital needed to establish a Takaful window is generally much lower than the capital needed for a stand-alone Takaful start-up or subsidiary per regulatory guidelines, raising the additional minimum capital for a Takaful window may be less burdensome.

Table 1: Takaful regulatory frameworks in selected countries

Country	Regulatory Reference	Windows Allowed?	Future Direction
Malaysia	Takaful Act of 1984	No	Windows will continue to be disallowed
Indonesia	2014 Takaful Regulation	Yes and No	Within 10-year mandatory spin-off required of window operations in favor of fully-fledged Takaful entities. New entrants are no longer allowed to use a window and have to go fully-fledged with increased minimum capital requirements.
Pakistan	2005: Conventional insurers barred from offering Takaful products 2012: New Takaful rules allowing windows	Yes	Conventional insurers must maintain separate capital accounts for their conventional and Takaful businesses. 2015: Separate financial statements and reporting for window operations, as if they were stand-alone Takaful operators
UAE	2010 Takaful Regulation	No	Unclear with respect to future allowance of windows
Oman	2011 Takaful Regulation	No	Unclear with respect to future allowance of windows
Nigeria	2013 Takaful Guidelines	Yes	Window operators must segregate the funds of the Takaful participants from those of the conventional insurance policyholders. Operations must be 'ring-fenced' so as to avoid leakage and co-mingling with non-compliant funds at any point in the life cycle.
Kenya	June 2015 Takaful Guidelines (Draft)	Yes	Guidelines include: authorization, establishment of Takaful model, segregation of funds, distribution of surplus, and surrendering of certificates.
Egypt	No specific rules for Takaful providers which are regulated as conventional insurers	Yes	Unclear
Bangladesh	2013 Takaful Rules (Draft)	Yes	Eight Takaful operators and 12 windows operate without any specific regulation for Takaful, but draft Takaful rules have recently been circulated by the regulator for feedback
Morocco	Draft Law 2015	No	Windows will likely continue to be disallowed as many Moroccans view Takaful windows as disharmonious with Shariah

Continued

4) Effective regulatory framework support for Takaful windows can be codified, as is the current case in Pakistan, where legal arbitration between conventional operators and Takaful players helped construct mutually beneficial compromises.

5) A conventional insurance company, for example, with a strategic blueprint to divest completely from marketing conventional products, could first establish a Takaful window as a transitioning phase, before eventually becoming a fully-fledged Takaful operator.

Cons

1) Depending on the strategic barometer of the conventional company, there could be real challenges placed upon the Takaful window not to cannibalize the conventional market segment.

2) On the Family Takaful side particularly, sales agents, who are able to market both conventional and Takaful products, may not be incentivized to sell Takaful products with commissions similar to conventional products.

3) Shariah compliance issues associated with Takaful products may further confuse consumers who, in most instances, have little knowledge of Islamic finance and awareness of the differences between conventional insurance and Takaful.

4) In many jurisdictions, particularly those in nascent markets, no specific legislation or regulatory guidelines exist for Takaful providers (neither Takaful windows nor stand-alone Takaful operators), hence all are regulated as conventional insurers.

5) An unfair competitive landscape exists, from the viewpoint of stand-alone Takaful start-ups, as conventional insurance companies are generally more resource-equipped to establish Takaful windows than stand-alones and better able to 'weather the storm' in the early years of the new business capital strain on expenses.

Indonesia, 'the sleeping Islamic finance giant', is phasing out its Takaful windows in favor of replacement by fully-fledged Takaful entities, eg Jasindo Takaful which due to its success as a window recently became a fully-fledged Takaful operator; while other countries, eg Pakistan, are encouraging the opening of new Takaful windows, and, in light of the aforementioned cited pros and cons, it can be concluded that 'one size doesn't fit all' – in some circumstances and jurisdictions, eg Africa, Europe, and US, Takaful windows should be welcomed and embraced, while with other circumstances and jurisdictions the opposite may be true.

> ***"Once sufficient mass and market penetration is reached, Takaful windows would be obliged to switch to fully-fledged entities, since a Takaful window always needs to listen and adhere to the wishes of the conventional insurance holding company and cannot thus operate with full independence and drive"***

As consolidated financial statements have been the 'rule rather than the exception', it is not an easy task to assess the individual financial performance of Takaful windows, although double-digit growth has been witnessed for several years in the Takaful space at large, and obviously Takaful windows have contributed to this result.

Three cases, by way of anecdotal evidence, in favor of the future for Takaful windows include the following:

1) EFU Group, Pakistan's largest insurer, plans Takaful windows for both its life and general businesses. Earlier this year, EFU Life Assurance entered into a bancaTakaful distribution agreement with Askari Bank, a commercial bank with an Islamic banking network, for EFU Life's window Family Takaful products. The Securities and Exchange Commission of Pakistan, Pakistan's insurance regulator, expects that at least half of Pakistan's 50 conventional insurers will eventually offer Takaful products.

2) Jubilee Insurance, Pakistan's third-largest private sector insurer, has recently launched its highly anticipated Takaful business (both life and general) for the Pakistani market.

3) In the first year of its operations, Al Falaah Takaful, the motor Takaful window operated by LOLC Insurance Company of Sri Lanka, has seen its customer base reach 5,000 and gross written contributions exceed LKR125 million (US$910,707). Although it is way too early to cheer loudly, this does appear to have the ingredients for a successful and promising undertaking.

Finally, other pundits, including Takaful Outsource, concur that between the two polar opposites of having Takaful windows or not, there is the question of duration. Preference, globally speaking, is for fully-fledged Takaful entities. Hence, Takaful windows would only be allowed as temporary solutions to enhance the market share of Takaful.

Once sufficient mass and market penetration is reached, Takaful windows would be obliged to switch to fully-fledged entities, since a Takaful window always needs to listen and adhere to the wishes of the conventional insurance holding company and cannot thus operate with full independence and drive.

Dawud Abdus-Saboor (associate of the US-based Society of Actuaries), is a co-founder and director of Takaful Outsource, a 'boutique' professional consultancy serving the global Takaful industry. He can be reached at dawud@takafuloutsource.com.

DEALS

Indonesia Sukuk exceeds target

INDONESIA: Following the recent auction of its project-based Sukuk series and Islamic treasury bills series held on the 25th August 2015, the government of Indonesia has awarded IDR2.5 trillion (US$176 million) of its Sukuk which received total incoming bids of IDR6.31 trillion (US$444.08 million). In a statement on the Ministry of Finance's website, the highest bid-to-cover ratio was 3.8 for the SPN-S 05022016 series.

Noor Bank looks to Indonesian Sukuk market

GLOBAL: Noor Bank will be investing more than US$500 million in the Indonesian state Sukuk as the bank seeks to increase its Shariah compliant asset holdings, including those from emerging market countries such as Indonesia, IFN has learned from Robert Pakpahan of the Ministry of Finance. Indonesian finance minister Bambang Brodjonegoro said that the Sukuk will be in the form of a private placement and the bank would realize returns from its purchase as soon as possible this year.

Turkish banks apply for Sukuk

TURKEY: Turkish Islamic lenders Turkiye Finans and Albaraka Turk have applied separately to the Capital Markets Board to issue Sukuk, according to Reuters. Turkiye Finans is looking to raise up to TRY1.5 billion (US$513.2 million) through its wholly-owned unit, TF Varlik Kiralama, whereas Albaraka Turk, a unit of Bahrain-based Al Baraka Banking Group, intends to raise up to TRY1 billion (US$342.6 million) through its asset-leasing company, Bereket Varlik Kiralama.

PNHB announces profit payment

MALAYSIA: Puncak Niaga Holdings (PNHB) has announced on Bank Negara Malaysia's website that the profit payment for the stock code PI130062 under the five-year redeemable convertible secured Sukuk Ijarah of up to RM165 million (US$38.76 million) in nominal value will be due and payable on the 17th September 2015.

STS to issue ICP Series 11

MALAYSIA: Sunway Treasury Sukuk (STS) was due to issue its RM100 million (US$23.5 million) Islamic commercial papers (ICP) Series 11 on the 2nd September 2015, according to a tender announcement on Bank Negara Malaysia's website. The 'P1(s)'-rated issue will mature on the 2nd October 2015.

SEC plans Sukuk

SAUDI ARABIA: The executive committee of Saudi Electricity Company (SEC) has agreed to set up a Sukuk program of up to US$1.5 billion to fund capital projects, according to a bourse filing. The utility company also received approval to negotiate a US$2.3 billion loan facility.

Indonesia ready to issue Sukuk in 2016

INDONESIA: The government of Indonesia is preparing to issue Sukuk in 2016 amounting to IDR12.2 trillion (US$856.44 million) which will be used to finance several strategic infrastructure projects such as road and railway constructions. According to Katadata, the Ministry of Finance has approved the issuance of Sukuk and there will be a total of 120 road and railway construction projects that will be funded by this Sukuk. Directorate General of Bina Marga will hold an early tender for the 2016 fiscal year projects amounting to IDR28.3 trillion (US$1.98 billion).

Al Othaim debuts Sukuk

SAUDI ARABIA: Al Othaim Real Estate and Investment Co has issued SAR1 billion (US$266.44 million) in Sukuk, according to Reuters quoting unnamed sources. The debut facility, priced at 170bps over the six-month SIBOR, was arranged by the investment banking units of Banque Saudi Fransi, Gulf International Bank and National Commercial Bank.

