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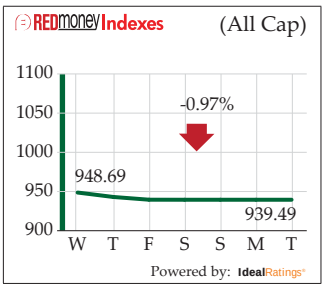


COVER STORY

30th September 2015 (*Volume 12 Issue 39*)

Actions speak louder than words: The influence of Islamic finance on global sustainability

The United Nations this week adopted the Sustainable Development Goals (SDGs), a new global development blueprint of 17 goals and 169 targets, designed to replace the Millennium Development Goals that expire at the end of 2015. And as the drive for a targeted and systemic focus on sustainability gains momentum, Islamic finance is being increasingly recognized as a vital part of the toolbox for success. LAUREN MCAUGHTRY looks at the latest developments on a global scale, as the Shariah compliant sector puts its money where its mouth is.

At the UN Sustainable Development Goals Summit held on the 25th-27th September in New York, the UN in collaboration with the IDB held a side event on the 'Role of Islamic Finance in Implementing the SDGs', which highlighted the crucial contribution Islamic finance can offer the global community. "The SDGs provide a lifetime opportunity to address the challenges of our generation," said Sayed Aqa, the vice-president for cooperation and capacity development for the IDB. "As development experts, we must think out of the box in order to address these challenges. That is why Islamic finance, which is a non-traditional means of financing, provides a vital opportunity especially in engaging communities that have been excluded from economic participation. This is a historical moment, we must use this opportunity to change the lives of the poor and provide them with sustainable livelihoods."

A time for action

2015 is proving to be a landmark year for sustainable development, with action being taken at some of the highest levels of global government. As well as the adoption of the SDGs by the UN this week, we also saw the adoption of the Addis Ababa Action Agenda by world leaders at the Third International Conference on Financing for Development in August, as they pledged to: "End poverty and hunger, and to achieve sustainable development in its three dimensions through promoting inclusive economic growth, protecting the environment, and promoting social inclusion." In June this year, the United Nations Environment Program (UNEP) launched the UNEP Finance Initiative's Principles for Sustainable Insurance, with insurers from across the globe, representing 20% of world premium volume and US$14 trillion in assets under management, partnering with the UN to strengthen the industry's contribution to a greener future: including voluntary commitments to sustainable development, concrete actions on risk management, insurance products, investment and partnerships that promote financial inclusion, sustainable development, risk reduction and climate change mitigation.

Global collaboration

One of the key trends has been global inclusion and international involvement, and this is particularly noticeable in terms of the growing focus on sustainability and green alternatives in emerging markets. A mounting

continued on page 3

Volume 12 Issue 39

DEALS

Arab National Bank plans to shore up capital with SAR2 billion (US$533.3 million) Sukuk

DAMAC Real Estate raises US$100 million through Sukuk

Kuveyt Turk's TRY150 million (US$49.88 million) Sukuk oversubscribed; plans another sale after Eid Al Adha

Tenaga Nasional begins marketing RM10 billion (US$2.36 billion) Sukuk; eyes October sale

Shandong railway project mulls issuing Sukuk to fund high-speed rail link

Indonesia's Sukuk auction surpasses target with IDR4.67 trillion (US$320.46 million)-worth of bids received

Royal Bank of Scotland resigns as principal advisor and lead arranger to **National Bank of Abu Dhabi**'s Sukuk program; to be replaced by **Standard Chartered**

Iran issues US$300 million-worth of Islamic treasury bills to test market; planning to sell another US$600 million in the next few months

National Home Mortgage Finance Corp to issue peso-denominated Sukuk in the first quarter of 2016; first for the country

Sunway Treasury Sukuk to issue short-term Islamic facility

Pakistan plans to sell sovereign Sukuk in second quarter of 2016

NEWS

Jaiz Bank disburses NGN100 million (US$498,778) for humanitarian services

Social Fund for Development to sign contracts with Egyptian Islamic banks for SME financing

Securities Commission Malaysia amends securities law expanding its supervisory powers among others

ASSET MANAGAMENT

Dubai Islamic Bank Pakistan partners with **UBL Fund Managers** in distribution alliance for Al Ameen Funds products

TAKAFUL

Arab Insurance Group withdraws offer to acquire remaining stake in **Takaful Re** as shareholders fail to reach consensus

Ansuransi Jasa Indonesia eliminates foreign ownership in Takaful business spin-off

Indonesia's **Financial Services Authority** introduces new regulation to support Takaful operators in challenging global financial conditions

Takaful still on the cards for **Allianz Life**; acquisition would be the way to go

Noor Takaful partners with **Rashid Center for the Disabled** to provide strategic support to those with special needs

Takaful Emarat signs distribution agreement with **Wahat Al Zaweya Company for Investment and Real Estate Development**

RATINGS

Fitch assigns 'AA+(idn)' rating to **BRI Syariah** with a stable outlook

MMC Corporation's proposed Sukuk wins 'AA-IS' rating

Emirates Islamic gets 'A+' rating from **Fitch**

Arab Petroleum Investments Corporation maintains strong asset quality despite oil price drop, says **Moody's**

RAM maintains 'BBB2/Stable' rating on **New Pantai Expressway**'s Islamic debt facility

Malaysia Building Society's Sukuk gets final rating of 'AA1/Stable'

RAM reaffirms Sukuk ratings of **Sarawak Energy**'s subsidiaries at 'AA2(s)/Stable'

MARC affirms Indonesia at 'AA-', supported by resilient economic growth prospects

IFFIm's Sukuk issuance receives definitive 'Aa1' rating

MOVES

CIMB Islamic to appoint **HSBC Amanah**'s Rafe Haneef as CEO

Clifford Chance expands Middle East practice with appointment of Matthew Shanahan as counsel

Zaid Ibrahim & Co names Nik Norzrul Thani as executive chairman; Lim Kar Han to retire as managing partner

Majed Al Khan to lead **Gulf Holding Company** as new CEO

Singapore appoints Heng Swee Keat as new finance minister

Actions speak louder than words: The influence of Islamic finance on global sustainability

Continued from page 1

number of international and regional institutions are now developing their green economy agenda: including the Asian Development Bank, the African Development Bank, the recently created BRICS Bank and the Asian Infrastructure Investment Bank. The IDB has of course been a long-term proponent of the goal, and the IDB and the United Nations Development Program (UNDP) have already been working together for almost three decades on a wide range of issues: from building essential infrastructure such as environmentally-friendly wastewater treatment facilities, to enhancing agricultural productivity, promoting aid for trade in the Arab States region, and supporting SMEs.

The two institutions have worked closely together in Palestine to rehabilitate electricity stations and reconstruct housing; and in Egypt to develop educational materials. In November this year, the UNDP will partner with the Kingdom of Jordan to convene a Resilience Development Forum to evaluate the ongoing challenges in the Syria crisis; review current financing instruments, capacities and resources; and bring in new partners including the private sector and investment funds.

Islamic finance involvement

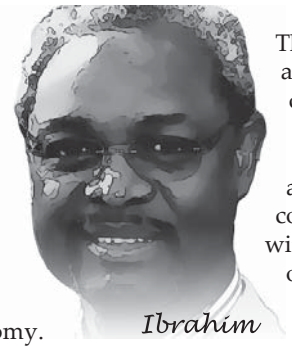
"[The] UNDP is committed to its partnership with the Islamic Development Bank, and looks forward to expanding that partnership for SDG implementation," said Helen Clark, the administrator of the UNDP. "Let us seize this critical opportunity to elevate Islamic finance as a key contributor to sustainable development, and to commit ourselves to making the vision of the SDGs a reality."

And it is not just at a global level that cooperation is occurring. Regional governments are also stepping up to address the challenge. On the 21st September, the second meeting of the Emirates Green Development Council (EGDC) was held in Dubai as part of the UAE Ministry of Environment and Water's 'green development drive toward a low-carbon economy. The meeting was a follow-up to the Green Economy Annual Conference held in May, alongside the UAE's National Roundtable of Financing and Investment in Green Economy Projects in cooperation with the UNEP Finance Initiative. The next roundtable, to be held in 2016, will feature the theme 'Islamic Finance in the Context of Green Economy and Sustainable Development' — demonstrating the growing importance of the industry in facing the sustainability challenge.

Serious funding gap

Yet despite the big ambitions, the current situation falls far short of what is required: representing a significant funding gap which Islamic finance could be instrumental in filling. At today's level of investments in SDG-related sectors, developing countries face an estimated annual shortfall of US$2.5 trillion, according to figures from the United Nations Conference on Trade and Development. The Addis Ababa Action Agenda highlights the importance for diverse financing mechanisms for sustainable development, including impact investing, green bonds, and instruments that combine public and private resources.

"Investing in adaptation is critically important to save humanity from catastrophic consequences of climate change. But there are serious funding gaps," confirmed Ibrahim Thiaw, the UNEP deputy executive director and the assistant secretary-general of the UN, speaking at the IDB Annual Meeting in Mozambique in June this year. In 2014, the UNEP published its first Global Adaptation Gap Report, which found that there will be a significant funding gap after 2020 unless new and additional finance for climate change adaptation is made available.



The report noted that annual adaptation costs could reach a further US$2.5 trillion by 2050 — yet the current amount of public finance committed to activities with explicit adaptation objectives in 2013 was just US$23-26 billion, of which 90% was invested in developing countries. Globally, investment required in water, agriculture, telecommunication, power, transport, buildings, industrial and forestry sectors is estimated to be roughly US$5-7 trillion annually. "To significantly reduce the climate change risks, through mitigation efforts, an additional investment of US$13 trillion is needed between 2015-30," added Ibrahim.

> ***"As development experts, we must think out of the box in order to address these challenges. That is why Islamic finance, which is a non-traditional means of financing, provides a vital opportunity especially in engaging communities that have been excluded from economic participation"***

Since 2004, around US$2 trillion of financing has gone into the renewable energy sector globally, with investment levels rising from almost zero to nearly 50% of all current power sector investment. Steps such as the UN's US$10 billion Green Climate Fund as well as private sector participation and sovereign commitments (such as China's

continued on page 4

Actions speak louder than words: The influence of Islamic finance on global sustainability

Continued from page 3

announcement this week of a US$2 billion SDG fund, increasing to US$12 billion by 2030) are all helping — but it is still nowhere near enough.

> ***"Unless current barriers for private investments in climate-resilient societies are removed, financing for adaptation is likely to largely depend on public funds. International finance can contribute to developing countries' efforts to cope but will not suffice"***

"Unless current barriers for private investments in climate-resilient societies are removed, financing for adaptation is likely to largely depend on public funds. International finance can contribute to developing countries' efforts to cope but will not suffice," warned Ibrahim. "Indeed, costs for adaptation will have to be borne by poor nations — forcing them to divert scarce domestic resources from essential sustainable development investments."

Capital market cooperation

So how can this shortfall be filled? The good news is that if a comprehensive global response can be coordinated and brought to scale, capital markets have the potential to provide trillions of dollars in sustainable financing which could help meet the gap. The current UNEP Inquiry into the Design of a Sustainable Financial System is active in over 15 countries to speed the transition toward an inclusive sustainable economy — focusing on channeling funds toward green investment and away from pollutant and natural resource-intensive investment, as well as developing the policy reforms and investments to encourage financial market participation.

But to succeed will require a fundamental shift in the way financial markets operate: and to reach the kind of scale required, the entire US$300 trillion global financial system needs to participate. "In this process, Islamic finance [and] Islamic banking regulations can play a central part," emphasized Ibrahim. "The principles of Islamic finance, based on collective responsibility, support a socially inclusive development with the aim of preserving the wealth by circulating it and protecting its value. Islamic financial institutions in society such as alms (Zakat) and endowment (Waqf) can contribute to the institutional overhaul of the global financial system necessary to enact the world's development and climate action agenda."

Clark agrees, highlighting the important role the industry can play in assisting the UN to meet its goals. "Islamic finance has an important role to play in supporting the new sustainable development agenda. With its concern for financial stability, financial inclusion, and shared prosperity, Islamic finance can make significant contributions across the 2030 agenda. Islamic financial instruments like Sukuk are well suited to making investments in sustainable infrastructure, while insurance concepts like Takaful can promote social solidarity and financial inclusion."

Leading by example

Indeed, green and ethical Sukuk are one of the most significant contributions the Islamic finance industry can and should develop — and they are already garnering increasing attention. Malaysian sovereign wealth fund Khazanah Nasional this year debuted the country's first socially responsible investing (SRI) Sukuk with a seven-year issuance to fund schools and annual sales planned for the future. In the UAE, the Green Sukuk and Working Party (established by the Clean Energy Business Council) is working on the issuance of at least two green energy Sukuk.

Most recently, the International Finance Facility for Immunization Company (IFFIm) on the 17th September issued its second Sukuk, raising a further US$200 million for Gavi, the Vaccine Alliance, to protect children in some of the poorest regions of the world. The sophomore transaction came on the heels of IFFIm's debut Sukuk issued in December last year, which met with a strong response and demonstrated the possibilities available for SRI Sukuk in the global market. "IFFIm is very pleased to bring a second Sukuk to the Islamic finance market," said IFFIm chairman René Karsenti. "We hope that this will pave the way for more socially responsible investing in the Islamic market in the future".

"This Sukuk brings together two rapidly growing fields: Islamic finance and socially responsible investing, agreed Doris Herrera-Pol, the acting treasurer and director and the global head of capital markets at the World Bank, IFFIm's treasury manager. "We are grateful for the strong support from investors who value the diversification benefit of IFFIm as a highly rated name in the Islamic capital markets and appreciate its purpose."

The issuance was 1.6 times oversubscribed with a regional distribution of investors including 65% in the Middle East, 18% in Asia and 17% in Europe. Banks took 78%, while central banks and official institutions took 18% and fund managers just 4%. However, the issuance attracted interest from both conventional and Islamic issuers, some of whom were purchasing Sukuk for the first time, according to

continued on page 5

Actions speak louder than words: The influence of Islamic finance on global sustainability

Continued from page 4

the deal arrangers. "The second offering by the World Bank on behalf of IFFIm and Gavi within a year is a reflection of the increasing role of Sukuk in providing financing solutions globally," said Sarah Jammaz Al-Suhaimi, CEO of NCB Capital. "IFFIm's successful Sukuk issuance is a testament to the increasing global demand for socially responsible investment," agreed John Chong, CEO of Maybank Kim Eng Group.

> ***"The enthusiastic support and participation of the Islamic industry in the global goals and programs for future sustainability point to a true social conscience in which every Muslim can take pride"***

Partners in progress

Not everyone is in support of the collaboration between Islamic and ethical financing. Moral economist Rebecca Schonenbach recently published an article on German blogsite 'Fisch und Fleisch' in which she criticized the ongoing crossover and challenged its potential for success. "I understand why leaders of the industry would like to merge Islamic finance into the feel-good fold of ethical finance. The success of everything alternative, somehow ecological, renewable and sustainable is remarkable," she explained.

However, she clarified that Islamic finance is based on Shariah principles, rather than the promotion of self-satisfying indulgences — and it is their religious principles that make Muslim consumers choose Islamic finance products. "Whoever wants to declare Islamic finance to be ethical should avoid the fuzziness of sustainability for no Muslim customer is willing to accept 'a lifestyle'."

But is this really true? The rapid growth of the Islamic capital markets — with a strong conventional investor base and global appeal, and compared to the relatively slow uptake of retail Islamic banking in non-core Muslim markets — suggests that the ethical foundations on which Islamic transactions are based attract a diverse cross-section of participants: both Muslim and non-Muslim, who are keen to support an industry committed to their own values and belief system.

And the enthusiastic support and participation of the Islamic industry in the global goals and programs for future sustainability point to a true social conscience in which every Muslim can take pride. For example, the IDB this week announced that it will be doubling its development assistance activities from US$80 billion to over US$150 billion over the next 15 years to support the successful realization of the SDGs. "In mobilizing resources for the SDGs, non-traditional sources of financing need to be given due attention," explained Savas Alpay, the IDB chief economist. "In this context, Islamic finance is offering a very promising alternative."

No one is saying that the principles of ethical finance and Islamic finance are identical — but they share enough common ground to make their collaboration one of mutual benefit in a world where sustainability and social responsibility are fast becoming some of the most important issues of the age. In this context, Islamic finance has the ability to set an example, to take the lead, and to demonstrate commitment to its own moral doctrines. Actions speak louder than words — and right now, the Islamic industry is certainly making itself heard.

Promoting progress for retail Islamic banking

In a world where retail Islamic banking has struggled to gain traction in many markets, with regulatory incentives and state intervention often the strongest support for consumer development, it can be easy to ignore the field in favor of the more glamorous pastures of capital markets. Yet in a climate of reduced liquidity and with banks struggling to build up their capital reserves in advance of Basel III implementation, could retail banking be returning to the fore as the foundation of the financial markets pyramid? LAUREN MCAUGHTRY explores.

Attention in the Islamic banking arena is often focused on commercial banking and capital markets, with big-ticket issuances and investment opportunities grabbing the headlines. But as worldwide Sukuk issuance flatlines and financing channels face a tough call in the current economic climate, some emerging markets are quietly forging ahead with booming domestic sectors: developing not only a firm retail base but building at the same time a strong platform for future activity.

In Pakistan, for example, strong retail sales have contributed to an IMF estimate of 4.5% GDP growth this year. One of the key factors is the growing domestic demand for cars, with bank financing for auto sales up 20% in the last year — and Islamic banks dominating the market with over 60% of loans, according to BankIslami head of product and business development, Muhammad Faisal Sheikh. The same trend can be seen in the housing sector, with 61% of new housing loans in the year ending June 2015 made by Islamic banks, and Islamic housing finance now accounting for 30% of the total market — from just 8% in 2008. According to a survey from the State Bank of Pakistan (SBP) of over 9,000 households countrywide, the retail sector has the highest pent-up demand for Islamic banking at 93%, with business banking coming in second at 73%. The second-largest Islamic market in terms of population, Islamic banking in Pakistan has been growing at over 30% annually in the last few years, according to Shah Faisal Afridi, the president of the Pak-China Joint Chamber of Commerce and Industry. "If this trend continues, then one should expect that in the next three years Islamic banking assets will at least double from [their] current size of PKR926 billion (US$8.9 billion)," he told the Associated Press of Pakistan this week. "If that happens, the country will stand next to a number of Gulf countries and Malaysia where Islamic banking represents between 20-30% of the market share." Pakistan currently has over 600 Islamic banking branches and 19 Islamic institutions offering commercial banking services, with the new Islamic banking strategy from SBP planning to double branch numbers by 2020.

Oman is another market that has seen a boom in Islamic retail banking activity – with its Islamic banks and window operations reporting a 78% growth for the first seven months of 2015. Financing reached OMR1.4 billion (US$3.6 billion) as at the end of July 2015, up from OMR786.5 million (US$2.02 billion) in the same period last year, according to the latest data from the Central Bank of Oman. Total customer deposits held by Islamic institutions increased by an even more impressive 240% to OMR1.2 billion (US$3.12 billion) by the end of July 2015, compared to OMR353.1 million (US$919 million) last year. The two stand-alone Islamic banks (Bank Nizwa and Alizz Islamic Bank) along with Oman's six Islamic windows, achieved a total of OMR1.84 billion (US$4.79 billion) in assets, up from OMR1.18 billion (US$3.07 billion) in July 2014. This strong growth has led to forecasts that Oman's Islamic banking industry could reach 17% of total banking assets within the next five years, with Islamic banks seeing an average annual growth rate of over 40% compared to around 9% for conventional banks.

Qatar is seeing a similar story, with the five-year compound annual growth rate for Islamic banking assets standing at 31%, with US$54 billion assets representing around a 24% market share, according to a statement from Dr Jamil El Jaroudi, CEO of Bank Nizwa, speaking to the Times of Oman. In the second quarter of this year, Qatar's banking industry saw the strongest growth in the Gulf region, according to research from Global Investment House: reporting 11.9% growth against the 9.8% GCC average — and with Qatar Islamic Bank the top performer with a 26.9% bottom line growth. The country's newest Islamic institution, Barwa Bank, has also had a strong year: with Moody's forecasting growth of 10-15% in 2015 and, in a recent

report published on the 10th September 2015, specifically noting that: "In anticipation of reduced liquidity, Barwa is seeking to expand its retail franchise."