IFC plans third Sukuk sale

GLOBAL: World Bank's International Finance Corp (IFC) has engaged Dubai Islamic Bank, HSBC, National Bank of Abu Dhabi and Standard Chartered Bank to conduct investor meetings in the Middle East for its proposed US$100 million Sukuk, which received a preliminary 'AAA' rating from S&P. According to Reuters, the Sukuk will be listed on NASDAQ Dubai and an application will also be made for a subsequent listing on the London Stock Exchange.

TSH Sukuk Ijarah's facility 100% subscribed

MALAYSIA: TSH Sukuk Ijarah's privately-placed RM30 million (US$7.11 million) Sukuk Ijarah medium-term note facility has been fully subscribed, according to a bourse filing. The five-year paper, which carries a 5.23% profit rate, will mature on the 24th August 2020.

DEAL TRACKER Full Deal Tracker on page 34

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Saudi Electricity Company	US$1.5 billion	Sukuk	1st September 2015
TBA	Albaraka Turk	TRY1 billion	Sukuk	1st September 2015
TBA	Turkiye Finans	TRY1.5 billion	Sukuk	1st September 2015
2016	Government of Indonesia	IDR12.2 trillion	Sukuk	1st September 2015
By 2017	KT Bank	EUR100 million	Sukuk	11th June 2015
Before end of 2015	National Commercial Bank	SAR2 billion	Sukuk	24th August 2015
TBA	TIME dotCom	up to RM1 billion	Sukuk	19th August 2015
TBA	Almarai	SAR2 billion	Sukuk	19th August 2015

AFRICA

New FNB branch inaugurated

TANZANIA: First National Bank (FNB), which has an Islamic window, has inaugurated its eighth branch at Mbezi Beach in Dar es Salaam. According to Tanzania Daily News quoting Silvest Arumasi, the head of product and digital banking, the opening of the new branch is in the interest of the city's rapid growth.

First Islamic bank in Ghana on the cards

GHANA: The Republic of Ghana could welcome its first Islamic bank before the end of this year. According to myjoyonline.com quoting the head of banking supervision of Bank of Ghana (BoG) Franklyn Belyne, the regulator is waiting for several final requirements to be met by the yet-to-be-named bank before it can start operations. It is learned that the institution from Saudi Arabia had secured a provisional license from BoG to start operations last year but had to request for an extension until November due to challenges in meeting all key banking requirements.

ASIA

IIC and IBFIM in academic collaboration

MALAYSIA: The International Islamic College (IIC) has signed an MoU with the Islamic Banking and Finance Institute (IBFIM) for an academic collaboration, according to Bernama. The collaboration aims to produce a pool of well-rounded Islamic finance graduates and provide enhancement of teaching and learning opportunities for students of the IIC particularly in the area of Islamic finance, and to also open up new avenues for the IIC to venture into and establish education links for IBFIM.

NAB provides Islamic financing for Crescent Wealth

AUSTRALIA: The National Bank of Australia (NAB) has closed its debut Islamic financing deal worth AU$19.9 million (US$14.21 million) to fund a real estate purchase by Crescent Wealth, according to Reuters. The funding platform designed by NAB uses the Wakalah structure. Crescent Wealth is using the four-year financing for a AU$30.75 million (US$21.95 million) commercial property acquisition in South Melbourne, with plans to build a portfolio of commercial assets across the east coast. The asset manager is looking to secure a second asset by end of this year and will be leveraging the existing structure with NAB.

Ramly secures loan to build new factory

MALAYSIA: Ramly Food Industries (Ramly) has inked an agreement with Shariah compliant Agrobank and Bank Pembangunan Malaysia for a syndicated financing worth RM274 million (US$64.77 milllion) to build a new factory at Taman Perindustrian Halal Hub, Pulau Indah, Klang. The RM1 billion (US$236.41 million) complex, which would comprise a production factory, Halal logistics, a frozen and dry storage depot, a training center, and a research and development department, will be built in three phases and is scheduled for completion by the end of 2017, according to Bernama.

CLC launches Islamic Business Division

SRI LANKA: Commercial Leasing and Finance (CLC) has introduced CLC Islamic Finance in its bid to meet the financial needs of many existing and potential customers within the Sri Lankan community, according to Daily FT. The specialized Islamic business division will function as an alternative finance solutions provider under the CLC regulatory license implementing Shariah compliance finance solutions.

BSN converts deposit products

MALAYSIA: Bank Simpanan Nasional (BSN) will be converting its BSN Islamic Deposit products to a Wadiah structure from Mudarabah effective the 1st September 2015, according to a statement.

Bill filed to boost Islamic banking in the Philippines

PHILIPPINES: A bill — the House Bill (HB) 5989 'An Act amending Republic Act No 6848' or the 'Charter of Al Amanah Islamic Investment Bank of the Philippines' — has been filed by legislator Sitti Djalia Turabin-Hataman to provide the Philippines with the necessary framework to expand its Islamic banking system. The Manila Times quoted Turabin-Hataman as stressing the need to develop the country's Shariah banking industry especially in light of greater ASEAN integration and economic advancement.

Meezan Bank expands branch network

PAKISTAN: Meezan Bank has inaugurated a new branch in Jamia Darul Uloom as part of its branch expansion strategy, according to a press release.

EUROPE

First French Islamic bank launched

FRANCE: NoorAssur, an Islamic finance start-up, has launched its first physical branch in Paris and is targeting to open another 20 units nationwide in 2016, confirmed the institution to IFN. NoorAssur was established in 2012 as an online banking service and now has 3,000 customers.

GLOBAL

Gulf private equity firms compete for stake in Al Raya

GLOBAL: Three of the biggest private equity firms in the Gulf, namely Abraaj Group, Fajr Capital and Gulf Capital, are competing for a controlling stake in Saudi supermarket chain Al Raya for Foodstuff Co (Al Raya) with a deal worth as much as US$300 million, according to Reuters quoting unnamed sources. The firms lodged initial bids in late July and are now due to file more comprehensive proposals before the deadline for second-round bids in the next two weeks. The sale is expected to proceed despite falling oil prices and subsequent lower government spending. The stake of Al Raya is being sold by Levant Capital and The Rohatyn Group.

Russia keen to collaborate with Malaysia

GLOBAL: A feasibility study has been undertaken by Malaysian experts to establish either Islamic banking or Islamic banking windows in Russia as the Federation is keen to collaborate with Malaysia to facilitate and develop its Halal industry and Islamic banking, according to Bernama quoting Regions-Russia Association president Linar Yakupov. Yakupov added that the results are expected to be out by the end of October, which will serve as a good foundation to change the legal framework that will accommodate Islamic financial institutions to be functional within the Russian legal system.

Iranian banks reopen in the UK

GLOBAL: Two out of the four Iranian banks in the UK (Bank Melli and Persian International Bank) will resume operations soon, according to the governor of the Central Bank of Iran, Valiollah Seif. Quoting Seif during a recent meeting with UK foreign secretary Philip Hammond in Tehran, Mehr News reported that Seif also confirmed that the UK is keen to invest in Iran's stock market.

MIDDLE EAST

Noor Bank and Dubai Properties collaborate

UAE: Noor Bank has collaborated with Dubai Properties to offer Shariah compliant flexible property financing options, according to a press release. The financing will be available for a tenure of up to 25 years with finance to value ratios of up to 80% for UAE nationals and 75% for expatriates on completed projects and 50% for off-plan projects with finance amounts of up to AED25 million (US$6.8 million).

Deyaar to fund project with Islamic finance

UAE: Thirty per cent of Deyaar Development's Midtown development at International Media Production Zone will be funded by Shariah compliant financing facilities, reported Gulf Business. The first phase of the AED2.5-3 billion (US$680.46-816.55 million) project has been launched and construction is expected to commence in the last quarter of 2015 with the first phase scheduled for completion in September 2018.

SASCO secures Islamic loan facility from NCB

SAUDI ARABIA: The Saudi Automotive Services Company (SASCO) has concluded the signing of the Shariah compliant facility agreement with the National Commercial Bank (NCB) at a value of SAR151.82 million (US$40.44 million) against a signed promissory note. Included in the facility agreement is the Murabahah long-term (seven years) loan amounting to SAR101.12 million (US$26.94 million) (including a one-year grace period), which is scheduled to be settled in semi-annual installments, and also a short-term loan of SAR25.7 million (US$6.84 million) scheduled to be settled in one installment after four months from the withdrawal, in addition to a letter of guarantee amounting to SAR25 million (US$6.66 million).

According to a bourse filing, the facility will be used to finance purchasing new locations, building new fuel stations and developing the existing stations as well as to meet working capital requirements.

GEMS refinances loan

UAE: Private school operator GEMS Education has restructured an existing debt with improved terms via a AED3 billion (US$816.55 million) financing, of which approximately two-thirds were Shariah compliant, according to Reuters. The seven-year facility was provided by Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, First Gulf Bank, Mashreq, National Bank of Fujairah and Noor Bank.

Meethaq upgrades core banking system

OMAN: Meethaq, the Islamic banking window of Bank Muscat, has upgraded to the new iMal core banking system, a Shariah compliant core banking system certified by AAOIFI. According to a statement, Bank Muscat is also using the iMal Islamic core banking system for its subsidiaries in Saudi Arabia and Kuwait.

ASSET MANAGEMENT

Tharawat Sukuk Fund Company to be liquidated

BAHRAIN: Tharawat Sukuk Fund Company, launched by Tharawat Investment House, will be voluntarily liquidated. According to Trade Arabia, RSM Mezan has been appointed as the liquidator.

EIIB-Rasmala closes its second fund

UAE: EIIB-Rasmala has launched the Rasmala Leasing Fund 2, a diversified portfolio of Shariah compliant, asset-backed equipment leases with predominately US-domiciled high quality corporate credit lessees targeting an internal rate of return of 6-7%, net of fees and expenses, and a minimum targeted annual cash distribution of approximately 8.5%, according to a press release. The asset manager has announced the initial closing of the fund with a target of US$125 million in capital commitments.

Public Mutual declares distributions

MALAYSIA: Public Mutual has declared over RM185 million (US$44.03 million) in distributions for 11 funds including four Islamic funds. According to a press release, a distribution of 1.5 Malaysian sen (0.36 US cents) per unit was announced for the Public Islamic Treasures Growth Fund, 3.75 sen (0.89 US cents) per unit for the Public Sukuk Fund, 1.4 sen (0.33 US cents) per unit for PB Islamic Equity Fund and 3.75 sen for the PB Sukuk Fund.

RESULTS

BLME

UK: Bank of London and The Middle East (BLME) recorded an after-tax profit of GBP400,000 (US$629,976) for the six months up to the 30th June 2015 against GBP3.99 million (US$6.28 million) for the corresponding period in 2014. The bank noted in a statement that balance sheet growth is being managed carefully with total assets at GBP1.33 billion (US$2.09 billion) for the first half of 2015 compared to GBP1.28 billion (US$2.01 billion) achieved last year.

Bank Muscat

OMAN: For the first half of 2015, Bank Muscat, which operates Islamic window Meethaq, registered 4% year-on-year growth in net profit to OMR89.82 million (US$232.34 million). In its preliminary results statement, the bank also observed a rise in income from Islamic financing by 12% to OMR9.21 million (US$23.82 million) over the period compared to OMR8.22 million (US$21.26 million) achieved in 2014.

Richard Pieris Finance

SRI LANKA: Richard Pieris Finance, which offers Islamic financial products and services, recorded a post-tax profit of LKR200 million (US$1.46 million) for the year ending the 31st March 2015. Imruz Kamil, the head of Islamic finance at the company, told IFN that the firm's Islamic product portfolio has reached LKR1.2 billion (US$8.78 million) since it began offering Shariah services in April 2014, out of a total asset base of LKR6.5 billion (US$47.57 million). It has also been confirmed that the company is looking to expand its branch network by opening eight units this year.

CIMB Islamic

MALAYSIA: For the first half of 2015, CIMB Islamic posted a profit before tax of RM257 million (US$61.17 million), a 7.3% year-on-year decline owing to slower activity in the Islamic capital markets, according to a statement. However, over the period, the bank's Islamic gross financing assets observed an increase of 12.5% year-on-year, accounting for 13.8% of total group loans. Total deposits grew by 8.5% to RM43.5 billion (US$10.35 billion).

EFU Life Assurance

PAKISTAN: EFU Life Assurance, which operates Hemayah Takaful, registered growth in after-tax profit of PKR1.25 billion (US$11.88 million) for the first half of 2015 against PKR878.78 million (US$8.3 million) achieved in the similar period last year. According to its financial statements, earnings per share (basic and diluted) for the period ending June 2015 stood at PKR7.85 (7.42 US cents).

Al-'Aqar Healthcare REIT

MALAYSIA: Al-'Aqar Healthcare REIT, a member of Johor Corp, posted an after-tax profit of RM15.26 million (US$3.58 million) for the second quarter of 2015 against RM14.63 million (US$3.43 million) achieved in the corresponding period in the previous year. According to a statement, Al-'Aqar saw a slight year-on-year increase in total assets to RM1.6 billion (US$375.46 million) over the same period.

Seera Investment Bank

BAHRAIN: Seera Investment Bank reported a consolidated net income of US$2.3 million for the first half of 2015 against a loss of US$29.5 million in the same period of 2014. The Islamic bank said in a statement that the increase was due to fees on the acquisition and structuring of a new investment and exits from two investments. Total assets as at the 30th June 2015 reached US$198 million while the capital adequacy ratio stood at around 26%.

Hong Leong Bank

MALAYSIA: Hong Leong Bank, which has an Islamic banking subsidiary, for the year ended the 30th June 2015 recorded a 6.2% growth in post-tax net profit to RM2.23 billion (US$528.58 million) while fourth quarter earnings reached RM615 million (US$145.78 million), up 14.4% against the same period last year. According to a press release, the group's common equity Tier 1, Tier 1 and total capital ratios stood at 10.8%, 11.9% and 14.3% respectively.

Maybank

MALAYSIA: Maybank Group registered a net profit of RM3.28 billion (US$777.47 million) in the first half of 2015, marking a 3.4% year-on-year growth. The group noted in a statement that its Islamic banking business posted a 17.4% increase in total income over the period driven by an annualized 25% expansion in gross financing which subsequently boosted the bank's market share to 33.4% from 31.1% a year earlier. As at the 30th June 2015, Islamic finance accounted for 47.9% of total domestic financing of the group, up from 43.8% in December 2014.

TAKAFUL

Jubilee Insurance introduces Jubilee Takaful

PAKISTAN: Jubilee Insurance has launched its Takaful business for the Pakistani market at an event in Karachi which was jointly hosted by both Jubilee Life and Jubilee General, according to a press release.

RATINGS

MARC affirms KPSB's Sukuk

MALAYSIA: MARC in a statement has affirmed the rating of 'AA-IS' on Kimanis Power (KPSB)'s RM1.16 billion (US$274.24 million) Sukuk program with a stable outlook. The outlook on the Sukuk program incorporates MARC's expectations that the power plant's operating performance will be in line with projections.

GFH's rating and outlook affirmed

BAHRAIN: Capital Intelligence in a statement has affirmed Gulf Finance House (GFH)'s long-term and short-term ratings at 'BB' and 'B' respectively, with a stable outlook. The ratings are supported by GFH's satisfactory leverage, and the moderately improved diversification of the balance sheet and revenue streams in the first half of 2015 following the consolidation of Khaleeji Commercial Bank (KHCB) (formerly an associate).

However, the major rating constraints are derived from GFH's relatively small asset base (although expanded) coupled with ongoing concentration risk, just adequate liquidity, limited financial flexibility, and the still challenging investment environment exacerbated by the fall in oil prices, as well as the low return on average assets combined with volatility in earnings, although the latter is expected to improve due to KHCB consolidation.

CI affirms Egypt

EGYPT: Capital Intelligence (CI) has affirmed Egypt's long-term foreign and local currency sovereign ratings at 'B-' and its short-term foreign and local currency ratings at 'B', with the outlook on the ratings also affirmed at stable. According to CI in a statement, Egypt's ratings continue to be constrained by the fundamental weakness of the economy and public finances, as well as by political and geopolitical risk factors.

Qatar's ratings affirmed

QATAR: Fitch in a statement has affirmed Qatar's long-term foreign and local currency issuer default ratings (IDR) at 'AA' with a stable outlook, the country ceiling at 'AA+' and the short-term currency IDR at 'F1+'.

Mumtalakat's Sukuk rating downgraded

BAHRAIN: Bahrain Mumtalakat Holding Company (Mumtalakat)'s RM3 billion (US$714.07 million) Sukuk Murabahah program (2012/2032) has been downgraded to 'AA3/Stable' from 'AA2/Negative' following the downward revision of the Kingdom's sovereign rating driven by steeper-than-anticipated fiscal deterioration as a result of weak oil prices, according to RAM in a statement.

Bahrain down one notch

BAHRAIN: Following an outlook revision to negative in April, the outlook on Bahrain's recently downgraded global scale rating of 'gBBB2(pi)' and ASEAN-scale sovereign rating of 'seaAA3(pi)' has been revised to stable by RAM. The rating agency in a statement opines that Bahrain's fiscal consolidation efforts are strained as the country faces considerable constraints in reducing subsidies and social welfare spending as well as weak oil prices.

SEB keeps 'AA1/Stable' Sukuk rating

MALAYSIA: According to a statement by RAM, Sarawak Energy (SEB)'s RM15 billion (US$3.57 billion) Sukuk Musharakah program (2011/2036) has been reaffirmed at 'AA1/Stable' based on the continued strong support from the Sarawak state and federal governments as well as the group's robust financial performance.

RAM withdraws rating of KLIA's guaranteed issue

MALAYSIA: RAM in a statement has withdrawn the 'AAA(s)/Stable' rating of the KL International Airport (KLIA)'s RM4.06 billion (US$966.37 million) government-guaranteed Bai Bithaman Ajil notes issuance facility as the airport operator had fully redeemed and canceled its Islamic facility.

Moody's assesses Oman's government financing

OMAN: Solid economic growth continues to support Oman (rated 'A1/Negative'); however, the Sultanate's high economic and fiscal reliance on the oil and gas sector and the limited scope for fiscal reforms will add pressure to public finances in 2015-16, according to a report by Moody's on the country.

Bangladesh receives ratings

BANGLADESH: Bangladesh's long-term foreign and local currency issuer default ratings (IDRs) have been affirmed at 'BB-' by Fitch with a stable outlook. The country ceiling is assigned a similar rating while its short-term foreign currency IDR stands at 'B'.

MOVES

Ibdar Bank

BAHRAIN: Shariah compliant Ibdar Bank has named **Janaka Mendis** as its new CFO according to a press release. Mendis joins from Al Salam Bank Bahrain.