With Pakistan's sovereign return to the global debt markets this week falling flat and its latest bond issuance raising just half of the expected US$1 billion amid turbulent markets and declining demand for emerging market debt, it is clear that a strong domestic market is vital to maintaining economic health and sustained growth for emerging markets. While Pakistan's latest issuance was conventional, the fact also rings true for the Islamic capital market — growth cannot exist in a vacuum. "Strong Sukuk centers tend to be strong hubs in terms of Islamic banking — those countries where you have a good retail foundation for Islamic finance and the population genuinely have an affinity for Islamic finance," affirmed Khalid Howladar, the global head of Islamic finance at Moody's Investors Service. "That customer base provides the foundation for the Islamic banks, who then provide the foundation for corporate and capital markets activity. For countries that don't have that retail foundation, it becomes quite difficult to purely build [a] corporate Islamic banking franchise."

With their strong retail performances demonstrating commitment to developing a vibrant Islamic economy from the ground up, it looks as if the aforementioned markets could be the ones to watch in the coming years.

Rough global market conditions put a dent on Islamic finance growth

Softer oil prices, an anticipated interest rate hike by the US Federal Reserve and a weaker global economy are casting a shadow on the Islamic finance and banking industry as the industry is expected to experience slower growth over the next five years. VINEETA TAN takes a look at the numbers.

Consistently registering phenomenal double-digit growth over the last few years, data from the Dubai Islamic Economic Development Center (DIEDC) indicate a compound annual growth rate of 9.8% between 2014-20 for the industry, with global Islamic banking assets reaching US$2.6 trillion by 2020. Presently, Islamic banking assets worldwide are worth US$1.3 trillion, according to DIEDC's State of the Global Islamic Economy Report 2015-16; and this figure is driven by a 12% and 10% expansion in banking and Takaful assets respectively as well as a lower growth rate in Sukuk and funds at 6% and 7% respectively against 11% and 14% recorded the previous year. At an optimal penetration scenario, the previous incarnation of the report estimated the potential universe of Islamic finance assets in core markets to reach US$4.2 trillion in 2014.

However, the single-digit growth projection is still considered positive especially in light of a modest global economic growth of 2.6% in 2014 and expectations of a 3.1% and 3.3% expansion in 2015 and 2016 respectively.

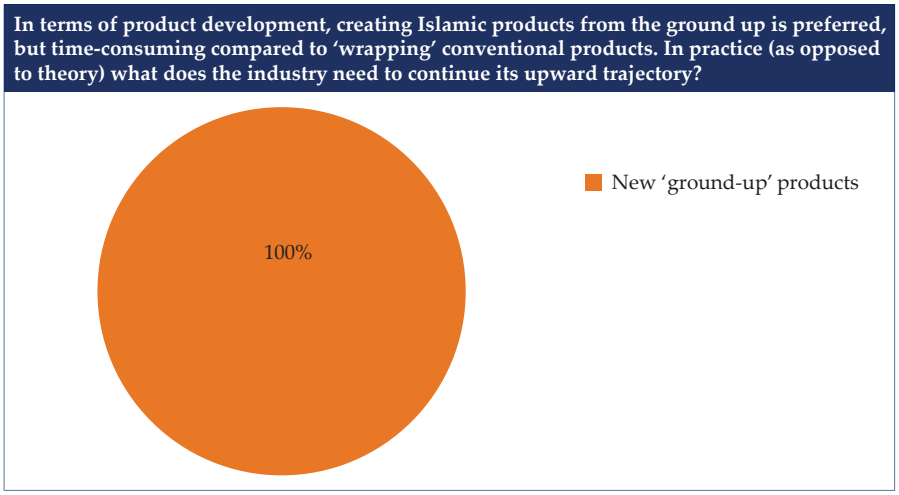
Malaysia and the UAE have been highlighted by the report as the world's healthiest Islamic economy environments.

"Our strategy for developing the Islamic economy is not limited to Islamic banking and finance, which constitutes an important part of this economy, but spans seven key sectors forming the true pillars of an economy that is expanding while the world's Muslim population continues to outgrow others," said Mohammed Abdullah Al Gergawi, the chairman of DIEDC.

Muslim consumer spending across the various Islamic economy sectors which include Islamic finance, Halal food and family-friendly tourism among others, is forecast to reach AED9.55 trillion (US$2.6 trillion) in 2020, a rise from 2014's AED6.6 billion (US$1.8 billion).

IFN Weekly Poll: In terms of product development, creating Islamic products from the ground up is preferred, but time-consuming compared to 'wrapping' conventional products. In practice (as opposed to theory) what does the industry need to continue its upward trajectory?

As the industry moves forward, product development and innovation becomes an integral part of an upward growth trajectory. More often than not, Islamic financial products were developed using conventional financing tools as templates, which were made to fit into instruments that pass the Shariah screening test. This week IFN asks the industry if this practice should change. NABILAH ANNUAR reports.



With a resounding 'yes', industry practitioners believe that Islamic banking and financial products should be built from the ground up. It is a well-known fact that one of the major challenges of the industry is creating new products and services for clients. Product innovation and enhancement is a fundamental aspect of industry growth. According to industry reports, Islamic banking and finance customers have a preference for Islamic banking products as long as they offered equal value and are competitively priced.

In order to compete with its conventional counterparts, Islamic banks must come up with innovative products and services. However, industry observers have opined that Islamic banks lack Islamic banking experts that are both well-versed in Shariah and have proper competence to develop products. It has been suggested that every Islamic bank should have capable professionals who act as think tanks in the product development department, coming up with innovative tools and services on a more frequent, perhaps monthly basis to compete at par with conventional banks.

In spite of being a fast-growing sector, having a commendable asset growth rate from year to year, the Islamic finance industry still lags behind in terms of innovation. Holding approximately a 0.8% market share (according to industry estimations), the influence of Islamic finance on the global financial markets is relatively insignificant. Thus in a highly competitive environment, Islamic financial institutions and Islamic financial instruments are urged to not depend on regular standard products and to innovate.

> ***"To fully develop to its true potential, the Islamic finance sector has to capture the wider global population and continue to develop for decades to come"***

In the product development process, it has been suggested that certain parameters be observed: 1) the ability to identify Islamic commercial contracts; 2) to understand the rules governing the particular contract; 3) clear identification of the process flow (profit generation, flow of funds, etc) and parties involved in a certain product; 4) specification of the nature of transactions involved in the product; and 5) sufficient knowledge on Islamic Fiqh and related concepts.

To fully develop to its true potential, the Islamic finance sector has to capture the wider global population and continue to develop for decades to come. The industry must offer truly alternative means of banking and financing services as opposed to replicas of existing conventional products.

IFN Global Trendswatch

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

- World Bank moves poverty line in the biggest change in a quarter-century, from US$1.25 to US$1.9 per day: likely to increase world's statistical poor by millions.
- Asia performance continues to disappoint, with Japan's Nikkei falling 2% on Thursday the 24th September and poor Chinese sales figures weighing on export volumes.
- Goldman Sachs Asset Management enters the ETF race, pushing down prices and suggesting that 'smart beta' is here to stay.
- US crude oil prices finally fall, with output predicted to decline by 400,000 barrels per day in 2016.
- Iran is winding down its relationship with China in the hopes of increasing business from the west following sanctions agreement, according to the FT.
- King Salman of Saudi Arabia met senior US officials in Washington DC this month in an attempt to attract further foreign investment and diversify the Saudi economy away from oil: with a focus on mining, oil and gas, health, education, retail, infrastructure and banking.
- Saudi continues to suffer from low oil prices, with traders speculating on devaluation as the country taps its foreign reserves. According to the FT, the riyal has weakened on forward currency markets, with the one-year forward price at SAR3.78 (US$1) on the 22nd September: equal to a 1% devaluation within 12 months. The riyal is pegged at SAR3.75 (99 US cents) to the US dollar, and on Tuesday the 22nd September the Saudi Arabian Monetary Agency officially confirmed this peg in an apparent attempt to inspire confidence in the currency.
- The Kurdistan Regional Government is defying Iraq to sell its own oil, with sales to Israel, Italy and France as well as other countries in the last few months, after a deal with the Baghdad administration collapsed last year. Since May 2015, Kurdistan has sold around 40 million barrels via the Turkish port of Ceyhan.
- The UAE to reduce fuel subsidies and cut emissions following pressure from the IMF.
- The Asian Development Bank last week cut its economic growth forecast for Asia: with Chinese forecasts cut from 7.2% to 6.8% for 2015 and India from 7.8% to 7.4%. Economic growth expectations for the region as a whole have been cut from 6.3% to 5.8% with a warning against capital flight and excessive overseas borrowing.
- HSBC and the Hong Kong branch of the Bank of China announced plans for a bond issuance in China following approval from the central bank (People's Bank of China). The two banks will be the first foreign institutions to raise debt in China, and the move could signal a significant new source of funding for global borrowers. When will an Islamic issuance follow suit?
- In July, the Chinese central bank also confirmed that sovereign wealth funds, foreign central banks and supranational institutions would no longer need pre-approval to invest in the Chinese interbank bond market, further opening up the options for investment.
- High EU and US debt sales this month have resulted in an increase in the cost of funding, with Moody's 'Baa' credit average yield increasing to 5.4% the week of the 14th September, the highest since 2013, according to the FT.
- Sovereign wealth funds could be suffering under the sustained oil price volatility: with the Bank of America estimating that Russia's Reserve Fund could fall to as low as US$5 billion in 2018 — from US$77 billion in 2014. Will we see the same impact on the funds of Middle East and Asian oil-producing nations, and how might this affect industry stability?

Noor Assur: The French Islamic finance start-up ready to blaze the trail

Home to Europe's largest Muslim population, France's Islamic finance growth story seems like a success waiting to happen, yet development has been limited. The French narrative is complex with politics and secularism among others at play, but this has not prevented market players from soldiering on to spread the Islamic finance proposition. This week, VINEETA TAN shines the spotlight on one of the few French players who is relentless in making Shariah compliant finance a bigger reality in the Republic.

> ***"Since the opening of their first agency, over 50 professionals have expressed interest in setting up their own agencies under the Noor Assur brand"***

After over a decade in the conventional finance industry and witnessing the debilitating impact of the 2008 global financial crisis, Sonia Mariji decided it was time to leave the mainstream platform. Armed with a strong sense of personal conviction to offer alternative, yet competitive, products to her clients, Mariji found the answer in Islamic finance; she soon however, found herself facing a multitude of challenges.

"Indeed, the biggest challenge was to create the market from zero!" Mariji told IFN. "This is the French paradox: we have the largest Muslim community in Europe but only a few solutions to serve this market."

To that end, Mariji in 2012 established Noor Assur, a financial advisory specializing in Shariah compliant saving, investment and Takaful products. "We started by structuring a saving solution as we believe that savings are the basis of all [major events] in an individual's life from wedding, to procuring a home, studies and retirement," explained Mariji. "Once this solution was well known, we started to work on Takaful solutions to address the specific needs of the market, ie health and Hajj among others."

Noor Assur joins the likes of FWU, Swiss Life and Vitis Amâne in providing Takaful solutions to the French public but what is interesting is that the company is in essence, an Islamic finance start-up with humble beginnings on a purely digital platform; and over a span of three years, it has built a national network of approximately 100 financial advisors and a customer base of 3,000. More significantly, it recently launched its inaugural physical agency near the Parisian city.

"Before, we were a pure [online] player. From now, we do believe that we need to have a web-to-store approach," said Mariji. "We truly believe in the fintech movement and we will of course continue to invest in our digital platform. However, Islamic finance is really at the beginning in France, and we felt that there is a need for clients to have a physical counsel."

Mariji shared that since the opening of their first agency, over 50 professionals have expressed interest in setting up their own agencies under the Noor Assur brand.

Recognizing that the French market is fraught with challenges, especially in terms of raising awareness among the public, Mariji is, however, optimistic and confident that the market is ready for Islamic finance and she has outlined a multipronged strategy toward that goal: 1) Boosting Noor Assur's brand presence through multiple media channels; 2) Strengthening its research and development department to develop more products; and 3) Supporting the development of Noor Assur agencies nationwide.

Not only does the firm plan to expand its agency network by another 20 next year across France including Toulouse, Marseille and Lyon — Mariji confirmed that Noor Assur is seeking to raise capital through institutional and private investors — but it is also keen to diversify and expand its product suite to include current accounts and financing solutions for vehicles and equipments.

"I truly think that the French Islamic finance market could be more than promising. That is why we are working so hard every day," affirmed Mariji. And with a strong game plan and such raw tenacity from Noor Assur, we may just see a more vibrant French Islamic finance market in the near future.

Sovereign Sukuk: Asian domination

The sovereign Sukuk market this week was graced with encouraging developments as China and Pakistan stepped up to affirm their commitment toward a Sukuk issuance. Most interestingly was Iran's Islamic T-bills issuance to test the global market. At the same time, this market segment also witnessed Indonesia's consistency in issuing its regular Sukuk. As usual, NABILAH ANNUAR keeps updated with the developments in the sovereign Sukuk arena.

One of the highlights of the Sukuk market this week was Iran issuing approximately US$300 million-worth of one-year Islamic treasury bills on the 29th September at a profit rate that is expected to be higher than the official bank deposit rate which is about 20%. According to the Financial Times, the Republic's public offering through Fara Bourse was to be offered at a steep discount to their face value and another US$600 million-worth of Islamic treasury bills would be offered in the next few months.

Upcoming sovereign Sukuk

Country	Amount	Expected date
Pakistan	TBA	Second quarter of 2016
Shandong Province	CNY30 billion	TBA
Egypt	TBA	2015/16 fiscal year
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	JOD200-300 million	September 2015
UAE	TBA	2015
Luxembourg	TBA	TBA

Stepping up its game Pakistan has announced specific plans for its Sukuk offering. The government is considering issuing a Sukuk in the second quarter of 2016, reported local daily, The Express Tribune. This comes as the government looks to raise US$1 billion from a eurobond issue this week as it seeks to diversify and broaden its financing base.

The country last issued Sukuk in December last year when it auctioned a US$1 billion five-year Sukuk facility at a profit rate of 6.75%, tighter than its initial target of 6.88%. The Ijarah facility is rated 'Caa1' and 'B' by Moody's and S&P respectively. Pakistan's finance minister had previously affirmed that the government would not tap the international debt markets, both Islamic and conventional, until the 30th June 2015, after the republic completes its global capital market transaction portfolio.

In China, up to CNY30 billion (US$4.7 billion) could be raised through Sukuk by a railway project in the eastern Chinese province of Shandong to fund a high-speed rail link, reported Reuters quoting Ben Ping Chung Cheung, the Asia Pacific head of consultancy at the Shariah Advisory Group.

Moving to Indonesia, the government successfully auctioned Shariah securities when it sold four facilities on the 22nd September 2015. The sale surpassed its indicative target with a total incoming bid of IDR4.67 trillion (US$320.46 million). According to a statement on the Ministry of Finance's website, IDR2.5 trillion (US$173 million) were awarded for the issuances.

New BNM regulation to prompt Islamic banks to rethink their capital strategies

New regulation issued by Bank Negara Malaysia (BNM) is likely to compel Islamic financial institutions and their banking groups to augment their capital-raising strategies as the regulator strives to ensure financial holding groups are better equipped to weather risks, according to analysts. VINEETA TAN reports.

The Capital Adequacy Framework for Financial Holding Companies, to be formally implemented in 2019, has included depth to the loss-absorbing terms of Basel III Sukuk.

"BNM's new guidelines, which aim to ensure that a banking group as a whole is adequately capitalized in relation to its risks, allow an Islamic financial institution's capital instrument to be linked to the non-viability event (NVE) or capital trigger of its parent and/or consolidated banking group, for the purpose of regulating group capital," explained RAM in its latest commentary, who further added that this creates what RAM terms as an "intra-group loss absorption" feature, where investors are exposed to the risks of other entities in a banking group, in addition to the credit profile of the Islamic financial institutions.

This new framework will affect the 16 Islamic financial institutions, 12 of which are subsidiaries of domestic banking groups.

Observing that these institutions are well capitalized, evident by a 12.2% common equity Tier 1 and 15.6% total capital ratios as at the 31st July 2015, financial institutions rating specialist at RAM Joanne Kek expounded: "To optimize group capital ratios, an Islamic financial institution's future capital needs may be met through the issuance of capital instruments by its holding company. The issuance proceeds will be subsequently channeled to the Islamic financial institution."

As with conventional Basel III-compliant capital instruments, Basel III Sukuk also have explicit loss-absorption terms which enables the instrument to be written off or converted into ordinary shares following an NVE. To date, the country's major Islamic banks including Maybank Islamic and CIMB Islamic have already established their Basel III Sukuk programs.

Noor Bank spreading wings to capture Islamic finance growth opportunities in emerging markets

In the face of an increasingly competitive operating environment in the UAE, VINEETA TAN writes that Dubai-based Noor Bank is looking to foreign shores to boost its Islamic banking business by capitalizing on the vast opportunities afforded by emerging markets.

> ***"The potential collaboration with Sri Lanka rides on Noor Bank's growing involvement in Indonesia"***

With eyes on Indonesia and Turkey, the Islamic financier with AED29 billion (US$7.89 billion) in total assets as at the end of 2014 is also keen in developing its capabilities in booming Sri Lanka. Recently, Noor Bank received a high-level Sri Lankan delegation led by the country's central bank governor Arjuna Mahendran during which the two parties explored joint opportunities.

"We are honored that we were able to showcase our expertise in the region to the delegation," commented Hussain Al Qemzi, CEO of Noor Bank, who further added: "The visit was productive and will enable us to further strengthen our ties with the Sri Lankan banking sector and focus on future partnerships that can benefit us in the long term."

Emerging from the ashes of a protracted bloody war, Sri Lanka has returned to relative stability and its economy is on a positive growth trajectory with it fast becoming an investment darling to international players; and the South Asian nation is keen to build these relationships to further its economic rise by boosting imports, exports and foreign investments and strategically positioning itself in the global supply chains landscape. The UAE is part of this strategy as the delegation also met with decision-makers of key financial institutions across the emirates, with Islamic finance on its agenda.

"We are very happy that Noor Bank is keen on expanding its activity in Sri Lanka and we would like to facilitate this endeavor. The relationships we are building through these meetings are sure to lead to prosperity and mutual benefit," said Mahendran.

The potential collaboration with Sri Lanka rides on Noor Bank's growing involvement in Indonesia — Southeast Asia's largest economy, and the world's largest Muslim country. Issuing US$500 million in Sukuk for Garuda Indonesia earlier in May, the Islamic bank has also confirmed that it will invest at least US$500 million in the Republic's sovereign Sukuk to broaden and diversity its Shariah compliant asset composition.

Australia and New Zealand: Overshadowed by regulatory challenges

Islamic finance activities in Australia and New Zealand are not as vibrant as other markets yet there are signs of growth in certain segments due to the strong commitment by local players and increasing demand from the Muslim population. However, VINEETA TAN asks, is that enough to truly establish an Islamic finance industry in both the Australasian countries?

Regulatory environment

There has yet to be an Islamic finance legal infrastructure in either Australia or New Zealand as Shariah compliant financial transactions are governed by existing laws as with conventional activities. While the laws of the respective countries do not prohibit Islamic financial activities, industry participants have noted challenges to develop the market further due to the lack of enabling legislations.

In Australia, financial institutions fall under the supervision and regulation of two authorities: Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investment Commission; while in New Zealand, they are governed by the Financial Markets Authority which replaced the Securities Commission in 2011 and assumed several roles of the then Ministry of Economic Development as well as the Registrar of Companies.

Banking and finance

Australia has a relatively long history with Islamic finance with the emergence of Shariah compliant home mortgages as early as 1989 through MCCA and later on Islamic Co-operative Finance Australia and Iskan Finance. These institutions have expanded their operations and business over the years to include other products including investment funds, auto financing and business financing. The take-up of Islamic financing, while slow, is growing steadily. In August 2015, the National Australia Bank (NAB) made its debut foray into the space with a AU$19.9 million (US$13.91 million) Wakalah financing facility to fund a real estate acquisition by Crescent Wealth, an Australian Shariah compliant super and investment firm. NAB is also a major funder of the No Interest Loans Scheme (NILS), an interest-free community-based microfinance program targeted at aiding low-income borrowers. While not necessarily Shariah compliant, the interest-free feature of NILS eased the restructuring of the program to be compliant with Islamic law and is now disbursed by local Muslim community groups. Islamic microcredit activities also take place informally through local mosques in the country.

Asset management

However, in the Australian and New Zealand landscape, Islamic funds drive the Islamic finance narrative.

There are a number of Islamic investment managers in Australia including MCCA, Crescent Wealth, Hyperion Fund Management, LM Australia and Brisbane Islamic Investment Fund; and experts expect the Islamic investment fund industry to grow up to US$22 billion by 2020. The MCCA Income Fund, launched in 2009, is touted to be the first Shariah compliant investment fund in the country. In May 2013, Australia's first dedicated Islamic superannuation fund — also the world's first private Islamic superannuation fund — was introduced by Crescent Wealth. In February 2014, First Guardian Capital launched an Islamic pension fund, the country's second, in collaboration with the Australian Center for Islamic Finance and MCCA, and endorsed by the Islamic Council of Victoria, the governing body for the state's Muslim community.

Crescent Wealth, who spearheaded the creation of the ASX Islamic Index (now known as the Thomson Reuters Crescent Wealth Islamic Australia Index) in 2015 announced that its funds under management exceeded the US$100 million benchmark and building on that growth momentum, the firm confirmed that it will focus on expanding overseas with its new office in Kuala Lumpur as a springboard to enter other Southeast Asian and Middle Eastern markets.

New Zealand welcomed its first and only Shariah compliant KiwiSaver scheme — an investment option under the country's voluntary savings scheme — in May 2014. Known as the Amanah KiwiSaver, the fund invests in up to 50 listed US companies producing in-demand goods and services alongside some US cash holdings. While the take-up for the product is encouraging, the removal of the NZ$1,000 (US$636.22) incentive in 2015 has been anticipated to significantly affect demand for the fund. The manager of the fund, Amanah Ethical, was also reportedly considering launching Shariah compliant mortgages in the next few years.

Sukuk

There has yet to be any Sukuk issuance out of the Australian and New Zealand markets; however, in February 2015, SGI-Mitabu — a joint venture between two Australian solar companies, The Solar Guys International and Mitabu Australia — revealed plans to issue Sukuk in Malaysia's offshore center, Labuan. The AU$150 million (US$105.15 million) offering will be used to fund its power plant project in Indonesia.

Challenges and opportunities

SGI-Mitabu's decision to issue Sukuk in a foreign market illustrates the challenges that continue to haunt the Australian and New Zealand market with regards to Islamic finance, especially the lack of enabling regulations. Taxation is a major hurdle as there has yet to be any concrete steps by either governments in leveling the playing field for Islamic finance. For example, the Australian Board of Taxation in 2011 submitted its recommendations arising from its 2010 Review of the Taxation Treatment of Islamic Finance; however, the government has yet to issue any of those recommendations.

Both Australia and New Zealand exhibit promising potential for Islamic finance: as the former is one of the world's largest fund management markets and the latter a fast-growing Halal market. While on the ground, there are pockets of professionals adamant and keen in expanding the industry, however, the lack of political will and existing regulatory impediments would prove to be persistent challenges.

Islamic infrastructure and project financing

Project and infrastructure funding is an increasingly popular sector in Islamic finance. The asset-backed nature of Islamic financing resonates with the financing of infrastructural development. Shariah compliant finance could fill the gap left by conventional banks unwilling to invest in development projects. NABILAH ANNUAR examines the project financing landscape in the Islamic financing space over the past year.

Global project finance landscape

Public resources needed for new construction, or to repair existing infrastructure, are now under sustained downward pressure. According to a report by S&P, approximately US$57 trillion will be needed to finance infrastructure projects around the world through 2030; however, the gap between investment needs and available public funds has been estimated to be about US$500 billion annually.

IDB developmental funding

The IDB has played an instrumental role in providing infrastructural financing aid for its member countries. At the end of last year, the IDB approved US$566 million in funding to be channeled toward financing projects in eight countries: Benin, Burkina Faso, Côte d'Ivoire, Egypt, Lebanon, Niger, Saudi Arabia and Tunisia. Covering a wide range of sectors including energy, roads, petrochemicals, water, education and health, the financial agreement comes at the heels of another US$1 billion package to the Horn of Africa.

Recently in June, the IDB approved US$450 million in funding for several development projects in member countries. These financings include: US$200 million for an energy project in Mozambique, US$70 million for the importation of agricultural equipment in favor of Kazakhstan, US$71.5 million for two power projects in Senegal, US$30 million to support the integrated microfinancing programs in Benin, US$28.5 million as participation in the Mont Mbapite rural development project in Cameroon, US$20.7 million as participation in a road project in Togo, US$16.3 million as participation in two projects in Bangladesh and US$12 million as contribution for the reconstruction of a road project in Kyrgyz.

Africa

Emirates NBD in August declared its readiness to finance any project for the development of the Suez Canal Axis as the bank is confident that it will be essential for the development of the Egyptian economy. Gulf Finance House teamed up with Alliance International Holding for the development of the first phase of its Tunis Bay project, a key financial park and real estate development in Tunisia.

Asia

In September last year, Malaysian rating agency RAM anticipates green Sukuk becoming instrumental in the financing of low-carbon and renewable energy economies and expects the use of Islamic finance instruments in raising capital for sustainable development projects to set a new precedent for the industry. Green Technology Corporation this month conveyed that it is processing RM500 million (US$115.71 million) to RM600 million (US$138.85 million) of financing for 20 to 30 projects.

Bank Islam Malaysia in August concluded a RM121.44 million (US$27.43 million) Tawarruq financing for Kerian Energy. In Indonesia, RAM estimated that the country's power sector would require US$132.2 billion for power infrastructure development over the next 10 years to accelerate its electrification goals. A ready pool of long-term investors, ample liquidity and an established Sukuk framework are some of the key factors for Indonesian projects to consider tapping the ringgit bond market.

Middle East

The region saw the most project financing activity in the last 12 months. Deals were concluded for various sectors including oil and gas, logistics, commercial and residential properties and educational facilities and Sukuk could provide financing for US$1 trillion-worth of infrastructure projects in the GCC and Iraq according to a report by EC Harris.

Saudi Arabia reportedly has US$375 billion-worth of infrastructure projects in the pipeline and total global Sukuk issued is set to grow from US$130 billion in 2014 to US$237 billion in 2018.

In December last year, Qatar saw its largest infrastructure syndication. A Shariah compliant financing facility of over QAR3.65 billion (US$1 billion) for Qatar's Gold Line Metro Rail was concluded; a venture that involved Greece-based Aktor, India's Larsen and Toubro, YapiMerkeziInsaatVeSanayi Turkey, SezaiTurkesFeyziAkkaya Marine Construction of Turkey, and Al Jaber Engineering of Qatar.

On the oil and gas side, Saudi Arabia's Petro Rabigh obtained a senior debt financing facility for the expansion of its refining and petrochemical complex which is approximately US$5.17 billion in size and includes facilities from Japan Bank for International Cooperation, Public Investment Fund, and a group of 19 financial institutions participating in Islamic and commercial bank tranches.

Arabian Company for Water and Power Development in June secured US$1.7 billion in Shariah compliant financing from 10 banks for a new US$2 billion industrial gases project in Saudi Arabia, the largest of its type in the world. The project sees the construction of an air separation unit and the supply of industrial gases to state-owned oil company, Saudi Aramco.

In the metals processing sector, Bank Nizwa will provide US$40 million to build Oman's first antimony metals roasting and tri-oxide manufacturing project in the Sohar Freezone. On the education side, Saudi Arabia's Bank Albilad signed an agreement with Waad Holding Company to finance the construction of the company's academy schools project in Jeddah city. At an amount of SAR150 million (US$39.96 million), the project reportedly represents one of the largest deals in the sector.

First Sukuk under the SC's LOLA framework: SapuraKencana

SapuraKencana Petroleum on the 8th September made the first drawdown under its RM7 billion (US$1.62 billion) multi-currency Sukuk Murabahah program. Worth US$200 million, the Sukuk is structured based on the Shariah principle of commodity Murabahah (via a Tawarruq arrangement). Speaking to Maybank Investment Bank, the lead manager and principal advisor for the issue, NABILAH ANNUAR provides a detailed account of this transaction.

Engineered in accordance to the principle of Murabahah, the Sukuk employed the commodity Murabahah (via a Tawarruq arrangement) structure. "The structure augurs well for this transaction as it is widely accepted by investors in the Malaysian Islamic capital markets and it does not require any asset of the issuer to be used as the underlying asset of the structure," the bank explained. Other structures that were considered for this issue during the preliminary stages include Ijarah and Wakalah Bi Al-Istithmar structures.

One of the main challenges faced in the course of the issuance was the fact that SKTMC was the first issuer to establish a Sukuk program under the Securities Commission Malaysia (SC)'s new Lodge and Launch (LOLA) framework. According to Maybank Investment, as the first Sukuk program to be lodged under the regulator's new regime effective on the 15th June 2015 (on the same date), the circumstance provided extremely limited capacity for the sole principal advisor team to familiarize with the inaugural online submission system under the new LOLA framework.

"Harmonizing the terms of the security-sharing between the existing lenders under the existing financing facilities and the multi-currency Sukuk program to ensure that all parties' rights are protected (from a security standpoint) was also a challenge, particularly in dealing with more than 10 lenders and having to finalize the documents and arrangement in time for [the] issuance to be launched within the 60 business days time frame required under the LOLA," the bank highlighted.

In addition to that, another obstacle mentioned was the economic and financial backdrop in which the Sukuk was auctioned; it was launched amid the weak international and domestic market coupled with the liquidity constraints in the market which eventually limited the marketing of the first offering only to selected names. Although launched to the market at a time of the weak global oil market, the unrated Sukuk issuance was fully subscribed and priced attractively for SKPB despite a volatile capital market environment as domestic investors are familiar with the company's credit as a leading global integrated oil and gas services entity as well as a solutions provider and a public-listed company.

Subscribed by a local investor, any Sukuk issued under the multi-currency Sukuk program is limited to be offered only to investors who are residents of Malaysia in accordance with the selling restriction. As the first Sukuk under the LOLA program, the transaction supports the SC's initiatives to enhance market efficiencies and further deepen the capital market, in particular the unrated segments, in line with the government's intention to uplift the rating requirement and making the unrated issuance fully tradable and transferable in the year 2017.

"The inaugural issuance under the multi-currency Sukuk program also marks the first Sukuk in Malaysia issued via Bank Negara Malaysia's FAST issuing system and deposited into BNM's Real Time Electronics Transfer of Funds and Securities [system] operated by Malaysian Electronic Clearing Corporation. It was also the first unrated US dollar [Sukuk] raised onshore by a local issuer," said Maybank Investment pointing out a unique feature of the deal. "With the first of its kind, this transaction serves as a precedent and impetus for other issuers to explore non-ringgit Sukuk to be raised onshore and to slowly develop and nurture Malaysia's capability to hopefully become the next alternative settlement platform for any non-ringgit Sukuk issuance in the future, at least to the investors across Asia."

Issuance of Sukuk Murabahah under the multi-currency Sukuk program

SapuraKencana PETROLEUM

US$200 million

8th September 2015

Issuer	SapuraKencana TMC (SKTMC)
Guarantors	SapuraKencana Petroleum and its material subsidiaries
Size of issue	US$200 million
Mode of issue	Private placement
Purpose	The proceeds raised from the first issuance was utilized to part refinance SKTMC's existing Islamic financing facility
First issue tenor	Seven years
Issuance price	100
Payment	Semi–annual
Currency	US dollar
Maturity date	8th September 2022
Lead manager for the first issue and principal advisor	Maybank Investment Bank
Governing law	Laws of Malaysia
Legal advisors	Albar & Partners (acting for the issuer) Zul Rafique and Partners (acting for the principal advisor)
Underlying assets	Shariah compliant commodities provided through the commodity trading platform (Bursa Suq Al-Sila')
Shariah advisor	Maybank Islamic
Structure	Commodity Murabahah (via Tawarruq arrangement)
Tradability	Non-tradable
Investor breakdown	Malaysian investor (100%)
Face value	US$200 million

Thinking big

By Kavilash Chawla

While the US presidential elections are still a good 14 months away, the presidential campaign has been well underway for several months now, especially here in Iowa, which hosts the first caucus and helps set the stage for who will emerge to be their party's candidate for president. And over the past few weeks, as Chinese stock markets have shed over a trillion dollars in marketcap and US markets display increasing vulnerability and volatility, I am reminded of the advice former Democratic electoral strategist James Carville gave then candidate Bill Clinton in the run-up to the 1992 presidential campaign, "The economy, stupid!". The advice proved to be sage, and in focusing the election on the economic recession… well, the rest is history.

In returning to the present, and this inaugural column of 'Thinking big', I'd like to take a few lines to set the stage for the column. Despite significant year-on-year growth for the Islamic finance industry as a whole, in a global context, the industry still operates on the fringes of the broader financial world, and is perceived, at best, as a niche industry. Yet, the current state of the Islamic finance industry, by and large, is very good. Profits are good, growth is good, and products are evolving, however slowly. When all is said and done, the modern Islamic finance industry (post-1970) has fared well. This begs the question: what next?

'Thinking big' is about going beyond where we are today as an industry. Going beyond the constraints of day-to-day operations and quarterly earnings reports, and going beyond the limits of conventional finance. 'Thinking big' is about reorienting and rediscovering Islamic finance. It is about challenging the value propositions we currently deliver to our customers, our employees, our shareholders, and our communities. 'Thinking big' is about driving our industry forward through innovation, and leveraging our core as a values-based, ethically driven industry toward re-elevating global finance as a driver of economic prosperity and social return.

> *'Thinking big' is about reorienting and rediscovering Islamic finance. It is about challenging the value propositions we currently deliver to our customers, our employees, our shareholders, and our communities*

"The economy, stupid!" – a very simple message, with some very simple KPIs. Was my personal economy, my economic life as a voter better off before or since president George HW Bush was elected? One of the biggest challenges the Islamic finance industry faces today is to 'think big' about our KPIs. As an industry, as financial institutions, and as bankers, how do we measure our performance?

As individuals, as institutions, and as societies, we direct our resources and concentrate our efforts on performing tasks and functions that are measureable, that we track, and that we are incented to achieve. As the financial industry has grown and evolved, and the Islamic finance industry is no exception, our KPIs have shifted primarily if not exclusively to focus on financial return. While connectivity between the underlying economy and financial institutions continues to be strong in driving strategic planning, resource allocation, and operations, the connectivity between the economy and financial institutions is lost at the core of the institution, that is, in defining the purpose, objectives, and outcomes of the institution. The reason? Because we do not hold our industry, our institutions, and ourselves accountable to these outcomes.

Most conventional and Islamic financial institutions have core value statements, including ones about delivering economic growth. And most institutions are genuine and sincere in their belief and intention to uphold their core values. Well, as I have come to observe, "the path to hell is paved with good intentions." Intending to deliver economic returns does not beget economic returns. Building and integrating KPIs to assess economic returns will deliver economic returns.

I plan to conclude every column with a challenge to 'think big', and the challenge for today is to 'think big' about how we, as an industry and as individual institutions can measure our economic returns and our economic impact. As the Chinese economy slows and global markets retreat, we continue to look for the next engine of global growth. The depth of the Islamic finance industry's role in contributing and driving global growth will be determined by our ability to develop and integrate KPIs that effectively measure economic returns and impact. Having measures of performance and success supports strategy and operations and aligns institutions around core objectives and outcomes, enabling them to more effectively deliver returns.

President Bush's KPIs for economic performance were largely lagging indicators, and by the time candidate Clinton got sworn in as president, the US economy was already into recovery. 'Think big', the right KPIs can be the difference between winning and losing, and remember, "The economy, stupid!".

Announcing the IFN Forum Calendar 2016

Big news is coming! IFN is shaking up its events schedule for 2016, and changing the way its Forums are scheduled in order to accurately reflect the evolving trends of the global Islamic finance industry. This significant new step is accompanied by a brand new suite of products designed to accompany our core pillars of Events and Publications, and assist clients to make the best possible use of the invaluable information, education and innovation that IFN strives to provide. Read on to discover how the new developments will alter and improve your IFN experience…

IFN in Asia

One of the core regional markets for IFN and for Islamic finance in general, Asia represents one of the biggest opportunities for industry development: with vast infrastructure requirements over the next decade driving development. Home to some of the founding pioneers of the industry, Asia is also seeing growing interest from major new markets in a trend that has the potential to catapult the sector onto the fast track.

IFN Asia Forum

APRIL

One of the biggest changes for the coming year is the new approach to our flagship IFN Asia Forum, which in 2015 celebrated its 10-year anniversary. Known throughout the industry as the premier Islamic finance event in the region, the forum consistently brings together the most influential market players and provides a platform to discuss the very latest issues affecting Islamic finance in the region. Following our commitment to serving the global Islamic finance industry in the best way possible, and given the increasing influence of Islamic finance across a broader range of markets, we have taken the landmark decision to encompass a wider landscape within this industry-leading event: giving participants the opportunity to explore, discover and develop new ideas in new areas.

From 2016, therefore, the IFN Asia Forum will alternate between the two leading capitals of Islamic finance in Asia: Kuala Lumpur in Malaysia and Jakarta in Indonesia. The IFN Asia Forum 2016 will be held in Jakarta, fully supported by the Indonesian authorities with whom IFN has a close relationship and whose encouragement and commitment were instrumental in the decision to rotate the event. For those years that IFN Asia is hosted in Kuala Lumpur, the IFN Indonesia Forum, which celebrated its 9th showing in 2015, will be held in Jakarta.

Both Malaysia and Indonesia have their unique strengths and attributes, and the rotation will keep the annual event fresh and innovative. The twin hubs will promote closer linkages between the two nations, supporting the development of the industry in Malaysia, Indonesia and across the region through knowledge-sharing, networking and collaboration.

IFN Investors Forum

SEPTEMBER

In April 2015, IFN launched its inaugural IFN Investor Forum in Dubai to great success, allowing participants to focus on exactly the issues that are relevant to them and creating a targeted, effective and efficient platform for discussion, analysis and action on both sides of the industry coin.

Going forward, to ensure that the broadest and most effective global coverage is achieved, the annual IFN Investors Forum will alternate between Dubai and Kuala Lumpur. This event will encompass everything related to Islamic investment, attracting a truly global audience and focusing on both the central issues to the area and also on the latest developments, trends and innovations across the sector. The wide-ranging program will include multiple and varied formats and sessions for maximum participation: including a brand new series of issuer case studies.

The IFN Investors Forum 2016 will take place in Kuala Lumpur.

IFN in the Gulf

IFN remains committed to supporting the growth of Islamic finance globally, and while Dubai is at the heart of progress in the GCC, the wider Gulf region holds exceptional opportunity and is making great strides in progress. Two markets in particular demonstrate potential and will be the focus of IFN Forums going forward.

IFN Kuwait Forum

OCTOBER

Kuwait is an interesting and developing Islamic finance market and 2016 will see the third annual IFN Kuwait Forum, building on the success of previous years and with the support of both local regulators and international participants to explore and encourage Shariah compliant investment opportunities into the country.

IFN Saudi Arabia Forum

NOVEMBER

Saudi Arabia is one of the most active and influential markets in the Islamic finance space today and certainly the biggest in the Gulf. With landmark steps including the opening of Tadawul to foreign investors, the potential for access to the Saudi debt market, expectations of a sovereign Sukuk issuance and booming asset classes including IPOs, real estate and project finance, more and more issuers are coming to market and the overall investment scene is growing dramatically. Our exclusive access to the movers and shakers who matter make IFN Saudi Arabia the essential event for anyone with any interest in the Saudi market.

IFN in Europe

IFN continues to see strong growth in Europe, driven by liquidity seeking safe havens across western markets. While the UK continues to be a focus for Islamic investors especially in the real estate and infrastructure arenas, activity is also on the rise in continental Europe: with the first regional Islamic bank launched in Germany in 2015 and developments afoot in France, the Netherlands and more. Luxembourg continues to be a

Continued

central focus for activity with strong regulatory support and a growing status as an investment hub and listings center, and IFN looks forward to a sustained growth trajectory and continued support for the industry in 2016.

IFN Europe Forum

APRIL

With Islamic finance gaining growing traction across Europe and ever more countries exploring its potential, the region has become one to watch. As investment pours in from Islamic investors across the Middle East, Asia and beyond, the industry is rapidly evolving to meet their demands, making this one of the most exciting stops on the IFN train. New countries continue to enter the fray while existing markets expand their scope, deepening and strengthening the Shariah compliant sector. Home to IFN Europe for the last two years, Luxembourg lies at the heart of this European wave, and has continued to demonstrate its unwavering commitment to Islamic finance. With the full and fervent support of the regulators and the domestic Islamic finance industry, the event is going from strength to strength, becoming a truly global platform with unmatched international participation. We look forward to returning to Luxembourg once again for IFN Europe 2016.

IFN Turkey Forum

SEPTEMBER

Turkey is another upcoming market for Islamic finance and one which many players have long had their eyes on. With a strong commitment from the Turkish authorities, the industry continues to flourish and IFN Turkey remains one of our strongest and longest-running events. As the country steps up its Shariah compliant activities, new players, new regulations and new issuances make for a vibrant market driven by growing investor interest both domestic and international. With exceptional support from the Turkish regulators making this a truly progressive event, IFN Turkey returns to the excellent facilities of Borsa Istanbul for its 2016 incarnation.