Capital Markets Malaysia

MALAYSIA: Capital Markets Malaysia (CMM) has appointed **Azhar Zabidi** as its CEO effective the 1st September 2015, according to a press release. Azhar brings with him 20 years of experience in local and international investment banking and will lead promotional efforts to advance the international profile of the Malaysian capital markets for investment and fundraising opportunities.

K&L Gates

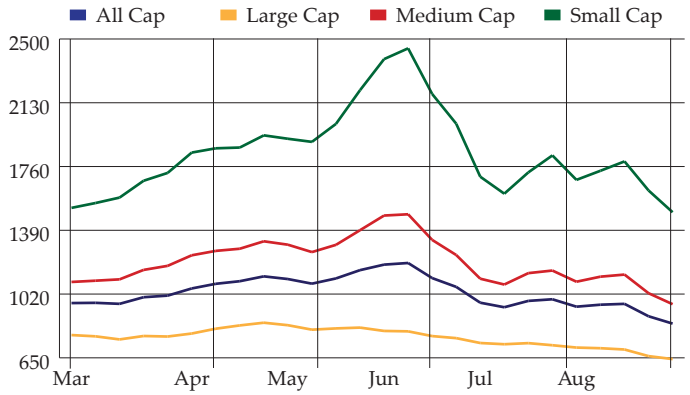
GLOBAL: Global law firm K&L Gates has appointed **Markus Blenntoft**, an English-qualified banking and finance lawyer with considerable experience in debt capital markets and Islamic finance, as a banking and asset finance partner in the Singapore office. Prior to joining the firm, Blenntoft worked for Dentons UKMEA, according to a statement.

QFC

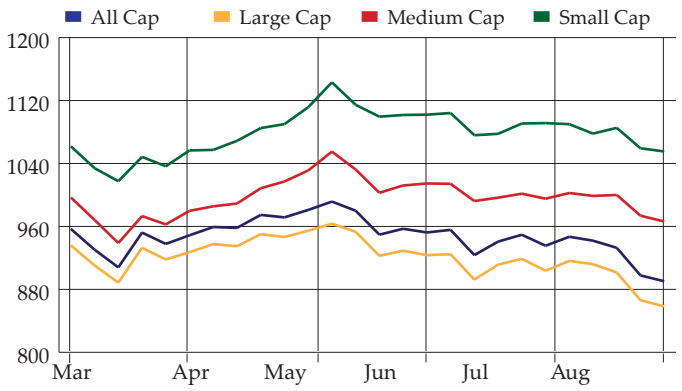
QATAR: Qatar Financial Center (QFC) has announced the appointment of **Hamed Al-Saadi** as its chief financial officer and tax officer where he will be reporting directly to the CEO and assuming a strategic role in the overall management of QFC, according to a press release. Hamed will also sit on the Executive Committee of the QFC Authority.

Expected date	Company's name	Size	Structure	Announcement Date
TBA	Saudi Electricity Company	US$1.5 billion	Sukuk	1st September 2015
TBA	Albaraka Turk	TRY1 billion	Sukuk	1st September 2015
TBA	Turkiye Finans	TRY1.5 billion	Sukuk	1st September 2015
2016	Government of Indonesia	IDR12.2 trillion	Sukuk	1st September 2015
By 2017	KT Bank	EUR100 million	Sukuk	11th June 2015
Before end of 2015	National Commercial Bank	SAR2 billion	Sukuk	24th August 2015
TBA	TIME dotCom	up to RM1 billion	Sukuk	19th August 2015
TBA	Almarai	SAR2 billion	Sukuk	19th August 2015
2016	Government of South Africa	TBA	Sukuk	13th February 2015
TBA	Government of Niger	XOF150 billion	Sukuk	26th February 2015
Third quarter of 2015	Government of Tunisia	US$500 million	Sukuk	13th January 2015
2015	Al Baraka Turk Participation Bank	US$300 million	Sukuk	12th August 2015
2016	Al Baraka Bank (Egypt)	US$100 million	Sukuk	12th August 2015
2016	Jordan Islamic Bank	US$100 million	Sukuk	12th August 2015
2016	Al Baraka Bank (South Africa)	US$50 million	Sukuk	12th August 2015
Fourth quarter of 2015	Government of Ivory Coast	XOF300 billion	Sukuk	24th April 2015
September	Government of Jordan	JOD200 million	Sukuk	17th June 2015
2015	Government of UAE	TBA	Green energy Sukuk	12th March 2015
TBA	Turkiye Finans	US$400 million	Sukuk	20th July 2015
TBA	Tenaga Nasional	Up to RM9.5 billion	Sukuk	16th July 2015
TBA	Arab National Bank	Up to SAR2 billion	Sukuk	16th July 2015
TBA	Arab Petroleum Investment Corp	US$3 billion	Sukuk	1st July 2015
TBA	Eskom	TBA	Sukuk	25th June 2015
Fourth quarter of 2015	Republic of Turkey	TBA	Sukuk	25th June 2015
End of 2015	Kuveyt Türk	TRY800 million	Sukuk	24th June 2015
TBA	1Malaysia Development	RM5 billion	Sukuk	18th June 2015
TBA	Toyota Capital Malaysia	TBA	Sukuk	17th June 2015
TBA	SapuraKencana Petroleum	RM7 billion	Sukuk Murabahah	16th June 2015
TBA	Sindh Province	US$200 million	Sukuk	15th June 2015
TBA	Grand Sepadu	RM210 million	Sukuk Murabahah	5th June 2015
TBA	Abu Dhabi Islamic Bank	US$3 billion	Sukuk	29th May 2015
2015	Government of Oman	US$1 billion	Sukuk	26th May 2015
TBA	Masraf Al Rayan	TBA	Sukuk	14th May 2015
TBA	AEON Credit	RM1 billion	Sukuk Murabahah	13th May 2015
TBA	Bank OCBC NISP	TBA	Sukuk	13th May 2015
TBA	Government of Oman	OMR200 million	Sukuk	11th May 2015
Jun-15	Adira Dinamika Multi Finance	IDR500 billion	Sukuk	6th May 2015
2015/2016 fiscal year	Government of Egypt	TBA	Sukuk	5th May 2015
2016	Government of Kazakhstan	TBA	Sukuk	9th April 2015
TBA	CIMB Group Holdings	RM1 billion	Sukuk	9th April 2015
TBA	Government of Senegal	TBA	Sukuk	6th April 2015
TBA	Oman Telecommunications	TBA	Sukuk	23rd March 2015
TBA	Zorlu Energy	TRY100 million	Sukuk	20th March 2015
TBA	Turkiye Finans	RM2.05 billion	Sukuk	20th March 2015
TBA	Bank Muscat	OMR500 million	Sukuk	20th March 2015
TBA	Treet Corporation	PKR539.51 million	Sukuk	9th March 2015
TBA	Tulip Maple	US$750 million	Sukuk	4th March 2015
2015	Gulf Finance House	US$230 million	Sukuk	26th February 2015
TBA	IDB	TBA	Sukuk	25th February 2015
TBA	Qatar Islamic Bank	QAR5 billion	Sukuk	23rd February 2015

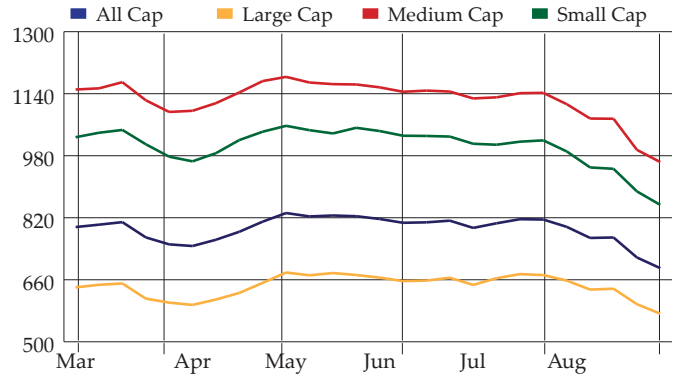
REDmoney Asia ex. Japan *6 Months*



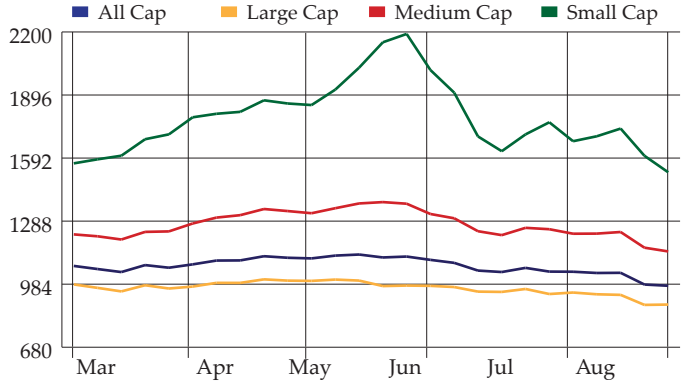
REDmoney Europe *6 Months*



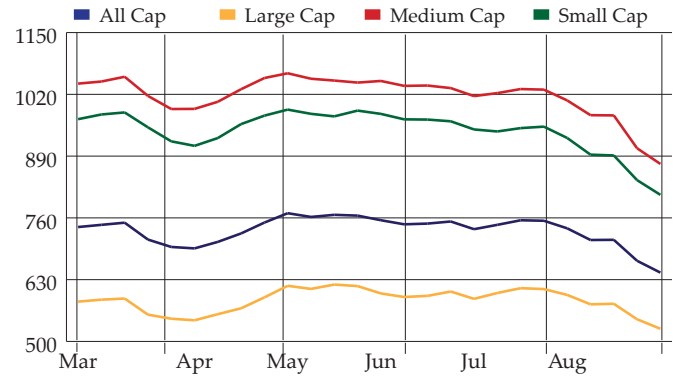
REDmoney GCC *6 Months*



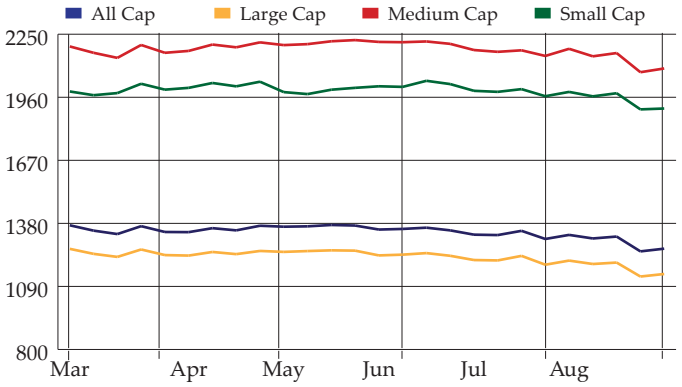
REDmoney Global *6 Months*



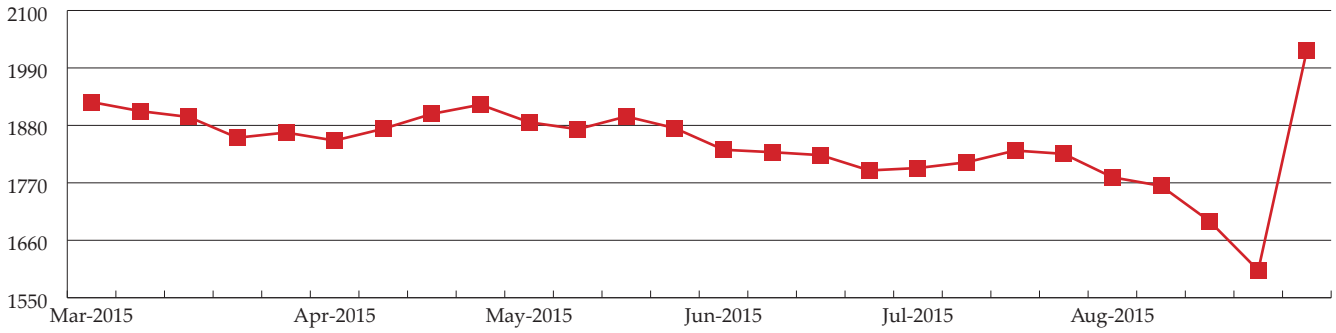
REDmoney MENA *6 Months*



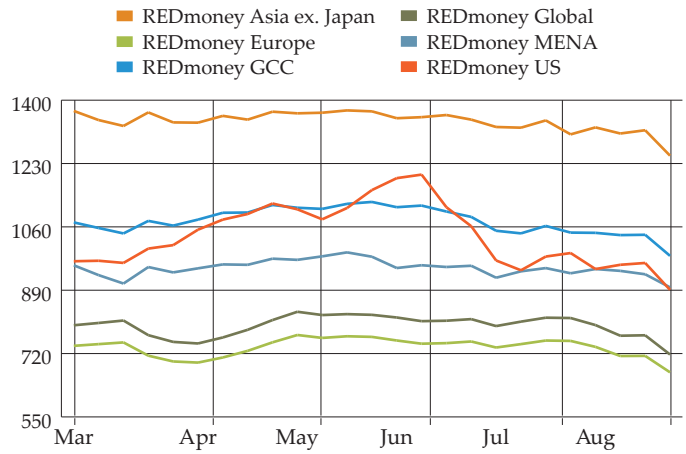
REDmoney US *6 Months*



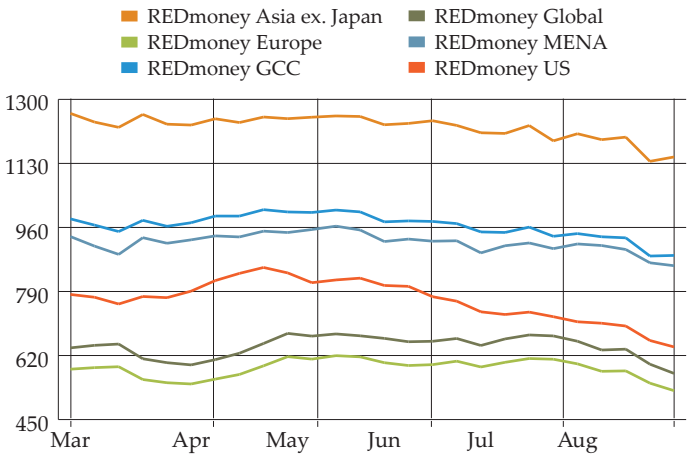
SAMI Halal Food Participation (All Cap) *6 months*



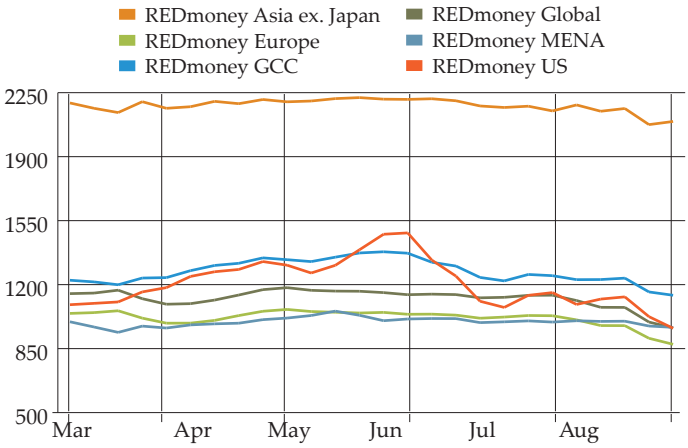
REDmoney Global Shariah Index Series (All Cap) *6 Months*



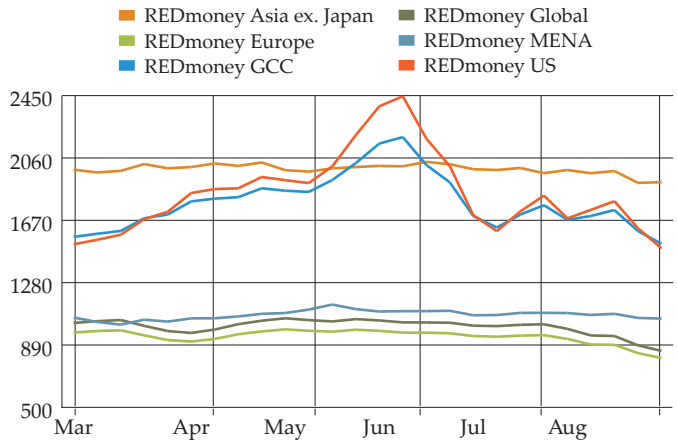
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



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



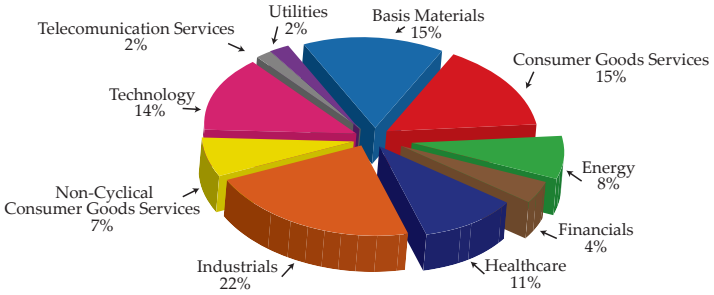
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



REDmoney Global Shariah

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

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



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

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

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

REDmoney Global Shariah Index Series

REDmoney Indexes IdealRatings®

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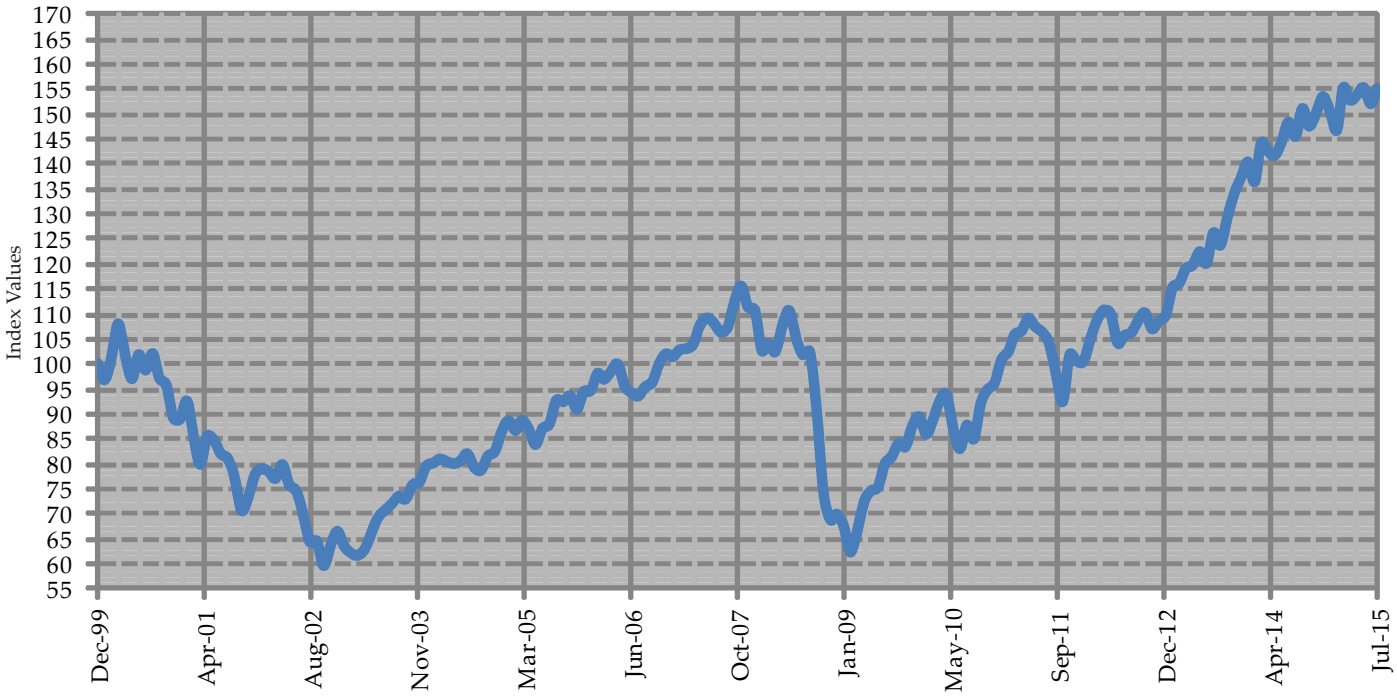
Tel +603 2162 7800