IFN in Emerging Markets

As well as providing a platform for the central pillars of the industry, IFN events also play a vital role in supporting and encouraging the development of emerging markets in the Islamic finance space.

IFN Iran Forum

FEBRUARY

Continuing with this commitment, in 2016 IFN Iran will return for a one-day event in Tehran to provide industry players with an invaluable chance to explore the potential in this immense and immensely exciting market. With the recent sanction agreements and the enormous opportunities now opening up in the country, this intimate Forum and Dialogue will mark the second of many more IFN events in Iran to come.

Africa Islamic Finance Forum

OCTOBER

Africa is another vital region for the development of Islamic finance and has long been a hotbed of interest with its large Muslim population and exceptional natural resources. Hot on the heels of the phenomenal inaugural ICD –led Africa Islamic Finance Forum held in the Cote d'Ivoire in October 2015, with over 600 delegates, IFN will once again collaborate with the ICD and the IDB to bring the event back to Abidjan in 2016. With full government support and hosting some of the most influential decision-makers in the industry, this event is not to be missed.

IFN in New Markets

New markets are beginning to make waves in the Shariah compliant space and countries with little previous involvement are starting to recognize the benefits of this alternative financial system, driving increasing activity in some of the biggest economies in the world.

IFN China Forum

MARCH

The new kid on the block, China has a substantial Muslim population and offers vast opportunities for investors. With Hong Kong's recent sovereign issuances opening up a gateway to the market, this sleeping giant is finally beginning to stir. With huge potential, we expect significant growth in years to come, and IFN is ideally placed to offer access to this interesting opportunity. In collaboration with the ICD, an introductory event is planned for 2016 to tackle specific requirements for the Chinese market – including capital-raising techniques, investment opportunities, regulation, project and infrastructure finance and access to other markets. With significant international interest, IFN China Forum will be a groundbreaking introduction to Islamic opportunities in the world's second-biggest economy.

IFN CIS & Russia Forum

NOVEMBER

Crossing the border from China, and embracing the Commonwealth of Independent States (CIS), recent years have seen encouraging activity including new issuances, regulations, and a growing number of local and foreign institutions starting to offer Shariah compliant services – while the global market is also paying attention to the region as investors seek to diversify and tap new markets.

An increasingly important area for the industry and with vocalized support from multiple stakeholders, 2016 will see the second IFN CIS & Russia Forum following its inauguration in Moscow in December 2015. Each year the Forum will encompass the diverse and varied opportunities available in countries such as Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Turkmenistan, Tajikistan, Uzbekistan and much more.

This government-supported annual event will alternate between the cities of Moscow and Almaty in Kazakhstan. Therefore, in 2016, we'll be hosting this Forum in Almaty.

IFN Project & Infrastructure Finance Forum

MAY

It is not just geographical markets that make an industry, and adding to the action-packed year ahead, 2016 will see the first-ever IFN Project & Infrastructure Finance Forum taking place in Dubai: a new event focusing on one of the most active sectors in our industry today. Covering areas including transport, energy, renewables, power, utilities, education, health care and more, the

Continued

Forum will explore issues such as capital-raising, investment avenues, public-private partnerships, the role of intermediaries and much more: and is expected to generate significant interest from the global community.

Supporting your journey

To accompany the exciting new program of events, IFN has developed a wide range of innovative new applications, media platforms and information avenues to ensure the deepest dissemination of information in the industry.

The new **IFN Events App** will enhance your IFN Forum experience from every angle: providing comprehensive interactive content including the event agenda, speaker biographies, maps, sponsor access and information and a fully interactive polling function. With direct access to social media networks and new tools such as photo-uploading capabilities, the App is designed not only to streamline and improve your event experience but assist you in building relationships, identifying opportunities and collaborating with peers.

A key feature of the App is therefore its networking facility: allowing all attendees the opportunity to connect and communicate with each other pre-, during and post-event. Open two months prior and 12 months post each event, the facility will enable and encourage strong and sustained connections across the industry. This App will replace the traditional IFN Event Guide, with brief Forum Programs provided for those without Smart Device access.

Each IFN event will from now on launch around a central **Forum Motion**, which will be announced at the launch of the program and will be referenced and featured throughout the Forum: giving it direction and focus.

Delegates will have the chance to discuss throughout the day and at the close of the event, the Motion will be tabled again, voted on and decided to provide a concise and decisive conclusion to the day's activities.

Calendar of events

Events	Date
IFN Awards Ceremony (Kuala Lumpur)	22nd February
IFN Awards Ceremony (Dubai)	29th February
IFN Iran Forum (Tehran)	(Tbc) February
IFN China Forum (Beijing)	16th March
IFN Asia Forum (Jakarta)	6th & 7th April
IFN Europe Forum (Luxembourg)	21st April
IFN Project & Infrastructure Finance Forum (Dubai)	24th May
IFN Investors Forum (Kuala Lumpur)	6th September
IFN Turkey Forum (Istanbul)	28th September
Africa Islamic Finance Forum (Abidjan)	17th & 18th October
IFN Kuwait Forum (Kuwait City)	24th October
IFN CIS & Russia Forum (Almaty)	15th November
IFN Saudi Arabia Forum (Jeddah)	28th November

IFN-TV

We are also proud to announce our new **IFN-TV** Channel, a fresh new media platform video content. All IFN Forums are filmed session by session and uploaded to IFN-TV, allowing you to revisit your favorites, catch up on sessions you missed or share clips of interest with others – and offering those unable to attend a vital alternative to access invaluable industry insights.

The channel will also host exclusive interviews with industry leaders, along with discussions, roundtables, seminars and much more.

And of course our core Publication, **Islamic Finance *news***, continues to go from strength to strength. Now with a readership of over 22,500 worldwide, IFN continues to represent the very best in cutting edge news, analysis and insight across the global Islamic financial marketplace. Complimentary copies of the IFN newsletter will be distributed to all delegates at every IFN Forum.

With so much happening across so many platforms, 2016 marks a seminal year for the growth of IFN. We are delighted to share our journey with you, and we look forward to an inspirational ride!

For those interested in attending, participating or sponsoring the events and/or initiatives above, please contact the IFN team directly using the details provided below.

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Upward trajectory as the region's Islamic finance hub

BRUNEI

By Dr Aimi Zulhazmi

In the month of September, the Autoriti Monetari Brunei Darussalam (AMBD) announced the successful pricing of its 122nd issuance of the short-term Sukuk Ijarah securities of BN$100 million (US$69.21 million), which will mature on the 10th December 2015. With this issuance, the Brunei government has thus issued over BN$9.03 billion (US$6.25 billion)-worth of short-term Sukuk Ijarah securities since the maiden offering on the 6th April 2006 and the total holdings of the Brunei government Sukuk outstanding until the 10th December 2015 stood at BN$700 million (US$484.47 million).

> ***"Brunei's aspiration to become an established and competitive financial market in the region is achievable; the country just needs support and confidence to develop itself"***

Another milestone is the education arm of AMBD, the Center for Islamic Banking, Finance And Management signing an MoU with the International Islamic University College Selangor, Malaysia on the 5th August 2015. The MoU will further fortify the relationship between the two institutions in the areas of Islamic finance by promoting a wide range of collaborative activities such as specialized conferences, symposia and seminars, training and professional courses, and the exchange of knowledge, expertise, research papers and studies.

Brunei continues its remarkable growth as the rising star in the Islamic finance industry, which is underlined by its significant international Islamic financing for the oil and gas industry in the region, eg for Icon Offshore, a Malaysian public-listed company. The corporate financing transaction of the Bai Bithaman Ajil term financing facility worth BN$37 million (US$25.61 million) with Bank Islam Brunei Darussalam was to purchase a vessel and replenish the working capital of the region's leading offshore support vessel provider. The completion of the deal should be utilized to accentuate confidence in Brunei as the leading player in syndicating Islamic financing for the oil and gas industry.

Brunei's aspiration to become an established and competitive financial market in the region is achievable; the country just needs support and confidence to develop itself. With the government's intention to launch the Brunei stock market in 2017 and the world's first exchange to be fully Shariah compliant, Brunei is in the right direction to realize the vision. Brunei's market size is indeed small, but there are strong and reputable financial hubs, made of small countries that are already important players in their regions, ie Luxembourg, Hong Kong and Dubai.

In the country's financial blueprint, the authority has put in place the various components to create demand and supply for financial activities. The Islamic banking and Takaful sectors have been established for more than a decade and by 2017 it should be the turn of the capital markets for both equity and debt, followed by the asset management industries and then the next step is to develop the non-banking financial activities to support the rest of the industry and complete the full ecosystem. Brunei is on an upward trajectory to become a key player in Islamic finance in the region.

Dr Aimi Zulhazmi is an Islamic finance consultant via his own Draznine Advisory and an associate professor in the Islamic finance department of UniKL Business School. He can be contacted at draz9.advisory@gmail.com.

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Egyptian Takaful companies expand their investments

EGYPT

By Dr Walid Hegazy

In 2014, 12 Egyptian insurance companies bought EGP550 million (US$70.05 million)-worth of investment certificates in the Suez Canal expansion. This group included three Takaful companies: Egyptian Life Takaful Company, which contributed EGP30 million (US$3.82 million), Wethaq Takaful Insurance–Egypt, which contributed EGP17 million (US$2.17 million), and Arab Orient Takaful Insurance Company, which contributed EGP50 million (US$6.37 million). As suggested by the nearly EGP100 million (US$12.74 million) invested in the Suez Canal expansion, Egyptian Takaful companies have been expanding and diversifying their investments.

Although it did not invest in the Suez Canal expansion, Orient Takaful Insurance Company-Egypt has grown rapidly. At the end of fiscal year 2013-14, its investments were worth EGP256.2 million (US$32.63 million), which grew to EGP357.2 million (US$45.49 million) at the end of fiscal year 2014-15. It expects to see its investment portfolio exceed EGP400 million (US$50.94 million) by the end of fiscal year 2015-16. This company is not alone among Takaful companies in experiencing rapid growth. The Egyptian Takaful Insurance Company–Non-life expects its investments to increase from EGP414 million (US$52.73 million) at the end of fiscal year 2014-15 to EGP490 million (US$62.4 million) by the end of fiscal year 2015-16.

After investing in the Suez Canal in 2014, Wethaq Takaful Insurance–Egypt in 2015 plans to launch two real estate investment funds. It is currently meeting with regulators, and upon approval, Wethaq expects these funds to grow rapidly to a total value of EGP500 million (US$63.68 million) by the end of 2016. Last month, Egyptian Takaful Insurance Company–Non-life began studying an investment opportunity in a carbon black company, which would be located in Alexandria. This company would have a total capital of EGP1 billion (US$127.36 million).

The increased size and diversity of investments by Takaful companies in Egypt over the past year illustrates the breadth of Shariah compliant financial opportunities.

Dr Walid Hegazy is the managing partner of law firm Hegazy & Associates in association with Crowell & Moring. He can be contacted at whegazy@hegazylaw.com.

Nigerian government moves all public sector deposits out of commercial banks

NIGERIA

By Auwalu Ado

The new Nigerian government under the leadership of Muhammadu Buhari has directed all federal agencies to move all accounts from commercial banks to a single treasury account (TSA) at the Central Bank of Nigeria. The government issued this directive about a month ago and set the 15th September as the deadline for compliance with this decision.

> ***"The implementation of a single treasury account is expected to block revenue leakages within the government parastatals as the Ministry of Finance will be able to monitor the inflows and outflows, hence it will augment the reduction in oil revenue due to falling oil prices"***

The treasury single account, or TSA as it is popularly called, is a system introduced by the government of the federation in which all revenues accrued to federal agencies will be deposited into a single account maintained by the office of the accountant-general of the federation to be domiciled at the apex bank. This single account is expected to unify and monitor incoming and outgoing government transactions for transparency and accountability. It is also in line with the new administration's fight against widespread corruption that bedeviled the oil-rich country's development.

The implementation of a single treasury account is expected to block revenue leakages within the government parastatals as the Ministry of Finance will be able to monitor the inflows and outflows, hence it will augment the reduction in oil revenue due to falling oil prices.

By the deadline of the 15th September, about NGN1 trillion (US$5.02 billion) from over 500 government agencies was moved from about 25 commercial banks in the country creating a wide gap in the liquidity position of Nigerian banks including the non-interest banks (Islamic banks). The policy had an impact on the liquidity level in the banking system, resulting in a surge in money market rates during the period as banks scrambled for funds to cover their liquidity positions. With the TSA implementation, the Nigerian banking industry, on an aggregate basis, would be affected in terms of deposits and the funding cost structure.

The policy though will help in reducing the rate of corruption and reduce wastages; it will have a negative effect on the deposit positions of most banks including Islamic banks especially those banks that rely heavily on public sector deposits for survival. It is expected that banks will devise new strategies to close the gap. The focus may now be on retail deposits where banks may develop new products that will attract retail deposits. At the same time, the Central Bank in its response to ease the burden on banks has slashed the cash reserve ratio (CRR) from 31% to 25% in order to boost the liquid position of banks. The CRR reduction will boost the banking sector liquidity by NGN530 billion (US$2.66 billion).

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Islamic finance evolving

Islamic finance has significantly evolved over the past decade, as this is also apparent by the number of Islamic financial institutions and the number of people preferring this way of banking. AKASH ANAND writes.

TECHNOLOGY

By Akash Anand

A key element of this trend is the notion of justice apparent in the Shariah law. Although the financial institutions in both the conventional and Islamic finance domains perform more or less the same activities, ie attract new clients, develop new products that comply with regulatory requirements, etc, there are the elements of investments made by the banks, the active participation in businesses and the sharing of profit and risk that lead more people to preferring a more 'socially responsible banking alternative'.

In the recent Deloitte 2014 report on Islamic finance, it was presented that Islamic finance institutions have a set of specific requirements that will be best met with the utilization of modern Islamic finance technology designed for their needs that will provide "flexibility, scalability and more customer-centric features".

An EY report also identified 25 "rapid growth market" countries for Islamic finance which they predict will account for half of the global GDP by 2020. Of these, 10 have a high percentage of Muslims in the population. In addition, Iran accounts for nearly half of the banking assets in Islamic banks worldwide. Three-quarters of the rest is in the QISMUT nations (Qatar, Indonesia, Saudi Arabia, Malaysia, UAE and Turkey) where growth has averaged 6.5% per year for the last five years.

Other research material also indicates the expansion of Islamic banking and finance as an alternative finance approach. The developments that are taking place in the marketplace also emphasize the importance of easy to use and maintain computerized systems that offer a reduced total cost of ownership and enhanced features tailored to the industry. Modern platforms can incorporate the desired functionality to allow institutions in the sector to achieve the agility when dealing with conventional banks and when designing new products for their clients to help them establish long-standing relationships.

Technologies have evolved to allow faster and more efficient collaboration and although there is no 'right or wrong', the systems that can accommodate effectively the needs of Islamic and conventional banks can include the preferred technology for easier collaboration.

According to the Malaysia International Islamic Financial Centre (MIFC) Community, banks worldwide are moving toward a digital marketplace. In order to meet changing customer behaviors and the emergence of new entrants, more challenges are appearing for the established institutions. These challenges also affect the business and operational models of the banks. Reducing costs requires banks to automate work, or adapt to ongoing digitization by improving their web and mobile capabilities and refining physical networks. New capabilities are also required to capture growth and manage risks more effectively.

> ***"Reducing costs requires banks to automate work, or adapt to ongoing digitization by improving their web and mobile capabilities and refining physical networks"***

This trend is spreading not only across the Middle East and Asia but also in the US and Europe as the new alternative way of banking. Globally, Islamic banking has been growing in

double digits, ie the assets of Islamic banks grew at an average rate of 17% per year between 2008 and 2012. This is almost two to three times the growth of conventional banking during a similar period.

Client-centric solutions enable Islamic banking and finance institutions to achieve their full potential with Islamic centric systems. The systems are incorporating the Shariah compliant functionality to allow banks and financial institutions not only to comply but most importantly to create new products, offer flexibility to their clients and accommodate possible changes in the contract with the client. The Islamic banking and finance solution allows for the complete management of banking operations, wealth management, insurance and financing tailored to Islamic banking practices accommodating the following:

- Full Islamic product support based on the principles of Murabahah, Mudarabah, Musharakah, Ijarah, Istisnah and Salam. The bank may come up with variations of these products using simple parameters.
- Complete product lifecycle management, from quotations management to facilities write-off. Different workflows may be dynamically defined for different products at any stage of their lifecycle to ensure compliance with the bank's policy.
- Multiple pricing policies can be created including fixed profit percentage, benchmark interest rates, units purchase, profit distribution and loss-sharing.
- Effective risk management allowing for rapid on-the-spot risk assessment.
- Advanced deposit management, covering restricted and unrestricted investment, Wadiah deposits, time deposits, current accounts and more.
- Sophisticated profit distribution

Continued

capabilities, supporting a virtually unlimited number of pools dynamically set up by the bank, resulting in accurate and transparent distribution procedures.
- An integrated teller platform, covering all branch operations through a complete and modern environment.
- Complete support of the Arabic language including concurrent user support for 'right-to-left' systems.
- Islamic financing for corporate and retail customers.

These allow the institutions to achieve:
- Compliance to regional regulatory requirements
- A single point of reference to accommodate future requirements when the bank expands
- Improved communication with customers due to powerful KYC and CRM tools
- Operational efficiency due to its easy-to-use environment, and
- Value for money when integrating to other systems.

As the sector is evolving, the institutions would need to select solutions that meet current and future development requirements, allow the institution to be compliant with the Shariah law, cover all lines of business, have a workflow and product factory engine to help them grow with a low total cost of ownership and allow them to offer a unique selling point. The use of modern technology tools such as mobile and cloud technologies can also benefit and support the sector requirements with the aim of delivering a unique customer experience.

For Islamic banking institutions, technology can be pivotal by deploying innovative solutions that not only cover the current business dynamics of Islamic banking but also anticipate how the future shall evolve by offering flexibility to meet future needs, in order to progress and advance the business. Therefore, having a solution that can offer this flexibility in the interpretation of Shariah compliance within the application seamlessly is extremely critical.

Akash Anand is the head of Middle East, Africa & Asia Pacific Regions and the managing director of regional affairs at Profile Software. He can be contacted at aanand@profilesw.com.

Johannesburg Stock Exchange eyes growth potential of Islamic finance

The global Islamic finance industry reached approximately US$2 trillion in 2014, an impressive figure given its small share of the financial markets, and is growing at 30% per annum. Key players within the South African financial services industry have taken note of the growth potential presented by Islamic finance, including the Johannesburg Stock Exchange (JSE). NATHAN JARDINE gives an update of the JSE's activities that relate to Islamic finance.

JOHANNESBURG STOCK EXCHANGE

By Nathan Jardine

The JSE is the largest integrated and fully licensed exchange on the African continent. It offers a diverse range of interest rate instruments, equities, and currency and financial derivatives to market participants. It is among the leading financial institutions in South Africa offering investors an opportunity to duly invest in Shariah compliant financial instruments, and in a robust emerging market.

Since January to July year to date (YTD) this year, the JSE's equity market has seen growth of roughly 23% in value traded compared to the same period in 2014. On average, the equity market reported ZAR19 billion (US$1.36 billion) daily in value trade, which is approximately 21% higher compared to the same YTD average for 2014. In addition to this, YTD foreign investors have been net buyers of equities, indicating positive sentiment for South African equity exposure. The FTSE/JSE All Share Index and FTSE/JSE Top 40 Index have seen positive YTD returns of 5.12% and 6.55% respectively.

In response to growing demand from South African investment banks, hedge and pension funds for Shariah financial products, the JSE offers three indices that are Shariah compliant:

the JSE Shariah All Share; JSE Shariah Top 40; and FTSE/JSE Capped Shariah Top 40, which were launched in 2007, 2008 and 2001 respectively. Constituents of the index are reviewed on a quarterly basis in March, June, September and December.

The JSE Shariah All Share Index was designed to track the performance of companies which are compliant with Shariah law, by their market capitalization. Using the Yasaar methodology, this index provides an opportunity for Islamic investors to invest in some of the best-performing companies in the South African equity market.

Table 1: Top 10 constituents in the FTSE/JSE Shariah Top 40 Index

Instrument	Free float	Net market capitalization (MCAP)	Weight
Anglo American	94%	ZAR185.14 billion (US$13.3 billion)	10.56%
Anglo American Platinum	22%	ZAR19.13 billion (US$1.37 billion)	1.09%
BHP Billiton	100%	ZAR463.33 billion (US$33.28 billion)	26.43%
Kumba Iron Ore	18%	ZAR4.95 billion (US$355.55 million)	0.28%
Mediclinic International	50%	ZAR51.78 billion (US$3.72 billion)	2.95%
Mondi Ltd	100%	ZAR35.94 billion (US$2.58 billion)	2.05%
Mondi Plc	100%	ZAR112.39 billion (US$8.07 billion)	6.41%
Mr Price Group	92%	ZAR48.8 billion (US$3.51 billion)	2.78%
MTN Group	95%	ZAR314.04 billion (US$22.56 billion)	17.91%
Netcare	100%	ZAR56.6 billion (US$4.07 billion)	3.23%
Steinhoff International Holdings	66%	ZAR181.03 billion (US$13 billion)	10.33%
Sasol	85%	ZAR235.15 billion (US$16.89 billion)	13.41%
Vodacom Group	22%	ZAR44.95 billion (US$3.23 billion)	2.56%

Source: Johannesburg Stock Exchange

Table 2: Sector weighting of the FTSE/JSE Shariah Top 40 Index

Sector	Weight	Net MCAP
Chemicals	13.41%	ZAR235.15 billion
Forestry and paper	8.46%	ZAR148.32 billion (US$10.65 billion)
Industrial metals and mining	0.28%	ZAR4.95 billion
Mining	38.08%	ZAR667.6 billion (US$47.95 billion)
Household goods and home construction	10.33%	ZAR181.03 billion
Healthcare equipment and services	6.18%	ZAR108.38 billion (US$7.78 billion)
General retailers	2.78%	ZAR48.8 billion
Mobile telecommunications	20.48%	ZAR358.99 billion (US$25.79 billion)

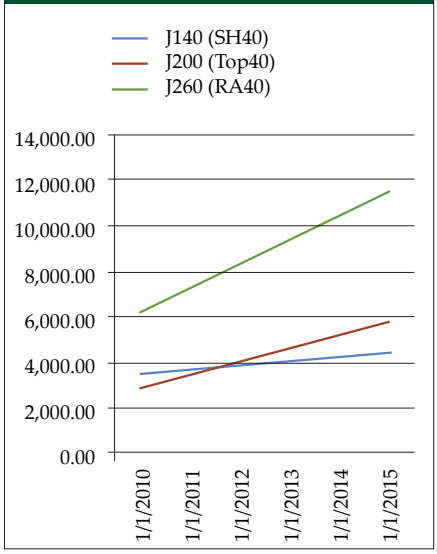
Source: Johannesburg Stock Exchange

Launched in July 2008, the JSE Shariah Top 40 was designed to reflect the performance of the top Shariah compliant companies, as screened by Yasaar from the FTSE/JSE Top 40 Index. Over the last five years, the JSE Shariah Top 40's performance has increased 32.5%, up to 4,487.20 points.

Adele Hattingh, a manager of capital markets at the JSE, believes a 32% performance over a five-year period is encouraging for the growth prospects of Shariah compliant investing. "This is a

Continued

Chart 1: Performance of the J140, J200 and J260 indices between 2010 and 2015



Source: Johannesburg Stock Exchange

positive indication that the JSE is able to identify and meet the needs of Islamic investors."

The performance of the FTSE/JSE Top 40, in comparison, has shown a 102% growth over the same period. This outperformance could be explained by the fact that there are more brokers and asset managers who invest in this particular listed instrument.

The JSE Shariah Top 40 provides Islamic investors with access to some of the top-performing listed companies in South Africa. There has, however, been limited foreign interest in this index. Hattingh points to a growing trend by foreign investors as well as local asset managers to invest in exchange-traded funds (ETFs) in the commodities industry, given their selection process for determining Shariah compliance. At present, the Shariah ETF market remains relatively small, with only Absa Capital offering JSE-listed ETFs that comprise of Shariah compliant activities and financial ratios. "It is our view that with education and awareness about Islamic finance, participation in [the] JSE Shariah Top 40 will lead to greater trading volumes over time," concludes Hattingh.

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Is Musharakah Mutanaqisah a practical alternative to conventional home financing?

Islamic finance had a healthy double-digit growth in the last decade and an important contribution to this steady success is the increasing demand for Shariah compliant products and services from both Muslims and non-Muslims around the globe. These products and services are perceived to be more resilient in adverse economic conditions, has risk-sharing attributes and provides competitive returns to conventional counterparts. Among others, the Musharakah or partnership contract is commonly applied in many investment and financing initiatives. One variation of the Musharakah is the Musharakah Mutanaqisah (or diminishing partnership) that emphasizes on the joint ownership of the asset purchased between the bank and the purchaser (customer). DR ZULKARNAIN MUHAMAD SORI, DR SHAMSHER MOHAMAD and ALAM ASADOV provide an overview of the Musharakah Mutanaqisah contract.



MUSHARAKAH MUTANAQISAH

By Dr Zulkarnain Muhamad Sori, Dr Shamsher Mohamad and Alam Asadov

The Musharakah Mutanaqisah (MM) contract uses the concepts of Musharakah (partnership), Bai (sale), Ijarah (rent) and Wa'd (promise). In general, it begins with two parties (ie the bank and the customer) purchasing a certain asset as partners. After the purchase, the customer starts renting or utilizing the asset and shares profit with (or pays monthly rent to) its partner (the bank) according to an agreed ratio.

Besides sharing profit or loss from (or renting) the asset, the customer gradually acquire the partner's (the bank's) share in the asset by making additional payments over the periodic rent. At every subsequent payment, the profit (rental) part of the instalment decreases since the bank's share of ownership decreases in the shared asset. The partnership ends when the customer makes the last payment to the bank that covers both its profit and amount equal to the remaining share of the bank in the asset. The concept is simple, though there are challenges to fully enforce this contract in practice.

Issues in exercising the MM contract in practice

In practice, most Islamic financial institutions prefer to provide a home financing package that resembles the conventional financing package, the latter being perceived as more cost-effective and more rewarding. This perception is due to Islamic financial institutions' concerns on the following issues:

(a) Is it really permissible? MM is comprised of many independent contracts. Though the consensus is that to combine more than one contract in a package is permissible given that there is no condition imposed by one on the other(s) and each contract must be permissible in Shariah independently, are these contracts in one package really independent of each other?

> ***"In practice, most Islamic financial institutions prefer to provide a home financing package that resembles the conventional financing package, the latter being perceived as more cost-effective and more rewarding"***

On a more practical basis, it is suggested that instead of making two transactions conditional to each other, there should be a one-sided promise from the client, firstly, to take the share of the bank on lease and pay the agreed rent, and secondly, to purchase different units of the bank's share in the house at different stages. However, this creates an issue of enforceability of such a promise by the customer on the bank.

(b) The promise in an MM-based home financing is that the customer undertakes to pay the monthly payments until the end of the MM contract and irrevocably undertakes to purchase the bank's share (even in the event of default that is not caused by the customer). The stipulation and enforcement of such a Wa'd goes against the guiding principles of Musharakah, as any loss should be shared by all partners unless it was caused by the clear negligence of one partner.

Continued

(c) Another issue of concern is that in MM contracts, the ownership risk is totally borne by the customer even though the bank is a partner in the contract. It is understood that if there is any damage on the property due to the customer's negligence, he should be liable for the damage. However, if the cause of the damage is a natural calamity or an action of an unrelated third party or even a default by the developer such as an abandoned project or the winding-up of the developer, then both the bank and the customer shall share the loss according to the share of each party in the property. This risk could be covered by Takaful, and the costs should be shared in proportion to their respective share in the property, but the current practice is that the bank pushes all such costs and risks of ownership to the customer and yet claims the contract to be Shariah compliant.

(d) Then there is the issue of using interest-based benchmarks such as LIBOR (London's interbank offer rate) or the bank's base rate as the benchmark for rental payments by the customer in MM contracts. Even though scholars do approve this benchmark based on the fact that there is no available viable alternative, there is in reality a big misconception as the interest rate benchmarks only represent conditions in the financial market and not the real economy as the latter is supposed to be the essence of Shariah-based contracts.

An ideal benchmark for the rent would be a rental index for that particular location. The changes in the index over time will reflect the more just rent that the customer has to pay. Also, the rental payment is determined for the whole period of the lease contract, and in practice the bank fix consequent rentals without considering the lessee's (customer's) approval. From the Shariah's perspective, this is not permissible as the lessor (bank) is not allowed to change the rental without the approval of the lessee (customer).

(e) There is also an issue of change in the value of the property during the contract period and the need for the partnership to revisit the value of each partner's share. Shariah scholars are of opinion that the value of the property in an MM contract should be re-calculated every time one partner wants to acquire a part of another's share to avoid any form of oppression (Zulm).

> ***"An MM contract is a complete joint partnership contract that can be used not only in home financing but also in other business transactions like trade financing"***

Preferably, to bear the ownership risk on a joint basis, the revaluation of the asset's value to its 'fair value' should take place at certain periods to be agreed by both parties depending on the length of the agreement and the nature of the real estate market. However, the associated costs to the periodic revaluation exercise should be shared by both parties based on their respective share ratio at any particular point in time.

There are opinions that the valuation will not be appropriate within the MM agreement period since the full transfer has not taken place due to the gradual transfer of ownership throughout the duration of the MM contract. This argument is flawed as it does not recognize the purchase of the bank's shares as transfer of (at least partial) ownership that could totally jeopardize the concept of the MM agreement.

(f) It is a common practice for conventional and Islamic banks to require their customer to pledge some amount of money in their effort to reduce the financing risk. In which case the customer is required to deposit a certain amount of money for safekeeping in the bank and this amount could only be withdrawn upon the final settlement of the facility. From the Shariah's perspective, this is not permissible as it is tantamount to a guarantee attached to the financing (contribution of) principal, and a clear violation of the underlying Musharakah principles.

Conclusion

The current version of a MM partnership seems to replicate conventional home financing as some important Shariah requirements are in default. The interest rate-based benchmark and the transfer of all of the costs and risks of ownership to the customer is a blunt violation of the spirit of the contract. The majority of the scholars seem to be oblivious and allow these practices with the usual excuse of allowing these contracts for "the interest of society" and "no better alternative is available" with a clever way of disguising these excuses using some Arabic jargons like 'Umum Balwa' and 'Maqasid Shariah' to appease the naive public that is hungry for such products to serve their needs here and in the hereafter.

An MM contract is a complete joint partnership contract that can be used not only in home financing but also in other business transactions like trade financing. However, in practice, the Islamic financial institutions do not follow through with all the requirements for their own reasons and these contracts seem to resemble the conventional home financing package with a different branding. Islamic financial institutions could do better to serve justice by addressing the issues highlighted, such as required by a true joint partnership, in the true spirit and letter of the contract.

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Introducing Takaful to the Turkish market

On the 15th September 2015, a Takaful seminar was held at Istanbul's Ciragan Palace hotel with a wide range of participants such as regulators, insurance companies, academicians and participation banks. The seminar was organized by Shaw International. Oracle and Vizyoneks were sponsors of the organization. The seminar was one of milestone organizations introducing Takaful to the Turkish market. Speakers and participants which were around 150 had the chance to discuss the ways of expanding the Turkish Takaful market.

TAKAFUL SEMINAR

By Aytug Buyukatak

The opening speech was given by Gokhan Karasu, the general manager of Insurance-Treasury. Karasu stated that Takaful does not need a special regulatory implementation prior to introducing it to the Turkish market since it shall be considered as a special type of insurance product and they highly encourage the entrance of Takaful to the Turkish insurance market. Karasu also stated that the insurance coverage rate in Turkey is still low and there is a need for new products in the market according to the needs. Different products in the market will also result in an increase in the market, he stated.

The managing partner of Shaw International, Askin Dusundere; the head of the board of directors of Vizyoneks, Huseyin Sahin; and the sale director of Oracla Turkey Africa General Sector, Pinar Rua Aksu, declared that Takaful was first presented to the world in 1979 and the expectation at the end of 2015 is to reach a market of US$15 billion.

The other speakers were, among others, Al Baraka Group's head of the Advisory Committee and general secretary Dr Abdul Sattar Abu Ghuddah; Al Baraka's Shariah supervisor Seyh Bilal Moulla; Shaw International's supervisor and senior advisor Dr Shahid Siddiqui, ISFA advisory board member Prof Dr Hamdi Donduren; ERGO Portfolio Management's general manager Murat Vanli; Shaw International's business partner Jabran Noor; Takaful Association's general secretary; and Neova Insurance's internal audit manager Yunus Emre Gurbuz.

Siddiqui stated that the Turkish market with a population of over 82 million is a very attractive market for Takaful companies and discussed the variations of Takaful. He added that conventional insurance does not fit with Islam since it contains uncertainty, gambling and interest in contrast to Takaful.

Therefore, many Muslims in various parts of the world become interested in Takaful. In 2014, the Takaful market reached US$14 billion. The expectation is that it shall reach US$18.5 billion in 2016.

The event ended with a panel moderated by Dusundere and with panelists such as Karasu, Abdul Sattar, Neova Insurance's general manager and the head of the Takaful Insurance Association Ozgur Koc; Katilim Emeklilik's general manager Ayhan Sincek and also Siddiqui.

The panelists shared their experience regarding Takaful markets with the audience. Koc stated that to expand the Takaful market in Turkey, there is a need for more institutions/companies to work in this area and more capital. Koc also discussed the loss/profit relationship in insurance and its effects on people having insurance and explained that in Takaful, the profit or loss can be forwarded and/or shared with customers or forwarded to new investments.

In the case of a loss, customers can be affected from the loss but in the next year, in case of a profit, the previous loss can also be reimbursed by capital owners. The profit can also be distributed on a long-term basis instead of on yearly terms, he stated, since the profits collected are not really high amounts. Finally, Koc added that a profit of 2% is at the moment a good rate.

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The effect of falling oil prices on Kuwait and other GCC countries

The collapse in the price of oil, which began in June 2014, came as a surprise to industry analysts and insiders. They were quick to place the blame on OPEC for its perceived high production, and on China for slowing demand. The truth includes some of these elements but it is not the entire story. TARIQ ALRIFAI explores.

KUWAIT

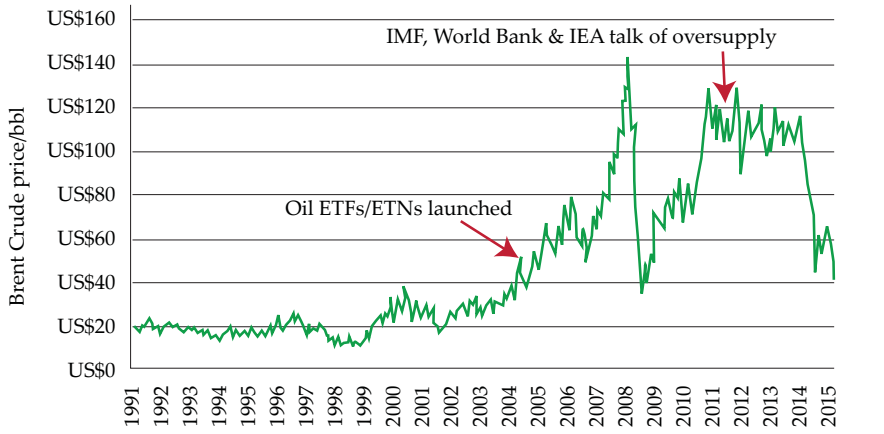
By Tariq Alrifai

Reasons for the collapse in the price of oil

To see what is happening in the oil market, we need to go back in time to see how the price has fluctuated. In Chart 1, the price of oil, in this case the price of Brent Crude, the industry benchmark, traded below US$40 per barrel until the summer of 2004. During the 1990s, the price traded in a range between US$12 and US$36 per barrel. If we went back further in time, we would see a similar trading range.

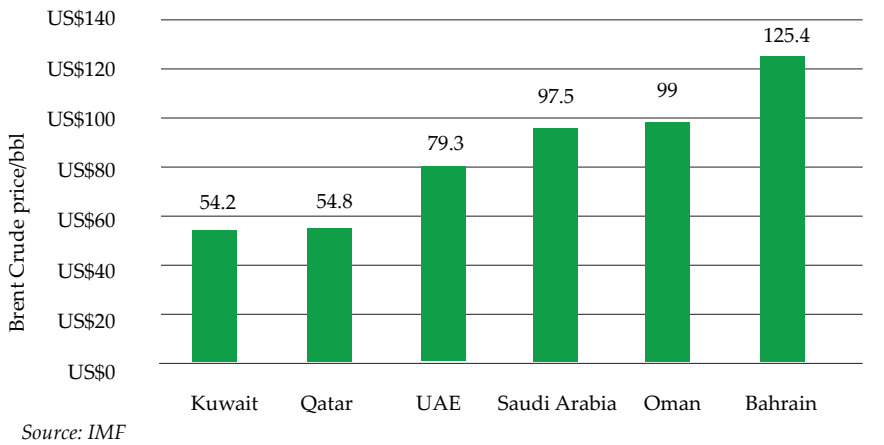
What happened since 2004 can be attributed to several factors: rising global demand driven by China, India and other emerging markets, slow growth in new supply to satisfy this rising demand and the financialization of the oil market. By financialization, it means the development of financial instruments designed to either hedge the price of oil or offer investors an opportunity to gain from the rise in the price of oil. This is where the price of oil started its spectacular rise from a low of US$30 per barrel in early 2004 to a record high of over US$140 in July 2008. This spectacular rise that lasted nearly four years was followed by an even more spectacular fall that erased the entire four-year rise in just four short months. A look at Chart 1 shows a clear speculative bubble that burst. This was not driven by supply and demand factors, but rather by traders and speculators betting on the market. In 2005, for example, the first oil exchange-trade funds (ETFs) and exchange-traded notes (ETNs) were launched giving the average investor for the first time a chance to speculate on the price of oil. The phenomenon was not unique to the oil market; nearly every major commodity followed the same path as investment firms raced to find the next asset class to offer investors. Needless to say, the price crash in 2008, which was sparked by the global financial crisis, was short-lived. No sooner had the price bottomed out in December 2008 than it started rising again, reaching US$125 per barrel in May 2011. From then until June 2014, oil traded above US$100 per barrel for most of the time. When oil began crashing again, analysts and industry experts cited falling demand, mainly from China; oversupply from OPEC; and new supply from a forgotten oil producer, the US, as the reasons for the crash.

Chart 1: Price of Brent Crude from April 1991 to September 2015



Source: Thomson Reuters

Chart 2: GCC countries' break-even oil price to meet their budget needs



Source: IMF

While there is some truth to this, it still does not explain a 60% drop in such a short time. Besides, the IMF, the World Bank and the International Energy Agency (IEA) were talking of oversupply in 2011. If oversupply was the main cause, why did it take four years for the market to respond?

Much of the blame for the fall in the price of oil can be traced back to the US Federal Reserve and the financialization of the market. The Federal Reserve deserves much of the blame due to its zero-interest rate policies that it has kept in place since the financial crisis

Continued

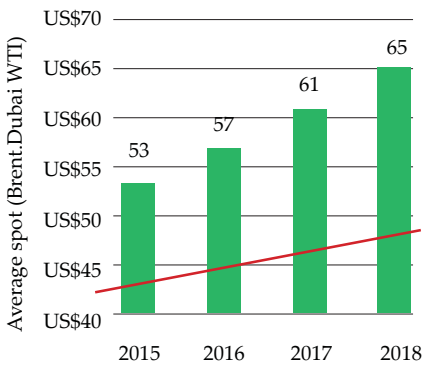
as a way to stimulate the US economy. What it ended up doing in the process, along with a host of other unintended consequences, was to push investors away for safe assets and into riskier assets as they ran for higher yields. In this case, investors rushed to invest in the US shale oil industry. Cheap money and high oil prices finally made shale oil attractive and banks were not shy about giving the industry money. The shale oil industry is estimated to have borrowed over US$1.2 trillion since 2008.

The flood of money into the shale industry transformed the US into a wildcard oil producer. The rapid rise in production was not anticipated by OPEC or other oil producers. When China started to slow down along with emerging markets, traders and speculators finally gave up on the oil market causing a collapse in price. Shale producers are now stuck. Many were not profitable at US$100 per barrel and are now faced with bankruptcy unless they can continue to refinance their debt and get new funding, which is highly unlikely at this stage.

The effects on Kuwait and the GCC

Kuwait and the other Gulf states have been through similar price fluctuations in the past. Though they may not have anticipated this crash, history has taught them to always be prepared and plan for the future. Kuwait, for example, was one of the first oil producers in the world to plan for when it runs out of oil by setting aside a percentage of oil revenues every year for when this happens. The Kuwait Investment Authority was set up to manage this money which is estimated to be over US$400 billion today. All other Gulf states have similar funds today.