Eurekahedge North America Islamic Fund Index



Top 10 Monthly Returns for ALL Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	CIMB Islamic Small Cap	CIMB-Principal Asset Management	5.12	Malaysia
2	QInvest Edgewood Sharia'a	QInvest	4.94	Cayman Islands
3	Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	4.18	Pakistan
4	Al Meezan Mutual	Al Meezan Investment Management	3.69	Pakistan
5	Amana Growth	Saturna Capital	3.51	US
6	Atlas Pension Islamic - Equity Sub	Atlas Asset Management	3.16	Pakistan
7	CIMB Islamic Equity Aggressive	CIMB-Principal Asset Management	3.04	Malaysia
8	QInvest Eagle Sharia'a	QInvest	3.02	Cayman Islands
9	Meezan Balanced	Al Meezan Investment Management	2.73	Pakistan
10	Wafa Gestion Cap Al Moucharaka	AttijariWafa Bank	2.69	Morocco
	Eurekahedge Islamic Fund Index		**(0.36)**	

Based on 93.55% of funds which have reported July 2015 returns as at the 31st August 2015

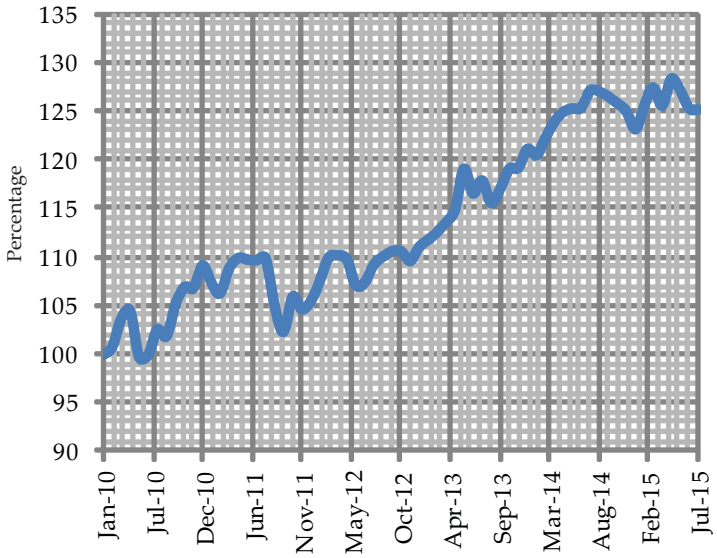
Top 5 Islamic Real Estate Funds by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Al Dar Real Estate	Al Dar Asset Management (ADAM)	4.40	Kuwait
2	Oasis Crescent Global Property Equity	Oasis Global Management Company (Ireland)	3.00	Ireland
3	Markaz Real Estate	Kuwait Financial Centre (Markaz)	2.51	Kuwait
4	Al-'Aqar KPJ REIT	AmMerchant Bank	-0.71	Malaysia
5	Al Qasr GCC Real Estate & Construction Equity Trading	Banque Saudi Fransi	-12.55	Saudi Arabia
	Eurekahedge Islamic Fund Index		**(0.67)**	

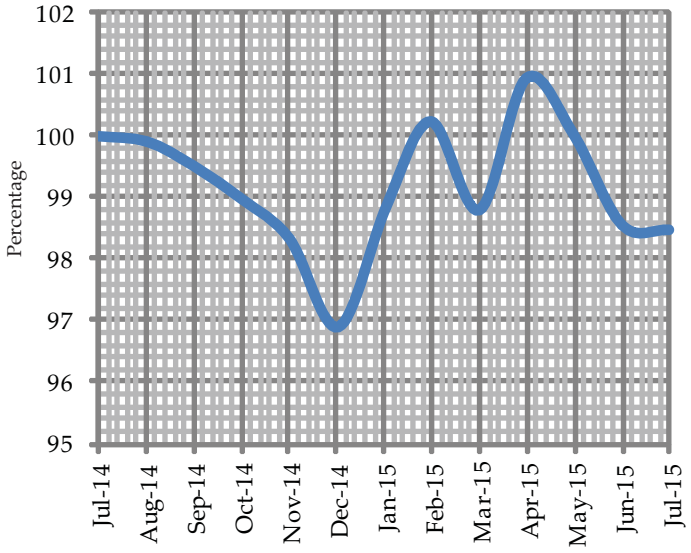
Based on 100.00% of funds which have reported January 2015 returns as at the 31st August 2015

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.

Eurekahedge Islamic Fund Balanced Index over the last 5 years



Eurekahedge Islamic Fund Balanced Index over the last 1 year



Top 10 Monthly Returns for Global Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	QInvest GAM Sharia'a	GAM International Management	2.66	Cayman Islands
2	Oasis Crescent Global Property Equity	Oasis Global Management Company (Ireland)	2.57	Ireland
3	HSBC Insurance Ethical Global Sukuk	HSBC Insurance Singapore	2.56	Singapore
4	EFH Islamic Financial Institution USD	QInvest	2.14	Luxembourg
5	HSBC Global Equity Index - AEF	HSBC Amanah Central Shariah Committee	2.12	Saudi Arabia
6	Al Rajhi Global Equity	UBS	1.70	Saudi Arabia
7	QInvest JOHCM Sharia'a	J O Hambro Capital Management	1.44	Cayman Islands
8	HSBC Insurance Ethical Global Equity	HSBC Insurance Singapore	0.85	Singapore
9	WSF Global Equity - USD I	Cogent Asset Management	0.72	Guernsey
10	BLME Sharia'a Umbrella Fund SICAV-SIF Global Sukuk - Class A USD	Bank of London and The Middle East	0.55	Luxembourg
	Eurekahedge Islamic Fund Index		**(0.77)**	

Based on 95.45% of funds which have reported July 2015 returns as at the 31st August 2015

Top 5 Yield-to-Date Returns for Fund of Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Al Rajhi Multi Asset Growth	Al Rajhi Bank	5.06	Saudi Arabia
2	Al-Mubarak Balanced	Arab National Bank	3.85	Saudi Arabia
3	Al Yusr Tamoh Multi Asset	Saudi Hollandi Bank	3.24	Saudi Arabia
4	Al Rajhi Multi Asset Balanced	Al Rajhi Bank	1.54	Saudi Arabia
5	Al Yusr Mizan Multi Asset	Saudi Hollandi Bank	1.44	Saudi Arabia
	Eurekahedge Islamic Fund Index		**3.02**	

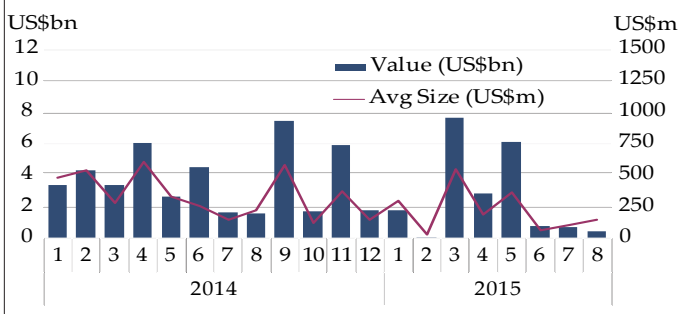
Based on 100.00% of funds which have reported July 2015 returns as at the 31st August 2015