Chart 3: World Bank crude oil forecast with expected revisions lower per trend line



Source: World Bank

What is different today, however, from the price collapse of the 1980s, is the fact that Kuwait and other GCC states have much larger populations and budgets. To maintain their standards of living and to be able to offer all the social benefits to their citizens, GCC states have constantly grew their budgets to meet these needs based on the belief that the price of oil will remain relatively high. Out of all the GCC countries, however, Kuwait is in the best position. According to a recent IMF report, Kuwait has a relatively modest budget compared with its neighbors and is able to meet its budget at an average annual price of oil of US$54/bbl. Other GCC states require much higher oil prices to meet their budgets, otherwise they must borrow from the market. Saudi Arabia needs the average price of oil to be US$97.5, otherwise it must finance the rest. Bloomberg, in a recent news report, estimates that Saudi Arabia will need to issue SAR20 billion (US$5.33 billion) in bonds per month to meet its budget this year alone. If the price of oil falls further, it will have to issue even more. The UAE is in a similar position as can be seen from Chart 2.

One of the reasons Kuwait has been able to maintain a relatively modest budget is because it has spent less on infrastructure and other mega projects. Analysts cite Kuwait's internal politics as one of the reasons it has not kept up with its neighbors in development. Kuwait, however, along with the other Gulf states realize that their big budgets cannot continue. Saudi Arabia has already started looking for ways to trim its budget. Kuwait, after years of putting projects on hold, may now have a legitimate reason to do so.

If we go back in history to see how Gulf states managed their budgets through periods of cheap oil, we can see that cutting spending on big projects and infrastructure spending tend to come first. For Kuwait, this means that the much-needed infrastructure development will be placed on hold, again. Healthcare and education spending will be next, but they are sensitive items to cut. What are most sensitive, however, are the generous subsidies and welfare programs that

are too politically dangerous to cut, but at some point will be necessary to cut, especially if the price of oil remains low for several years.

The GCC is in a strong position to withstand the low price of oil. According to the World Bank (Chart 3), it expects the price of oil to recover slowly over the next three years, but we will not see US$100/bbl oil any time soon. The World Bank, however, keeps revising its forecast lower as the price has yet to find a bottom. Low oil prices will have long-lasting effects not only on how Kuwait and the other Gulf states develop, but also on global financial markets as the amount of petrodollars circulating back to developed markets shrink.

For Kuwait, a prolonged slump in oil prices means that the private sector will need to step up and take on roles traditionally held by the government. The country has had some success in this as the years of slow development have opened the door for the private sector to come in. In recent years, the private sector has successfully developed shopping malls, hospitals and private schools. As a result, the private sector in Kuwait is in a good position to take on projects put on hold by the government.

The effects of low oil prices on the Sukuk market

One of the few bright spots in a low oil price environment is the Sukuk market. During the last period of cheap oil in the 1980s and 1990s, the Sukuk market was not yet developed. GCC governments at the time resorted to issuing conventional bonds. This time around, they will be more interested in issuing Sukuk both in local currency as well as in US dollars. This will give a much-needed boost to the Sukuk market trying to deal with the recent slowdown in issuance sparked by the brewing crisis in emerging markets.

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DEALS

ANB's Sukuk underway

SAUDI ARABIA: Arab National Bank (ANB) is set to conclude a SAR2 billion (US$533.3 million) capital-boosting Sukuk issue which will enhance the lender's Tier 2 capital. According to Reuters quoting unnamed sources, orderbooks have closed for the transaction and pricing for the deal was set at 140bps over the next six-month SAIBOR. The transaction was arranged by Deutsche Bank, HSBC, JPMorgan and ANB Invest.

DAMAC issues Sukuk

UAE: DAMAC Real Estate Development (DRED) has issued an 18-month Sukuk worth US$100 million. The property developer said in a statement that proceeds from the privately-placed certificates will be used for general corporate purposes as well as to fund land acquisitions and extend the firm's development pipeline. Emirates NBD Capital acted as the sole bookrunner and lead manager advised by King & Spalding while DRED was advised by Dentons & Co.

Kuveyt Turk's Sukuk plans

TURKEY: As part of its plan to raise up to TRY1 billion (US$332.53 million) in Sukuk as granted by the Capital Markets Board in June 2015, Kuveyt Turk on the 18th September confirmed it issued a TRY150 million (US$49.88 million) 90-day tranche which received an orderbook of approximately TRY200 million (US$66.51 million).

Separately, the Islamic bank reportedly engaged KFH Capital, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, HSBC, Noor Bank and QInvest to arrange investor meetings for a potential Sukuk after Eid Al Adha. According to Reuters, the Turkish participation bank expects to raise around US$400 million.

TNB to issue in October

MALAYSIA: Tenaga Nasional's Jimah Power East has begun marketing its proposed RM10 billion (US$2.36 billion) Sukuk with plans to issue in October, reported Bloomberg quoting unnamed sources.

Chinese railway Sukuk a possibility

CHINA: Up to CNY30 billion (US$4.7 billion) could be raised through Sukuk by a railway project in the eastern Chinese province of Shandong to fund a high-speed rail link, reported Reuters quoting Ben Ping Chung Cheung, the Asia Pacific head of consultancy at the Shariah Advisory Group.

Indonesia's Sukuk auction surpasses target

INDONESIA: The government of Indonesia's Shariah securities auction selling four facilities held on the 22nd September 2015 has surpassed its indicative target with a total incoming bid of IDR4.67 trillion (US$320.46 million). According to a statement on the Ministry of Finance's website, IDR2.5 trillion (US$173 million) were awarded for the issuances.

RBS to be replaced by StanChart

MALAYSIA: Royal Bank of Scotland–Malaysia (RBS) has resigned as the principal advisor, lead arranger and joint lead manager and the facility agent for National Bank of Abu Dhabi (NBAD)'s conventional medium-term notes (MTNs) and Islamic securities program of up to RM3 billion (US$680.61 million). According to a central bank filing, Standard Chartered Bank Malaysia will replace RBS as the facility agent and the principal advisor, lead arranger and joint lead manager with respect to the MTNs while its Islamic banking arm, along with NBAD Malaysia, will act as a joint lead manager with respect to the Sukuk.

Iran issues Islamic T-bills

IRAN: Iran was due to issue approximately US$300 million-worth of one-year Islamic treasury bills at a profit rate that is expected to be higher than the official bank deposit rate which is about 20%, according to the Financial Times.

The Republic's public offering through Fara Bourse will reportedly be offered at a steep discount to their face value and another US$600 million-worth of Islamic treasury bills would be offered in the next few months.

DEAL TRACKER Full Deal Tracker on page 38

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
First quarter of 2016	National Home Mortgage Finance Corp	PHP2 billion	Sukuk	29th September 2015
TBA	XL Axiata	IDR1.5 trillion	Sukuk	15th September 2015
By December 2015	HNA Group	US$150 million	Sukuk	11th September 2015
Oct-15	Country Garden Holdings	RM1 billion	Sukuk	11th September 2015
Sep-16	Government of Jordan	JOD200-300 million	Sukuk	4th September 2015

CLOSING BELL

Al-Salam REIT plans new asset acquisitions

MALAYSIA: Johor Corp's Islamic real estate investment trust, Al-Salam REIT, on the 29th September listed on the main market of Bursa Malaysia with a four Malaysian sen (0.9 US cents) premium to its IPO offer price of RM1 (23 US cents). IFN has learned that a total of 252.36 million shares of RM1 (22 US cents) per share was offered, of which 240.76 million shares (98%) were taken up by institutional and selected investors, while the public portion of the initial public offering was oversubscribed by 2.96 times.

NHMFC plans debut Sukuk for Philippines

PHILIPPINES: The National Home Mortgage Finance Corp (NHMFC) is planning to issue a PHP2 billion (US$42.66 million) Sukuk on behalf of a Mindanao-based firm and it is expected to materialize in the first quarter of 2016, according to INQUIRER.net, quoting NHMFC president Felixberto Bustos Jr. The state-run financier will be hiring government banks namely, the Land Bank of the Philippines and the Development Bank of the Philippines, as underwriters for the debt issuance. The mortgage-backed securities will securitize Paglas Corp's socialized housing project in Datu Paglas, Maguindanao whereas Paglas's banana plantations will serve as the asset to back up the Sukuk.

STS to issue short-term Sukuk

MALAYSIA: Sunway Treasury Sukuk (STS) was due to issue its Islamic commercial paper Series 13 worth RM100 million (US$22.65 million) on the 28th September 2015, according to an announcement on the central bank's website. The 'P1(S)'-rated issue will mature on the 28th October 2015.

Pakistan plans 2016 Sukuk sale

PAKISTAN: The government of Pakistan is considering issuing a Sukuk in the second quarter of 2016, reported The Express Tribune. This comes as the government looks to raise US$1 billion from a eurobond issue this week as it seeks to diversify and broaden its financing base.

AFRICAS

Jaiz Bank spends on humanitarian services

NIGERIA: As part of its humanitarian services, Jaiz Bank has disbursed NGN100 million (US$498,778) for the provision of essential needs to internally displaced persons in several areas in the country. The effort was coordinated by Jaiz Charity and Development Foundation. The bank has also been partnering the Islamic organization to assist indigent persons in other parts of the northeastern side affected by the crisis, according to the News Agency of Nigeria.

SFD supports SMEs with Islamic finance

EGYPT: United Nations-backed Social Fund for Development (SFD) will be signing two contracts worth EGP200 million (US$25.5 million) with Egyptian Islamic banks to finance small enterprises, according to Amwal Al Ghad quoting the head of SFD's Central Sector for Small Enterprise Finance, Nevine Gamea. Al Baraka Bank Egypt will get a new contract worth EGP100 million (US$12.73 million) after the disbursement of a former partnership contract worth EGP100 million whereas The United Bank is negotiating for a EGP100 million financing following the disbursement of a former contract worth EGP50 million (US$6.36 million).

ASIA

Amended securities laws for Malaysia

MALAYSIA: The Capital Markets and Services (Amendment) Act 2015 (CMSA) and the Securities Commission (Amendment) Act 2015 (SCMA) came into effect on the 15th September 2015. According to the Securities Commission Malaysia, the CMSA amendment introduced a new recognized market framework to facilitate the creation of alternative trading platforms, including equity crowdfunding platforms whereas the SCMA amendments were introduced to align securities laws with IOSCO principles.

FGV exits Islamic index

MALAYSIA: Oil palm plantation operator Felda Group Ventures has, according to a statement, exited from the Dow Jones Islamic Market Malaysia Titan 25 Index but will remain a company listed on the main board of Bursa Malaysia. The decline of commodity prices and tough market conditions continue to affect FGV as average crude palm oil prices drop 14% from RM2,301 (US$521.28)/MT in January 2015 to RM1,975 (US$447.42)/MT in August 2015.

Chinese Islamic bank launched

CHINA: An Islamic bank has been launched in Xining, the capital of northwestern China's Qinghai province, according to state-run Xinhua News Agency. The Xining Rural Commercial Bank reportedly began operations on the 24th September.

Bank Jateng eyeing IPO in 2018

INDONESIA: Bank Pembangunan Daerah Jawa Tengah or Bank Jateng, a regional bank which also operates Bank Jateng Syariah, is preparing for an IPO set for 2018 to raise its capital above IDR5 trillion (US$341 million) so as to enable the bank to be eligible for licenses to expand its banking and investment activities, according to the Jakarta Globe.

PBMT Indonesia implements financial program

INDONESIA: Perhimpunan Baitul Maal Wat Tamwil Indonesia (PBMT Indonesia), a financial cooperative which coordinates the activities of its member Islamic microfinance institutions, has implemented a three-stage financial empowerment program aiming to benefit low-income individuals in the country, according to MicroCapital.

LTH to conduct Islamic rights issue

MALAYSIA: Lembaga Tabung Haji (LTH) is expected to inject fresh funds through a rights issue of Islamic irredeemable convertible preference shares into its subsidiary TH Heavy Engineering (THHE) to finance the latter's floating production, storage and offloading topside project for JX Nippon Oil & Gas Exploration of Japan in Pulau Indah to be completed by September 2016. According to The Star, RM275 million (US$62.11 million) will be channeled to THHE.

EUROPE

Al Rayan relocates office to Edgbaston

UK: Shariah compliant Al Rayan Bank has relocated its operational headquarters in Birmingham city to new offices in Calthorpe Road, Edgbaston, according to a press release.

GLOBAL

Conyers Dill & Pearman expands practice in Asia

GLOBAL: International law firm Conyers Dill and Pearman announced in a statement the launching of its Asia Disputes and Restructuring Group in the Hong Kong office which will be led by senior advocate, Nigel Meeson.

DFM to lure foreign investment in roadshow

GLOBAL: Dubai Financial Market (DFM) will be holding its international roadshow on the 19th–20th October 2015 in New York with co-sponsorship from the Bank of America Merrill Lynch to further strengthen links with international investors. The exchange noted in a statement that senior executives from 13 Dubai-listed companies including from Islamic financial institutions (or those with Islamic windows) such as Dubai Islamic Bank, Emirates NBD, Emirates REIT and Mashreq Bank are participating in the roadshow. The roadshow will enable listed companies to inform international fund managers about their growth strategies and recent developments.

Alizz selects ALM solution from Wolters Kluwer

GLOBAL: Oman-based Alizz Islamic Bank has selected Wolters Kluwer Financial Services's OneSumX solution for asset and liability management (ALM) for the effective monitoring of the bank's liquidity, sensitivity analysis, income analysis, income and earnings simulation and fund transfer pricing, according to a press release. The bank also intends to extend the solution to generate regulatory returns on the liquidity coverage ratio and the net stable funding ratio.

New team for KFH Malaysia

GLOBAL: Following IFN's news alert on the 22nd September 2015 that the deal between Qatar National Bank (QNB) and KFH Malaysia has fallen through, QNB has confirmed in a bourse filing that it has ceased preliminary talks to acquire Kuwait Finance House (KFH)'s Malaysian unit. IFN also learned from sources with knowledge of the matter that KFH, which is re-focusing its efforts to building its Malaysian business, will soon restructure its Malaysian management team.

MIDDLE EAST

NBF opens new corporate banking branch

UAE: National Bank of Fujairah (NBF), which operates an Islamic banking window, has expanded its presence in Abu Dhabi with a new corporate banking office at the Al Badie building in the Capital District. In addition to the new office, NBF has two other branches in Abu Dhabi: the Al Salam Street branch and the Bank Street branch in Mussafah, according to a press release.

FGB to offer SME financing

UAE: First Gulf Bank, which operates Siraj Islamic Banking, will be offering financing to UAE start-ups including no-minimum balance current accounts and business credit cards in the first six months of operation. According to The National, the bank would also be offering an overdraft or start-up loan after six months and would consider all nationalities for financing. The bank is targeting the segment at a time of shrinking margins amid low interest rates.

Investment Dar revises debt-restructuring plan

KUWAIT: Investment Dar is reportedly seeking court approval for a KWD813 million (US$2.7 billion) debt-restructuring plan which will see Kuwait's Court of Appeal imposing the package on all its creditors including Kuwait Finance House. According to Reuters, the new plan looks to overcome minority creditor dissent which involves transferring Investment Dar's assets, and the management of their disposal, directly to creditors.

Meethaq and Amlak collaborate

OMAN: The Islamic banking arm of Bank Muscat, Meethaq, has signed an MoU with Amlak to provide Shariah compliant home financing for the Amlak Jiran project in South Maabela, according to the Oman Daily Observer. The project is expected to be completed by 2016.

ASSET MANAGEMENT

DIBPL and UBL collaborate

PAKISTAN: Dubai Islamic Bank Pakistan (DIBPL) has entered into a corporate Islamic mutual funds agreement with UBL Fund Managers to enable a distribution alliance for the latter's Al Ameen Funds products, according to the Pakistan Observer. DIBPL is the first Islamic bank partner for UBL's Al Ameen Funds.

RESULTS

European Islamic Investment Bank

UK: The European Islamic Investment Bank recorded a pre-tax profit of US$900,000 for the first six months of 2015, a drop from US$1.5 million registered in the same period of 2014. Assets under management also contracted to US$1.1 billion from US$1.12 billion as at the end of 2014.

TAKAFUL

ARIG withdraws acquisition offer

GLOBAL: Arab Insurance Group (ARIG) on the 21st September withdrew its offer to the minority shareholders of Takaful Re to purchase the remaining 46% stake in the latter as it did not receive unanimous agreement from all shareholders, according to a bourse filing. In July, ARIG confirmed it was negotiating to acquire full control over Takaful Re.

Foreign partners not involved in Jasindo Takaful spin-off

INDONESIA: Asuransi Jasa Indonesia will be turning its Islamic insurance unit, Jasindo Takaful, into an independent entity which should be completed by the end of this year, and it will not involve foreign partners in the early stages, according to Bisnis.com quoting Erwin Noekman, the head of the business unit at Jasindo Takaful. The spin-off process is currently still being carried out internally. Erwin added that the plan is for Jasindo Takaful's ownership to be dominated by the parent company and local companies that are still affiliated with the parent, although he did not rule out a partnership with a foreign insurance company after obtaining Shariah compliance.

OJK issues Takaful circular

INDONESIA: Indonesia's Financial Services Authority (OJK) has issued a new regulation for the insurance and pension funds industry which also includes Takaful and re-Takaful operators. OJK Circular Letter Number 25 of 2015 stipulates that Islamic insurers and re-insurers are allowed to adjust the solvency ratio of their Tabarru fund to a maximum of 30% and also includes references to the evaluation of Sukuk investment as well as responsibilities of operators.

Allianz still considering Takaful

MALAYSIA: Although it does not have a specific timeline, Allianz Life Insurance Malaysia is still keen to expand into the Takaful segment when the right opportunities arise. According to Sun Biz quoting CEO Rangam Bir, the insurer, while interested in securing a Takaful license, would not be able to procure such a mandate as the central bank has halted issuing new Islamic insurance licenses for the time being making acquisition the next point of entry to the market; Alliianz is, however, not in acquisition talks with potential partners.

Noor Takaful supports the needy

UAE: Noor Takaful will provide the necessary support for the training and rehabilitation of over 300 children with special needs at the Rashid Center for the Disabled which is equipped with modern facilities. According to Gulf Today quoting the chairman of the Shariah group at Noor Bank Amjad Nasr, supporting charitable and humanitarian initiatives are the core priorities of Noor Takaful's strategy.

Takaful Emarat expands distribution channels

UAE: Takaful Emarat will act as the exclusive provider of Shariah compliant life and health insurance to Wahat Al Zaweya Company for Investment and Real Estate Development's customers across Dubai, Abu Dhabi and Sharjah, according to a press release.

MOVES

CIMB Islamic

MALAYSIA: IFN has learned from market sources that HSBC Amanah's chief **Rafe Haneef** will succeed **Badlisyah Abdul Ghani**, whose resignation came into effect on the 15th August, as CEO of CIMB Islamic, pending regulatory approval. It is understood that Rafe, who has been at the helm of HSBC Amanah since 2010, recently tendered his resignation.

Clifford Chance

GLOBAL: **Matthew Shanahan**, previously an associate director at the Dubai Financial Services Authority, will join international law firm Clifford Chance's Middle East financial services and regulatory practice as counsel, the firm said in a statement.

Zaid Ibrahim & Co

MALAYSIA: Islamic finance expert **Dr Nik Norzrul Thani**, a senior partner with Zaid Ibrahim & Co, will assume the role of executive chairman of the firm with effect from the 1st November. The firm also announced in a statement the retirement of **Lim Kar Han** as managing partner from the 1st January onward, after which he will be a consultant to the legal firm.

Gulf Holding Company

BAHRAIN: Shariah compliant real estate investment company Gulf Holding Company (GHC) has appointed **Majed Al Khan** as the new CEO and the head of the Villamar development project, according to a press release. Majed was the deputy CEO and the head of investments at Al-Khaleej Development Company prior to joining GHC.

Singaporean cabinet

SINGAPORE: Following a cabinet reshuffle by prime minister **Lee Hsien Loong**, former central bank managing director **Heng Swee Keat** has been appointed as the new finance minister, replacing **Tharman Shanmugaratnam** who will remain as the deputy prime minister while taking on a new role as the coordinating minister for economic and social policies, according to a statement on the website of the Prime Minister's Office.

RATINGS

Fitch affirms BRIS

INDONESIA: Fitch has affirmed BRI Syariah (BRIS)'s national long-term rating of 'AA+(idn)' with a stable outlook and its national short-term rating of 'F1+(idn)', according to a statement. The ratings reflect Fitch's belief that BRIS's parent, Bank Rakyat Indonesia (BRI) would be highly likely to provide extraordinary support if needed. Fitch views BRIS as the core subsidiary that BRI uses to expand its Shariah banking business in Indonesia.

MMC's proposed Sukuk gets 'AA-IS' rating

MALAYSIA: MARC according to a statement has assigned an 'AA-IS' rating with a stable outlook to MMC Corporation's proposed notes issuance of up to RM1.5 billion (US$348.35 million) under a Sukuk Murabahah program. The bulk of the proceeds from the program will be utilized to refinance MMC's existing borrowings at the holding company level. The rating considers MMC's strong competitive position and healthy operational track record of its ports and energy concession assets as well as in engineering and construction.

EI rated 'A+' by Fitch

UAE: Emirates Islamic (EI) has been assigned an 'A+' long-term foreign currency issuer default rating by Fitch, with a stable outlook. Concurrently, a viability rating of 'bb-' was also assigned to the Islamic bank, according to a statement.

APICORP maintains strong asset quality

SAUDI ARABIA: Moody's in a statement has reported that Arab Petroleum Investments Corporation (APICORP)'s asset quality and capital adequacy remain strong, despite the drop in global oil prices. Moody's vice-president-senior analyst Steffen Dyck commented that APICORP — which has established a US$3 billion global Sukuk program — has a good level of equity relative to its risk assets and a portfolio consisting of high-quality investment assets. The company is continuing its efforts to diversify its investments and funding sources to overcome challenges.

NPESB's Islamic paper rating reaffirmed

MALAYSIA: The 'BBB2/Stable' rating of New Pantai Expressway (NPESB)'s RM250 million (US$56.64 million) junior Bai Bithaman Ajil notes (2003/16) has been reaffirmed by RAM, according to a statement. NPESB holds the concession for the construction, operations and maintenance of the 19.6 km intra-urban NPE.

RAM assigns final rating to MBSB's Sukuk

MALAYSIA: RAM has assigned a final rating of 'AA1/Stable' to Malaysia Building Society (MBSB)'s RM900 million (US$203.88 million) Tranche 4 structured covered Sukuk Murabahah under the company's RM3 billion (US$679.62 million) structured covered Sukuk commodity Murabahah program. The rating agency noted in a statement that the rating is notched up from MBSB's long-term 'A2' financial institution rating and reflects the quality of the securitized assets as well as the supporting securitization structure.

Mukah Power's Sukuk ratings reaffirmed

MALAYSIA: Mukah Power Generation (Mukah Power)'s RM665 million (US$150.87 million) senior Sukuk Mudarabah program (2006/2021) and Sarawak Power Generation (SPG)'s RM215 million (US$48.77 million) serial Sukuk Musharakah (2006/2021) have both been reaffirmed with the enhanced rating of 'AA2(s)/Stable' by RAM with a view that the rating reflects support from Sarawak Energy, which the companies belong to, according to a statement.

Mukah Power is an independent power producer incorporated to construct, own, operate and maintain a 270 MW coal-fired power plant in Mukah, Sarawak whereas SPG had been awarded a license to build, own and operate a 317 MW (net dependable capacity) CCGT facility in Tanjung Kidurong, Bintulu, Sarawak.

MARC affirms Indonesia at 'AA-'

INDONESIA: MARC has, according to a statement, affirmed Indonesia's foreign currency sovereign rating at 'AA-' with a stable outlook based on MARC's national rating scale. The rating reflects MARC's opinion of the sovereign's ability to meet its foreign currency obligations in full and on time. Resilient economic growth prospects, which are supported by its large domestic demand base and growing middle class, as well as manageable and sustainable public debt, also supported the assigned rating. Indonesia's stable outlook reflects MARC's assumptions that there will be some successes in the government's reform efforts.

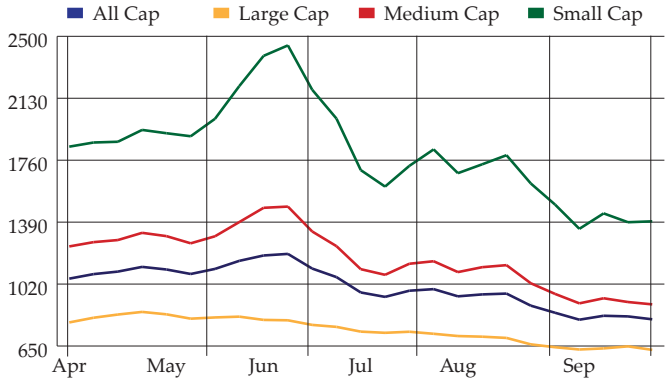
Moody's rates IFFIm's Sukuk

GLOBAL: Moody's has assigned a definitive 'Aa1' senior unsecured bond rating to the trust certificate issuance of IFFIm Sukuk Company II, an SPV established in the Caymans Islands by the International Finance Facility for Immunization Company (IFFIm). The outlook on the rating is stable. The rating agency noted in a statement that IFFIm's rating is closely linked to the creditworthiness of its sovereign donors because its revenue structure is reliant on the receipt of donors' pledges. IFFIm issues bonds to finance Gavi programs whereby the donor payments will be used to repay the bonds.

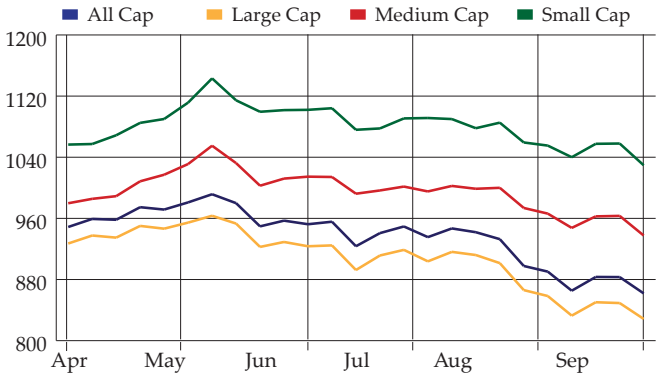
Expected date	Company's name	Size	Structure	Announcement Date
First quarter of 2016	National Home Mortgage Finance Corp	PHP2 billion	Sukuk	29th September 2015
TBA	XL Axiata	IDR1.5 trillion	Sukuk	15th September 2015
By December 2015	HNA Group	US$150 million	Sukuk	11th September 2015
Oct-15	Country Garden Holdings	RM1 billion	Sukuk	11th September 2015
Sep-16	Government of Jordan	JOD200-300 million	Sukuk	4th September 2015
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
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

SHARIAH INDEXES

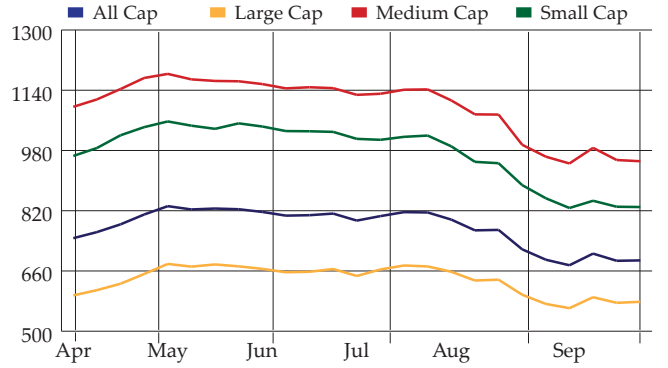
REDmoney Asia ex. Japan *6 Months*



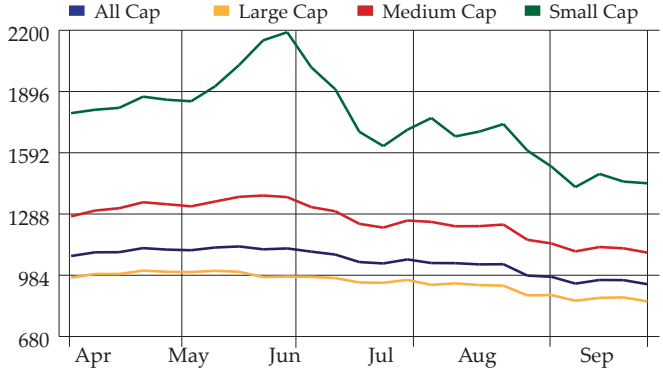
REDmoney Europe *6 Months*



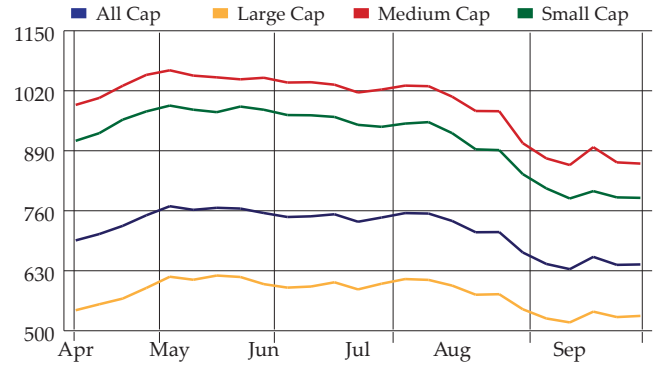
REDmoney GCC *6 Months*



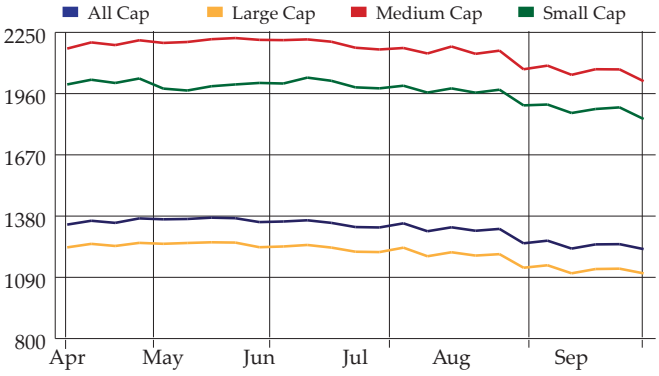
REDmoney Global *6 Months*



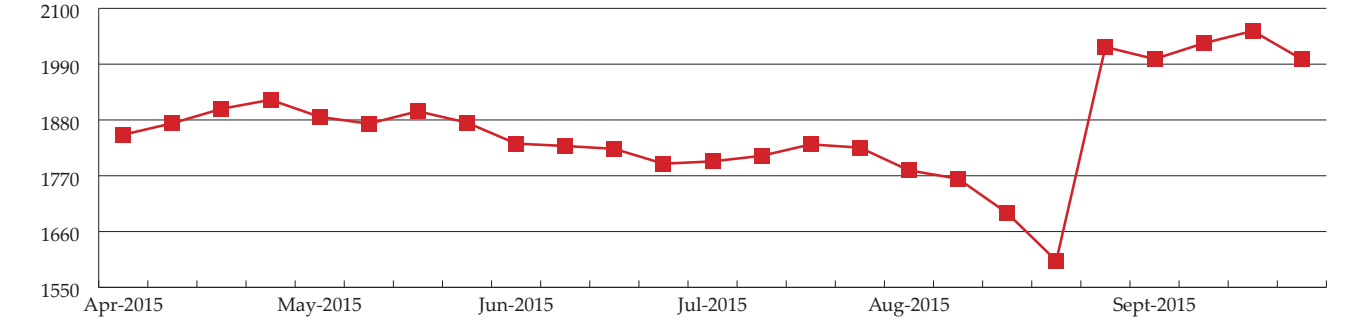
REDmoney MENA *6 Months*



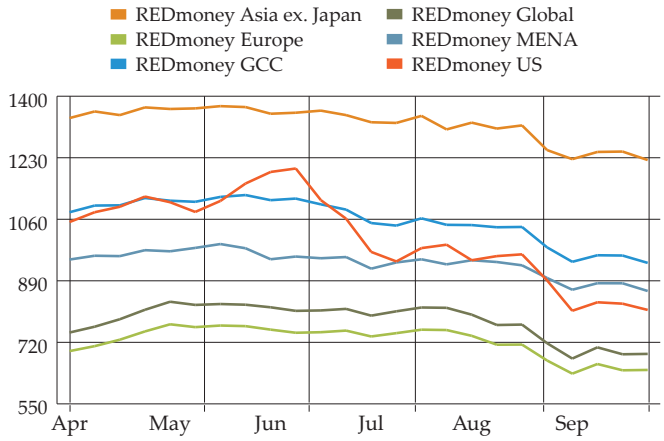
REDmoney US *6 Months*



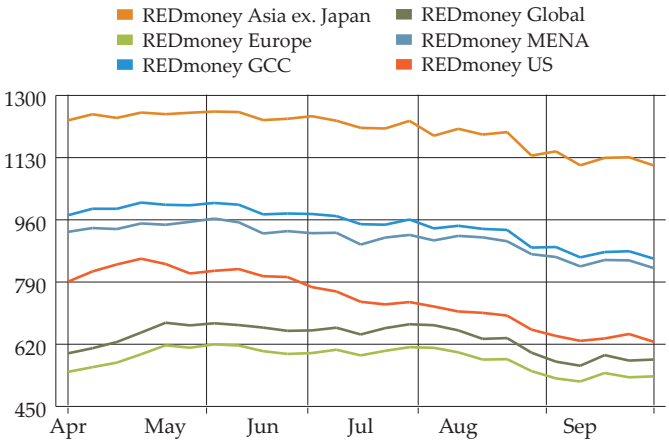
SAMI Halal Food Participation (All Cap) *6 months*



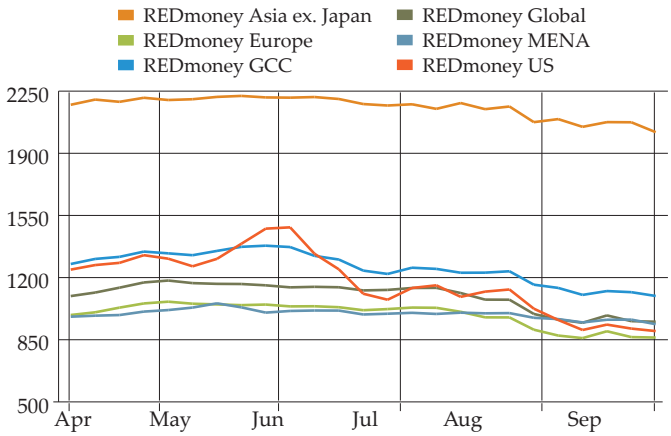
REDmoney Global Shariah Index Series (All Cap) *6 Months*



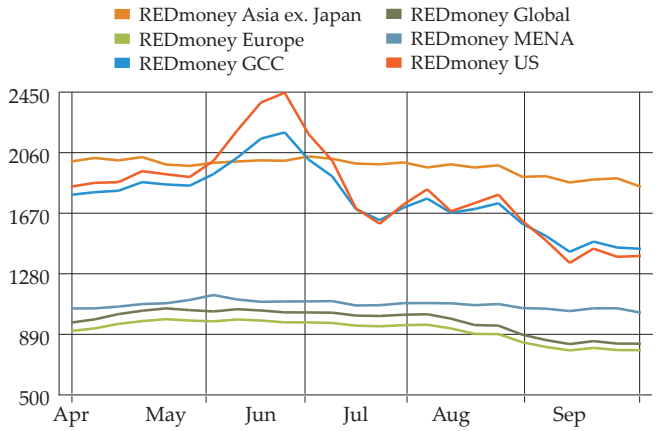
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



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



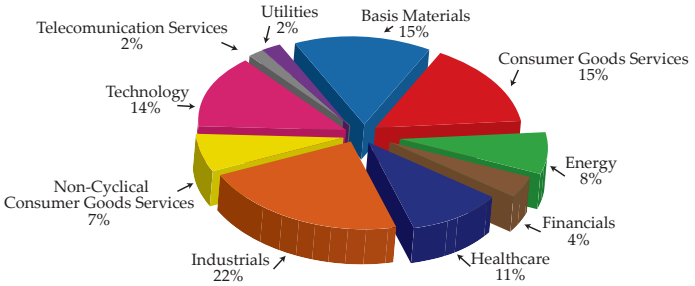
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



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®

For further information regarding REDmoney Indexes contact:

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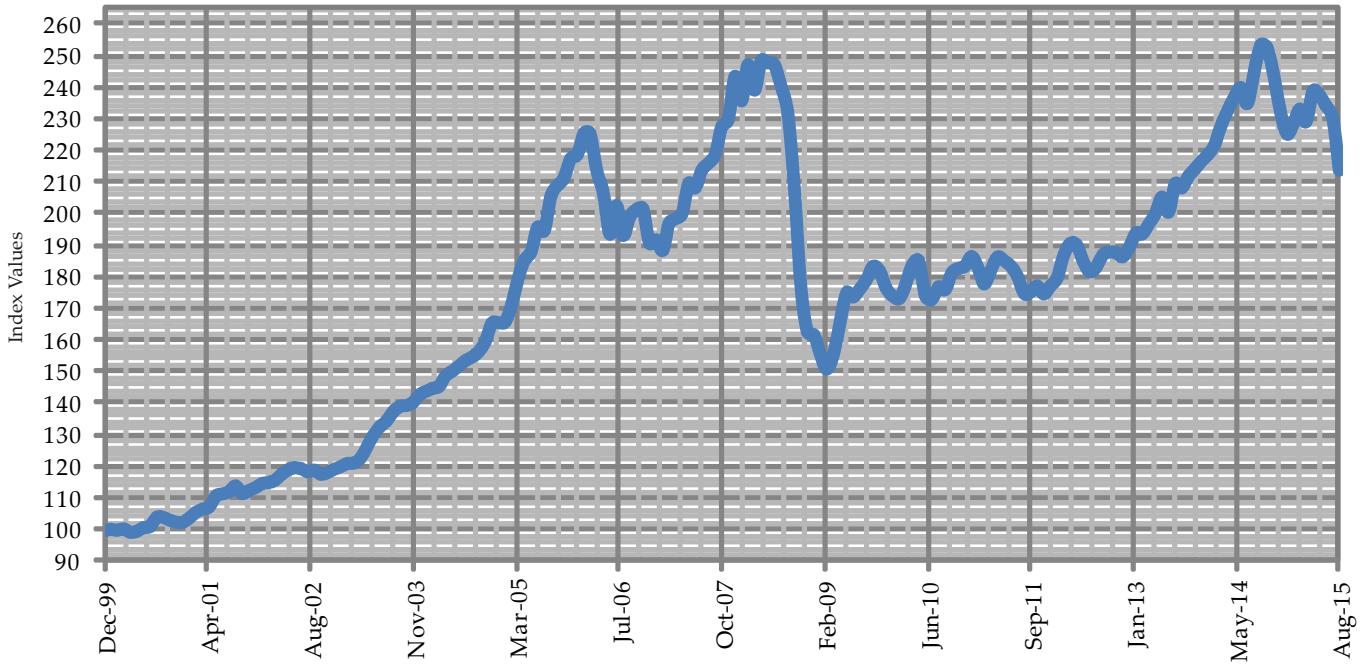
Tel +603 2162 7800

Eurekahedge Middle East/Africa Islamic Fund Index



Top 10 Monthly Returns for Asia Pacific Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	CIMB Islamic Asia Pacific Equity - MYR	UOB Asset Management	3.75	Malaysia
2	Namaa' Asia-Pacific Equity Growth	AmInvestment Services	3.41	Malaysia
3	TA Asia Pacific Islamic Balanced	TA Investment Management	3.34	Malaysia
4	Public Asia Ittikal	Public Mutual	1.24	Malaysia
5	Public Islamic Bond	Public Mutual	1.14	Malaysia
6	Public Islamic Asia Dividend	Public Mutual	1.05	Malaysia
7	PB Islamic Asia Strategic Sector	Public Mutual	1.01	Malaysia
8	CIMB Islamic Equity	CIMB-Principal Asset Management	0.73	Malaysia
9	Eastspring Investments Dinasti Equity	Eastspring Investments	0.69	Malaysia
10	PB Islamic Asia Equity	Public Mutual	0.63	Malaysia
	Eurekahedge Islamic Fund Index		**(3.17)**	

Based on 89.05% of funds which have reported August 2015 returns as at the 28th September 2015