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

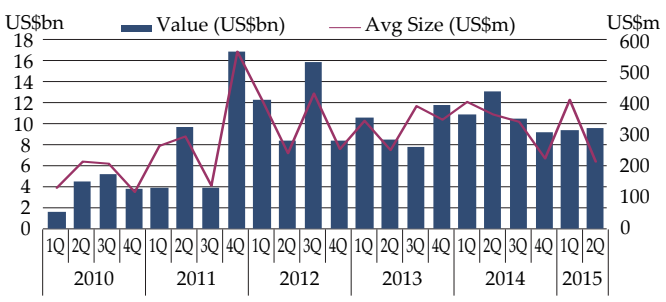
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
6th Aug 2015	Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	386	RHB Capital, Kenanga Investment Bank, AmInvestment Bank
30th Jul 2015	Kuala Lumpur Kepong	Malaysia	Sukuk	Domestic market public issue	289	Maybank, CIMB Group
9th Jul 2015	Putrajaya Holdings	Malaysia	Sukuk	Domestic market public issue	237	Maybank, CIMB Group, AmInvestment Bank
19th Jun 2015	Maxis	Malaysia	Sukuk	Domestic market public issue	226	CIMB Group
4th Jun 2015	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	163	Maybank
28th May 2015	Hong Kong Sukuk 2015	Hong Kong	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, CIMB Group
27th May 2015	Garuda Indonesia Global Sukuk	Indonesia	Sukuk	Euro market public issue	500	Standard Chartered Bank, Deutsche Bank, ANZ, National Bank of Abu Dhabi, First Gulf Bank, Maybank, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Al Hilal Bank, Warba Bank, Noor Bank
25th May 2015	Benih Restu	Malaysia	Sukuk	Domestic market public issue	278	OCBC, RHB Capital, Maybank, CIMB Group
22nd May 2015	Jana Kapital	Malaysia	Sukuk	Domestic market public issue	419	RHB Capital
22nd May 2015	Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	250	RHB Capital
21st May 2015	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,000	JPMorgan, HSBC, Dubai Islamic Bank, CIMB Group
18th May 2015	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	750	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Maybank, Dubai Islamic Bank
18th May 2015	THP Suria Mekar	Malaysia	Sukuk	Domestic market public issue	280	RHB Capital
15th May 2015	Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	560	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank
21st Apr 2015	Noor Bank	UAE	Sukuk	Euro market public issue	500	Standard Chartered Bank, Dubai Islamic Bank, South Indian Bank, Citigroup, Emirates NBD, Al Hilal Bank, QInvest, Barwa Bank
17th Apr 2015	Aman Sukuk	Malaysia	Sukuk	Domestic market public issue	140	RHB Capital, CIMB Group, AmInvestment Bank
8th Apr 2015	Malaysia Sovereign Sukuk	Malaysia	Sukuk	Euro market public issue	1,500	Standard Chartered Bank, HSBC, CIMB Group
6th Apr 2015	Point Zone (M)	Malaysia	Sukuk	Domestic market public issue	219	Maybank, CIMB Group, Hong Leong Financial Group, Affin Investment Bank, AmInvestment Bank
25th Mar 2015	Khadrawy	UAE	Sukuk	Euro market public issue	913	Standard Chartered Bank, JPMorgan, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD
25th Mar 2015	Danga Capital	Malaysia	Sukuk	Domestic market public issue	547	RHB Capital, CIMB Group

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter



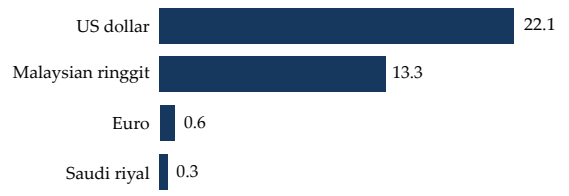
Top 30 Issuers of Global Sukuk *12 Months*

	Issuer	Nationality	Instrument	Market	US$ (mln)	Iss (%)	Managers
1	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	3,500	9.6	Standard Chartered Bank, HSBC, CIMB Group, Emirates NBD, JPMorgan, Dubai Islamic Bank
2	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	2,881	7.9	Standard Chartered Bank, Deutsche Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Maybank, Gulf International Bank, Natixis, CIMB Group, Saudi National Commercial Bank, RHB Capital, Dubai Islamic Bank
3	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,750	4.8	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank, First Gulf Bank, Maybank
4	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,663	4.6	RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, AmInvestment Bank, Affin Investment Bank
5	Malaysia Sovereign Sukuk	Malaysia	Sukuk	Euro market public issue	1,500	4.1	Maybank
6	Petronas Global Sukuk	Malaysia	Sukuk	Euro market public issue	1,250	3.4	CIMB Group
7	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	2.7	AmInvestment Bank
7	Hong Kong Sukuk 2015	Hong Kong	Sukuk	Euro market public issue	1,000	2.7	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, CIMB Group
7	Hong Kong Sukuk 2014	Hong Kong	Sukuk	Euro market public issue	1,000	2.7	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, CIMB Group
7	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	2.7	HSBC, CIMB Group, Citigroup
7	Government of Ras Al Khaimah	UAE	Sukuk	Euro market public issue	1,000	2.7	JPMorgan, National Bank of Abu Dhabi, Citigroup, Al Hilal Bank
12	Danga Capital	Malaysia	Sukuk	Domestic market public issue	992	2.7	RHB Capital, CIMB Group
13	Bank Pembangunan Malaysia	Malaysia	Sukuk	Domestic market public issue	948	2.6	HSBC, CIMB Group
14	Khadrawy	UAE	Sukuk	Euro market public issue	913	2.5	Standard Chartered Bank, JPMorgan, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD
15	Sharjah Sukuk	UAE	Sukuk	Euro market public issue	750	2.1	Standard Chartered Bank, HSBC, Kuwait Finance House, National Bank of Abu Dhabi, Sharjah Islamic Bank
16	Dubai International Financial Centre	UAE	Sukuk	Euro market public issue	700	1.9	Maybank, CIMB Group
17	Mumtalakat Sukuk Holding	Bahrain	Sukuk	Euro market public issue	594	1.6	Standard Chartered Bank, Deutsche Bank, BNP Paribas, Mitsubishi UFJ Financial Group
18	Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	560	1.5	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank
19	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	541	1.5	RHB Capital, Kenanga Investment Bank, CIMB Group, Affin Investment Bank, AmInvestment Bank
20	Sharjah Islamic Bank	UAE	Sukuk	Euro market public issue	500	1.4	Standard Chartered Bank, HSBC, Kuwait Finance House, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank
20	Republic of South Africa	South Africa	Sukuk	Euro market public issue	500	1.4	BNP Paribas, Standard Bank, Kuwait Finance House
20	Noor Bank	UAE	Sukuk	Euro market public issue	500	1.4	Standard Chartered Bank, Dubai Islamic Bank, South Indian Bank, Citigroup, Emirates NBD, Al Hilal Bank, QInvest, Barwa Bank
20	JANY Sukuk	US	Sukuk	Euro market public issue	500	1.4	Saudi National Commercial Bank, Goldman Sachs, National Bank of Abu Dhabi, Abu Dhabi Islamic Bank, Emirates NBD, QInvest
20	IFFIm Sukuk	UK	Sukuk	Euro market public issue	500	1.4	Saudi National Commercial Bank, Standard Chartered Bank, National Bank of Abu Dhabi, CIMB Group, Barwa Bank
20	Flydubai	UAE	Sukuk	Euro market public issue	500	1.4	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Emirates NBD, Credit Agricole, Noor Bank
26	Garuda Indonesia Global Sukuk	Indonesia	Sukuk	Euro market public issue	496	1.4	Standard Chartered Bank, Deutsche Bank, ANZ, National Bank of Abu Dhabi, First Gulf Bank, Maybank, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Al Hilal Bank, Warba Bank, Noor Bank
27	Jana Kapital	Malaysia	Sukuk	Domestic market public issue	434	1.2	RHB Capital
28	Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	433	1.2	RHB Capital, DRB-HICOM, AmInvestment Bank
29	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	426	1.2	Maybank, CIMB Group
30	Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	386	1.1	RHB Capital, Kenanga Investment Bank, AmInvestment Bank
					36,498	**100**	

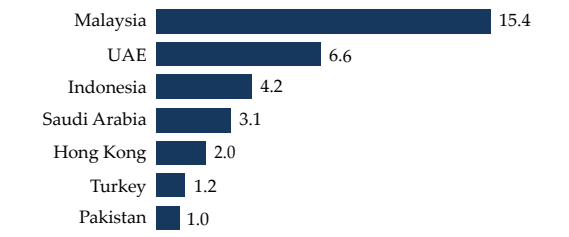
Top Managers of Sukuk *12 Months*

	Manager	US$ (mln)	Iss	%
1	CIMB Group	6,189	51	17.0
2	HSBC	4,310	25	11.8
3	Standard Chartered Bank	3,351	24	9.2
4	RHB Capital	3,213	40	8.8
5	Maybank	2,961	31	8.1
6	AmInvestment Bank	1,889	24	5.2
7	National Bank of Abu Dhabi	1,838	13	5.0
8	Dubai Islamic Bank	1,638	11	4.5
9	Citigroup	1,149	6	3.2
10	Emirates NBD	1,110	9	3.0
11	JPMorgan	1,003	4	2.8
12	Deutsche Bank	745	5	2.0
13	Natixis	658	3	1.8
14	Kenanga Investment Bank	559	12	1.5
15	Al Hilal Bank	541	5	1.5
16	Noor Bank	475	5	1.3
17	BNP Paribas	462	4	1.3
18	Affin Investment Bank	424	6	1.2
19	Kuwait Finance House	407	4	1.1
20	First Gulf Bank	333	3	0.9
21	Sharjah Islamic Bank	316	3	0.9
22	Saudi National Commercial Bank	294	3	0.8
23	Mitsubishi UFJ Financial Group	287	2	0.8
24	Gulf International Bank	278	2	0.8
25	Abu Dhabi Islamic Bank	260	3	0.7
26	Hong Leong Financial Group	195	7	0.5
27	Bank Islam Malaysia	172	2	0.5
28	Standard Bank	167	1	0.5
29	Barwa Bank	163	2	0.5
30	QInvest	146	2	0.4
	Total	**36,498**	**133**	**100.0**