Top 5 Annualized Returns for Islamic Real Estate Funds since Inception

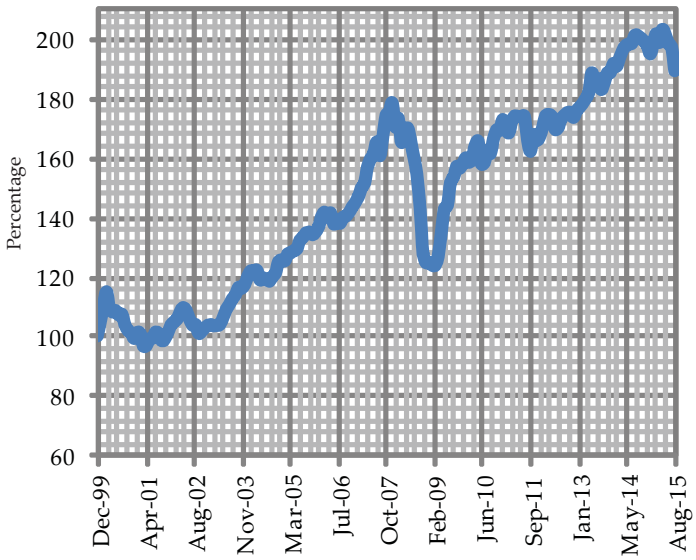
	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Al Dar Real Estate	Al Dar Asset Management (ADAM)	6.21	Kuwait
2	Markaz Real Estate	Kuwait Financial Centre (Markaz)	6.12	Kuwait
3	Al Qasr GCC Real Estate & Construction Equity Trading	Banque Saudi Fransi	4.26	Saudi Arabia
4	Al-'Aqar KPJ REIT	AmMerchant Bank	4.07	Malaysia
5	Oasis Crescent Global Property Equity	Oasis Global Management Company (Ireland)	3.01	Ireland
	Eurekahedge Islamic Fund Index		**4.73**	

Based on 100.00% of funds which have reported January 2015 returns as of the 28th September 2015

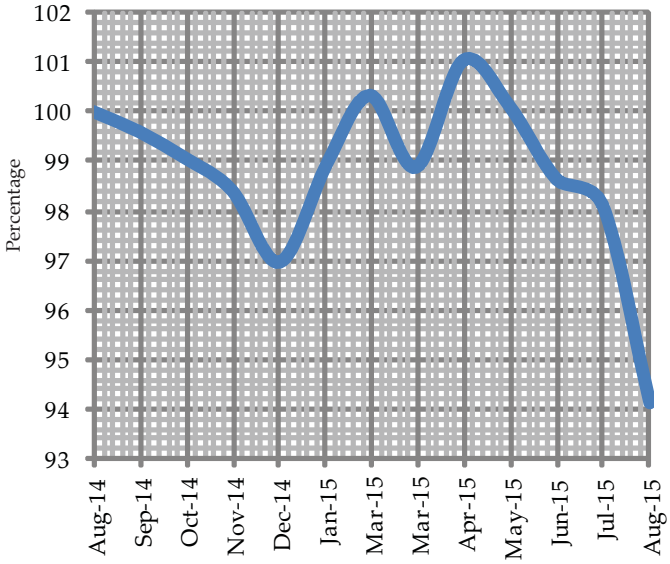
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity,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

FUNDS TABLES

Eurekahedge Islamic Fund Balanced Index over the last 5 years



Eurekahedge Islamic Fund Balanced Index over the last 1 year



Top 10 Monthly Returns for Middle East/Africa Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Al Rajhi Petrochemical and Cement Equity	Al Rajhi Bank	2.82	Saudi Arabia
2	Al Rajhi GCC Equity	Al Rajhi Bank	2.47	Saudi Arabia
3	Al Rajhi Multi Asset Growth	Al Rajhi Bank	1.52	Saudi Arabia
4	Pak Oman Islamic Asset Allocation	Pak Oman Asset Management	1.43	Pakistan
5	Al Rajhi Multi Asset Balanced	Al Rajhi Bank	0.38	Saudi Arabia
6	Markaz Real Estate	Kuwait Financial Centre (Markaz)	0.20	Kuwait
7	Pak Oman Advantage Islamic Income	Pak Oman Asset Management	0.13	Pakistan
8	FALCOM SAR Murabaha	FALCOM Financial Services	0.12	Saudi Arabia
9	Boubyan KWD Money Market	Boubyan Bank	0.08	Cayman Islands
10	Al Badr Saudi Riyal	Banque Saudi Fransi	0.07	Saudi Arabia
	Eurekahedge Islamic Fund Index		**(7.28)**	

Based on 90.67% of funds which have reported August 2015 returns as at the 28th September 2015

Top 5 Annualized Returns for Fund of Islamic Funds since Inception

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Al Rajhi Multi Asset Growth	Al Rajhi Bank	5.98	Saudi Arabia
2	Al Rajhi Multi Asset Balanced	Al Rajhi Bank	5.20	Saudi Arabia
3	Al Yusr Tamoh Multi Asset	Saudi Hollandi Bank	4.85	Saudi Arabia
4	AlManarah High Growth Portfolio	The National Commercial Bank	4.12	Saudi Arabia
5	Al Yusr Mizan Multi Asset	Saudi Hollandi Bank	2.55	Saudi Arabia
	Eurekahedge Islamic Fund Index		**4.54**	

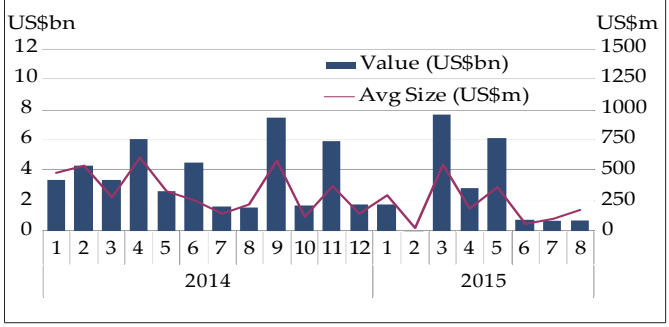
Based on 100.00% of funds which have reported January 2015 returns as of the 28th September 2015

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

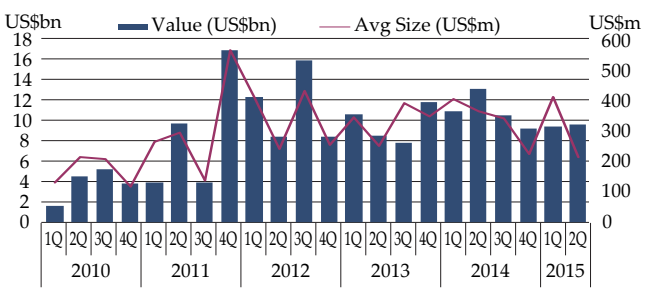
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
15th Sep 2015	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	362	Maybank, Bank Islam Malaysia, CIMB Group
2nd Sep 2015	SapuraKencana TMC	Malaysia	Sukuk	Domestic market public issue	200	Maybank
24th Aug 2015	West Coast Expressway	Malaysia	Sukuk	Domestic market public issue	239	RHB Capital
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

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter



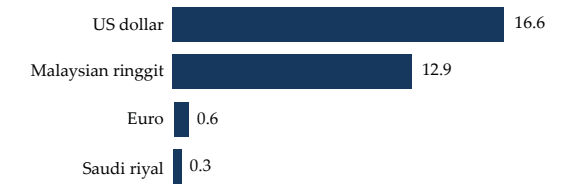
Top 30 Issuers of Global Sukuk *12 Months*

	Issuer	Nationality	Instrument	Market	US$ (mln)	Iss (%)	Managers
1	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,000	6.6	JPMorgan, HSBC, Dubai Islamic Bank, CIMB Group
2	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,750	5.7	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
3	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,663	5.4	RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, AmInvestment Bank, Affin Investment Bank
4	Malaysia Sovereign Sukuk	Malaysia	Sukuk	Euro market public issue	1,500	4.9	Standard Chartered Bank, HSBC, CIMB Group
5	IDB Trust Services	Saudi Arabia	Sukuk	Euro market private placement	1,381	4.5	Natixis, Saudi National Commercial Bank, Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, RHB Capital, Dubai Islamic Bank, Gulf International Bank, CIMB Group
6	Petronas Global Sukuk	Malaysia	Sukuk	Euro market public issue	1,250	4.1	JPMorgan, Deutsche Bank, Morgan Stanley, HSBC, Maybank, Mitsubishi UFJ Financial Group, CIMB Group, Citigroup, Bank of America Merrill Lynch
7	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	3.3	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup
7	Hong Kong Sukuk 2015	Hong Kong	Sukuk	Euro market public issue	1,000	3.3	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	3.3	HSBC, CIMB Group, Citigroup
7	Government of Ras Al Khaimah	UAE	Sukuk	Euro market public issue	1,000	3.3	JPMorgan, National Bank of Abu Dhabi, Citigroup, Al Hilal Bank
11	Danga Capital	Malaysia	Sukuk	Domestic market public issue	992	3.3	RHB Capital, CIMB Group
12	Khadrawy	UAE	Sukuk	Euro market public issue	913	3.0	Standard Chartered Bank, JPMorgan, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD
13	Dubai International Financial Centre	UAE	Sukuk	Euro market public issue	700	2.3	Standard Chartered Bank, Dubai Islamic Bank, Emirates NBD, Noor Bank
14	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	678	2.2	CIMB Group, Maybank, Bank Islam Malaysia
15	Jana Kapital	Malaysia	Sukuk	Domestic market public issue	604	2.0	RHB Capital
16	Mumtalakat Sukuk Holding	Bahrain	Sukuk	Euro market public issue	594	2.0	Standard Chartered Bank, Deutsche Bank, BNP Paribas, Mitsubishi UFJ Financial Group
17	Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	560	1.8	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank
18	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	541	1.8	RHB Capital, Kenanga Investment Bank, CIMB Group, Affin Investment Bank, AmInvestment Bank
19	Sharjah Islamic Bank	UAE	Sukuk	Euro market public issue	500	1.6	Standard Chartered Bank, HSBC, Kuwait Finance House, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank
19	Noor Bank	UAE	Sukuk	Euro market public issue	500	1.6	Standard Chartered Bank, Dubai Islamic Bank, South Indian Bank, Citigroup, Emirates NBD, Al Hilal Bank, QInvest, Barwa Bank
19	IFFIm Sukuk	UK	Sukuk	Euro market public issue	500	1.6	Saudi National Commercial Bank, Standard Chartered Bank, National Bank of Abu Dhabi, CIMB Group, Barwa Bank
19	Flydubai	UAE	Sukuk	Euro market public issue	500	1.6	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Emirates NBD, Credit Agricole, Noor Bank
23	Garuda Indonesia Global Sukuk	Indonesia	Sukuk	Euro market public issue	496	1.6	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
24	Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	433	1.4	RHB Capital, DRB-HICOM, AmInvestment Bank
25	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	426	1.4	Maybank, CIMB Group
26	Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	386	1.3	RHB Capital, Kenanga Investment Bank, AmInvestment Bank
27	AmIslamic Bank	Malaysia	Sukuk	Domestic market public issue	363	1.2	AmInvestment Bank
28	HSBC Amanah Malaysia	UK	Sukuk	Domestic market public issue	356	1.2	HSBC, Maybank, Hong Leong Financial Group
29	THP Suria Mekar	Malaysia	Sukuk	Domestic market public issue	304	1.0	RHB Capital
30	Cagamas	Malaysia	Sukuk	Domestic market public issue	298	1.0	Standard Chartered Bank, AmInvestment Bank
					30,552	**100**	

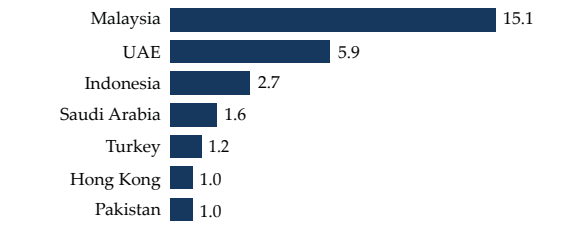
Top Managers of Sukuk *12 Months*

	Manager	US$ (mln)	Iss	%
1	CIMB Group	5,044	48	16.5
2	RHB Capital	3,614	40	11.8
3	Maybank	2,893	20	9.5
4	HSBC	2,857	30	9.4
5	Standard Chartered Bank	2,435	21	8.0
6	AmInvestment Bank	1,889	24	6.2
7	Dubai Islamic Bank	1,663	12	5.4
8	National Bank of Abu Dhabi	1,213	10	4.0
9	Citigroup	1,149	6	3.8
10	JPMorgan	1,003	4	3.3
11	Emirates NBD	652	7	2.1
12	Deutsche Bank	579	4	1.9
13	Kenanga Investment Bank	559	12	1.8
14	Al Hilal Bank	541	5	1.8
15	Natixis	492	2	1.6
16	Noor Bank	475	5	1.6
17	Affin Investment Bank	424	6	1.4
18	BNP Paribas	295	3	1.0
19	Bank Islam Malaysia	293	3	1.0
20	Mitsubishi UFJ Financial Group	287	2	0.9
21	Saudi National Commercial Bank	211	2	0.7
22	Hong Leong Financial Group	195	7	0.6
23	Abu Dhabi Islamic Bank	177	2	0.6
24	Sharjah Islamic Bank	166	2	0.5
24	First Gulf Bank	166	2	0.5
26	Barwa Bank	163	2	0.5
27	Morgan Stanley	139	1	0.5
27	Bank of America Merrill Lynch	139	1	0.5
29	Riyad Bank	133	1	0.4
30	Gulf International Bank	111	1	0.4
	Total	**30,552**	**127**	**100**

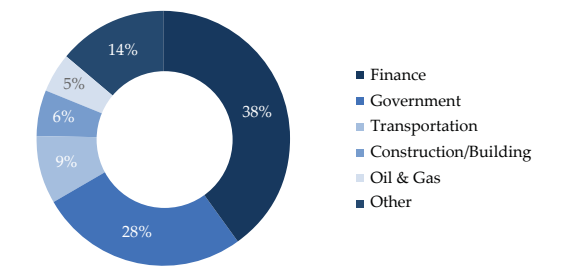
Sukuk Volume by Currency US$ (billion) *12 Months*



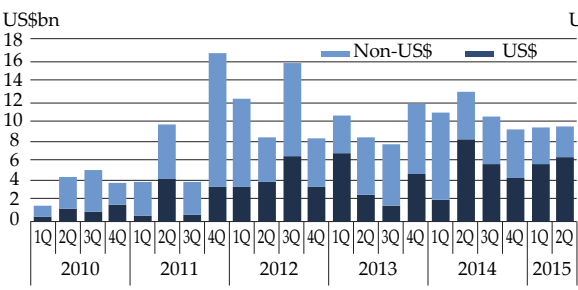
Sukuk Volume by Issuer Nation US$ (billion) *12 Months*



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	1,354	1	18.0
2	HSBC	750	3	10.0
3	National Commercial Bank	651	3	8.7
4	Riyad Bank	584	2	7.8
5	Samba Capital & Investment Management	518	3	6.9
6	Al Rajhi Capital	356	3	4.7
6	Mitsubishi UFJ Financial Group	354	1	4.7
8	Mizuho Financial Group	354	1	4.7
9	Banque Saudi Fransi	346	2	4.6
10	National Bank of Kuwait	290	1	3.9

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	26.6
2	Milbank Tweed Hadley & McCloy	2,704	1	21.6
2	White & Case	2,704	1	21.6
4	Allen & Overy	1,086	5	8.7
5	Clifford Chance	720	2	5.8
6	Baker & McKenzie	433	2	3.5
7	Norton Rose Fulbright	354	1	2.8
7	Pekin & Pekin	354	1	2.8
9	Latham & Watkins	333	1	2.7
10	Linklaters	311	1	2.5

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

	Mandated Lead Arranger	US$ (mln)	No	%
1	Samba Capital	1,273	6	6.7
2	Abu Dhabi Islamic Bank	1,273	8	6.7
3	First Gulf Bank	1,123	13	5.9
4	Banque Saudi Fransi	1,051	5	5.5
5	HSBC	953	10	5.0
6	National Bank of Abu Dhabi	944	6	5.0
7	Saudi National Commercial Bank	903	6	4.8
8	Riyad Bank	644	3	3.4
9	Abu Dhabi Commercial Bank	634	4	3.3
10	Standard Chartered Bank	614	7	3.2
11	Mashreqbank	541	6	2.9
12	Emirates NBD	508	7	2.7
13	Noor Bank	496	6	2.6
14	Alinma Bank	490	2	2.6
15	Arab Banking Corporation	478	6	2.5
16	Dubai Islamic Bank	438	4	2.3
17	SABB	342	3	1.8
18	Barwa Bank	340	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	222	4	1.2
26	UOB	215	1	1.1
26	CIMB Group	215	1	1.1
28	Union National Bank	200	4	1.1
29	Al Hilal Bank	191	2	1.0
30	Kuwait International Bank	190	3	1.0

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

	Bookrunner	US$ (mln)	No	%
1	Maybank	2,239	1	19.4
2	Samba Capital	1,327	1	11.5
3	Abu Dhabi Islamic Bank	1,230	6	10.7
4	Noor Bank	748	4	6.5
5	Saudi National Commercial Bank	666	1	5.8
5	Riyad Bank	666	1	5.8
5	Alinma Bank	666	1	5.8
8	Emirates NBD	519	4	4.5
9	Dubai Islamic Bank	376	2	3.3
10	Arab Banking Corporation	344	3	3.0

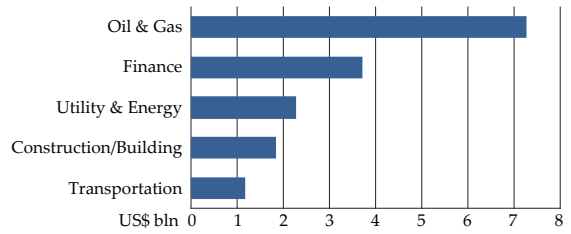
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
30th Mar 2015	Saudi Aramco	Saudi Arabia	9,999
16th Mar 2015	PetroRabigh	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 Binladin Group	Saudi Arabia	1,327
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
16th Aug 2015	ACWA Power International	Saudi Arabia	769

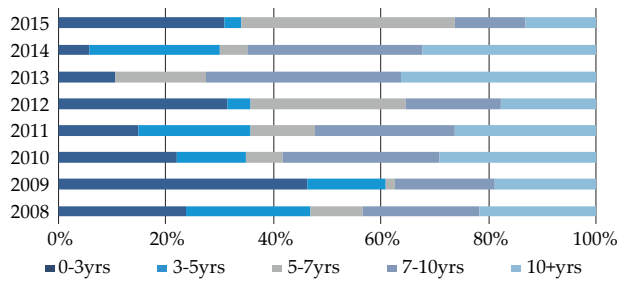
Top Islamic Finance Related Financing by Country *12 Months*

	Nationality	US$ (mln)	No	%
1	Saudi Arabia	6,405	7	33.7
2	UAE	6,231	14	32.8
3	Malaysia	2,411	3	12.7
4	Turkey	1,890	4	9.9
5	Kuwait	661	2	3.5
6	Qatar	500	1	2.6
7	Cayman Islands	325	1	1.7
8	India	272	1	1.4
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)
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dealogic

REDmoney events

OCTOBER 2015		
19th	IFN Kuwait Forum	Kuwait City
NOVEMBER 2015		
17th	IFN Turkey Forum	Istanbul, Turkey
30th	IFN Saudi Arabia Forum	Jeddah, Saudi Arabia
FEBRUARY 2016		
TBC	IFN Iran Forum	Tehran, Iran
MARCH 2016		
16th	IFN China Forum	Beijing, hina
APRIL 2016		
6th – 7th	IFN Asia Forum	Jakarta, Indonesia
21st	IFN Europe Forum	Luxembourg
MAY 2016		
24th	IFN Project & Infrastructure Finance Forum	Dubai, UAE
SEPTEMBER 2016		
6th	IFN Investor Forum	Kuala Lumpur, Malaysia
28th	IFN Turkey Forum	Istanbul, Turkey
OCTOBER 2016		
17th & 18th	Africa Islamic Finance Forum	Abidjan, Côte d'Ivoire
24th	IFN Kuwait Forum	Kuwait City, Kuwait
NOVEMBER 2016		
15th	IFN CIS & Russia Forum	Almaty, Kazakhstan
28th	IFN Saudi Arabia Forum	Jeddah, saudi Arabia

REDmoney training

OCTOBER 2015		
5th	Musharakah-Based Contracts & Financial Products	Kuala Lumpur, Malaysia
5th – 7th	Funds Transfer Pricing	Kuala Lumpur, Malaysia
8th – 9th	Trading Book Market Risk Management for Financial Institutions	Kuala Lumpur, Malaysia
12th – 13th	Islamic Treasury & Risk Management Instruments	Kuwait
20th – 21st	Structuring Islamic Legal Documentation	Kuala Lumpur, Malaysia
25th – 27th	Structuring Islamic Trade Finance	Dubai, UAE
25th – 27th	Structuring Islamic Trade Finance	Dubai, UAE
26th – 28th	Financial Models for Islamic Banking Institutions	Dubai, UAE
28th – 29th	Shariah Compliance & Audit for Islamic Banks	Dubai, UAE
NOVEMBER 2015		
2nd – 4th	Asset Liability Management & Risk-Based Pricing for Islamic Banks	Kuala Lumpur, Malaysia

Islamic Finance news

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