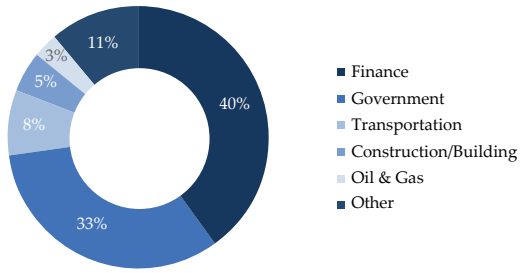
Sukuk Volume by Currency US$ (billion) *12 Months*



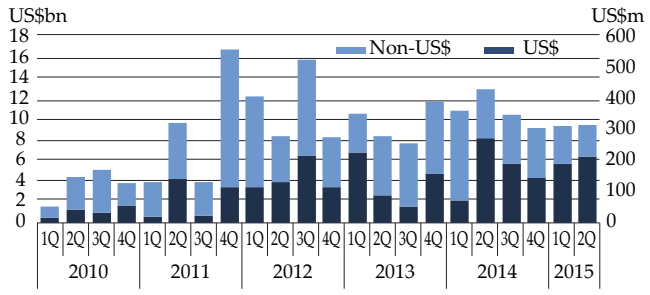
Sukuk Volume by Issuer Nation US$ (billion) *12 Months*



Global Sukuk Volume by Sector *12 Months*



Global Sukuk Volume - US$ Analysis



Top Islamic Finance Related Project Finance Mandated Lead Arrangers *12 Months*

	Mandated Lead Arranger	US$ (million)	No	%
1	Sumitomo Mitsui Financial Group	1,414	2	16.4
2	HSBC	750	3	8.7
3	National Commercial Bank	651	3	7.5
4	Riyad Bank	584	2	6.8
5	Samba Capital & Investment Management	518	3	6.0
6	Mitsubishi UFJ Financial Group	414	2	4.8
6	Mizuho Financial Group	414	2	4.8
8	Al Rajhi Capital	356	3	4.1
9	Banque Saudi Fransi	346	2	4.0
10	National Bank of Kuwait	290	1	3.4

Top Islamic Finance Related Project Financing Legal Advisors Ranking *12 Months*

	Legal Advisor	US$ (million)	No	%
1	Salans FMC SNR Denton Group	3,334	2	22.0
2	Milbank Tweed Hadley & McCloy	2,704	1	17.8
2	White & Case	2,704	1	17.8
4	Linklaters	1,631	2	10.8
5	Clifford Chance	1,380	3	9.1
6	Allen & Overy	1,086	5	7.2
7	Chadbourne & Parke	660	1	4.4
8	Baker & McKenzie	433	2	2.9
9	Norton Rose Fulbright	354	1	2.3
9	Pekin & Pekin	354	1	2.3

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

	Mandated Lead Arranger	US$ (mln)	No	%
1	First Gulf Bank	1,259	15	6.8
2	Abu Dhabi Islamic Bank	1,200	7	6.4
3	Samba Capital	1,128	5	6.1
4	National Bank of Abu Dhabi	1,032	7	5.5
5	HSBC	953	10	5.1
6	Banque Saudi Fransi	906	4	4.9
7	Saudi National Commercial Bank	758	5	4.1
8	Emirates NBD	710	9	3.8
9	Standard Chartered Bank	693	8	3.7
10	Riyad Bank	644	3	3.5
11	Abu Dhabi Commercial Bank	634	4	3.4
12	Mashreqbank	541	6	2.9
13	Dubai Islamic Bank	526	5	2.8
14	Noor Bank	512	6	2.7
15	Alinma Bank	490	2	2.6
16	Arab Banking Corporation	484	6	2.6
17	Union National Bank	336	6	1.8
18	Barwa Bank	331	5	1.8
19	RHB Capital	322	3	1.7
20	Sumitomo Mitsui Financial Group	314	3	1.7
21	ING	269	2	1.4
22	Gulf International Bank	263	3	1.4
23	Maybank	247	2	1.3
23	AmInvestment Bank	247	2	1.3
25	Qatar Islamic Bank	237	4	1.3
26	UOB	215	1	1.2
26	CIMB Group	215	1	1.2
28	SABB	197	2	1.1
29	Al Hilal Bank	191	2	1.0
30	Citigroup	180	3	1.0

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

	Bookrunner	US$ (mln)	No	%
1	Maybank	2,239	1	20.5
2	Samba Capital	1,327	1	12.1
3	Abu Dhabi Islamic Bank	1,130	5	10.3
4	Noor Bank	694	3	6.4
5	Saudi National Commercial Bank	666	1	6.1
5	Riyad Bank	666	1	6.1
5	Alinma Bank	666	1	6.1
8	Emirates NBD	431	3	3.9
9	Dubai Islamic Bank	376	2	3.4
10	National Bank of Abu Dhabi	313	2	2.9

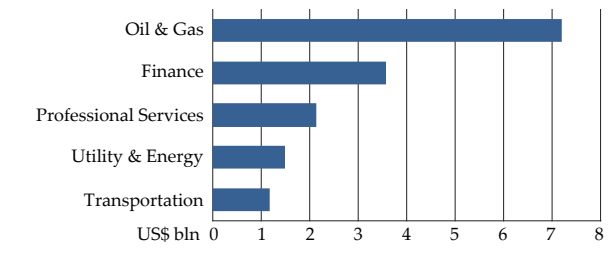
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
30th Mar 2015	Saudi Aramco	Saudi Arabia	9,999
16th Mar 2015	Rabigh Refining & Petrochemical	Saudi Arabia	2,870
15th Jan 2015	SapuraKencana TMC	Malaysia	2,239
18th Jun 2015	Emirates National Oil	UAE	1,500
19th Nov 2014	Saudi BinLaden Group	Saudi Arabia	1,327
8th Sep 2014	Atlantis The Palm	UAE	1,100
10th Mar 2015	Port & Free Zone World	UAE	1,100
17th Apr 2015	Turkiye Vakiflar Bankasi	Turkey	1,021
22nd Mar 2015	Arab Petroleum Investments	Saudi Arabia	950
28th Jul 2015	GEMS Education	UAE	817

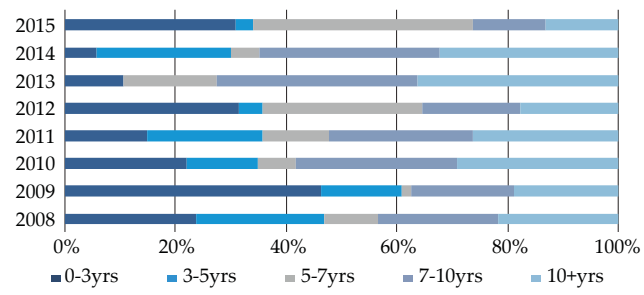
Top Islamic Finance Related Financing by Country *12 Months*

	Nationality	US$ (mln)	No	%
1	UAE	6,862	16	36.8
2	Saudi Arabia	5,637	6	30.2
3	Malaysia	2,411	3	12.9
4	Turkey	1,661	4	8.9
5	Kuwait	661	2	3.5
6	Qatar	500	1	2.7
7	Cayman Islands	325	1	1.7
8	India	272	1	1.5
9	Egypt	212	1	1.1
10	Oman	55	1	0.3
11	Italy	51	1	0.3

Top Islamic Finance Related Financing by Sector *12 Months*



Global Islamic Financing - Years to Maturity (YTD Comparison)



Are your deals listed here?
If you feel that the information within these tables is inaccurate, you may contact the following directly: Shireen Farhana (Media Relations)
Email: shireen.farhana@dealogic.com Tel: +852 2804 1223

REDmoney events

SEPTEMBER 2015		
13th	IFN Issuer Forum	Dubai, UAE
17th – 18th	Africa Islamic Finance Forum	Abidjan, Cote d'Ivoire
OCTOBER 2015		
19th	IFN Kuwait Forum	Kuwait City
NOVEMBER 2015		
17th	IFN Turkey Forum	Istanbul, Turkey
30th	IFN Saudi Arabia Forum	Jeddah, Saudi Arabia
APRIL 2016		
5th	IFN Indonesia Forum	Jakarta, Indonesia
TBC	IFN Investor Forum	Dubai, UAE
21st	IFN Europe Forum	Jakarta, Indonesia
MAY 2016		
16th – 17th	IFN Asia Forum	Kuala Lumpur, Malaysia

REDmoney training

SEPTEMBER 2015		
7th – 8th	Undertaking Effective Litigation & Recovery in Islamic Finance Facilities	Kuala Lumpur, Malaysia
8th – 9th	Shariah Compliance & Audit for Islamic Banks	Dubai, UAE
8th – 10th	Islamic Treasury & Risk Management Products	Kuala Lumpur, Malaysia
8th – 10th	Structuring Islamic Financial Products	Kuala Lumpur, Malaysia
9th – 10th	Trading Book Market Risk Management for Financial Institutions	Dubai, UAE
29th	IFSA 2013 Compliance for Islamic Financial Institutions	Kuala Lumpur, Malaysia
OCTOBER 2015		
5th	Musharakah-Based Contracts & Financial Products	Kuala Lumpur, Malaysia
5th – 7th	Funds Transfer Pricing	Kuala Lumpur, Malaysia
12th – 13th	Islamic Treasury & Risk Management Instruments	Kuwait
20th – 21st	Structuring Islamic Legal Documentation	Kuala Lumpur, Malaysia
8th – 9th	Trading Book Market Risk Management for Financial Institutions	Kuala Lumpur, Malaysia

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