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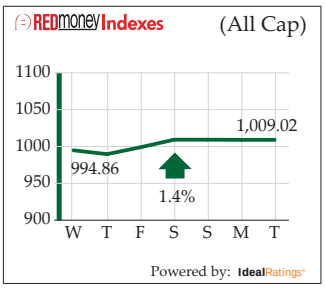

COVER STORY

28th October 2015 (*Volume 12 Issue 43*)

Standard Chartered Saadiq: Riding out the storm

Standard Chartered Saadiq has seen something of a shake-up over the last 12 months, with a redefinition of strategy and a reshuffle of senior management – while Malaysia and its banking industry are also grappling with intense economic and political turmoil. What's next for this international titan, and can it successfully ride out the emerging markets storm? In his first media interview since joining the group earlier this year, new Malaysia CEO ADHHA ABDULLAH speaks exclusively to IFN managing editor LAUREN MCAUGHTRY about the bank's direction, determination and dedication toward building its Islamic finance business.

Standard Chartered has had a turbulent year: with the departure of its Saadiq CEO Afaq Khan in March rocking the bank's Islamic operations. UAE chief Mohsin Nathani and Bahrain CEO Hassan Jarrar followed Afaq's exit — hot on the heels of a major C-suite exodus that included chairman John Peace, CEO Peter Sands, Asia head Jaspal Bindra, Christos Papadopoulos, the head for the Middle East, North Africa and Pakistan (and the chairman of Saadiq) and Viswanathan Shankar, the head of Europe, Middle East, Africa and Americas. Global pre-tax profits for the bank fell 25% last year on the back of commodity volatility and weakness in emerging markets (which account for over 90% of business), while customer deposits fell by 6%. The bank closed most of its global equities operations earlier this year along with its stockbroking, equity research and equity listing desks, and this week also announced a planned exit from its equity derivatives and convertible bonds business as part of its plan to cut costs and focus on core profit areas.

Yet recent months have seen a turnaround for the beleaguered bank: which has reorganized itself into four key regional divisions under new CEO Bill Winters and redefined its strategy and focus going forward — in which Islamic banking and finance continues to play a key role. Standard Chartered of course remains a giant on the Sukuk-arranging side, acting on almost every major global deal this year and taking fifth place on the list of leading arrangers for the last 12 months with US$2.475 billion in 22 issuances, or 8.2% of the total, according to the latest Dealogic data. On the banking side, it is branching into new regions (with its first African foray into Kenya last year) as well as remaining focused on core markets including Bahrain, Bangladesh, Indonesia, Pakistan, the UAE — and of course Malaysia, which has been a consistent performer for the bank despite the troubled climate.

As of March, Standard Chartered Saadiq accounted for 2% of total Malaysian Islamic banking assets, with financing growing an impressive 40% in total. This month, RAM reaffirmed Standard Chartered Saadiq's ratings at 'AAA/Stable/P1' based on its strong operating model and close integration with its parent bank. A new global CEO for Standard Chartered Saadiq has now been appointed in the form of Sohail Akbar, formerly the Malaysia-based group COO of consumer banking and group Islamic banking — while Standard Chartered Saadiq Malaysia recently elected

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DEALS

Indonesian government's Sukuk auction receives IDR2.99 trillion (US$217.97 million) in bids; awards IDR1.73 trillion (US$126.11 million)

Qatar Islamic Bank issues US$750 million Sukuk to overwhelming demand

APICORP Sukuk prices US$500 million drawdown; **Moody's** assigns 'Aa3' rating

Special Power Vehicle announces redemption of its Islamic facilities

International Finance Corporation lists US$100 million Sukuk on NASDAQ Dubai

Sunway Treasury Sukuk to sell Islamic papers

Indonesian government considering adopting Murabahah structure to ramp up Sukuk sales and bolster Islamic banking industry

Largest Sukuk of 2015 to be issued next month

Majid Al Futtaim selects banks for dollar-denominated Sukuk sale; targets to issue before the end of 2015

Nu Sentral to pay Sukuk profit on the 30th October 2015

NEWS

First National Bank eyes Islamic banking expansion in African continent

Hong Leong Bank and its Islamic subsidiary offer mutual separation scheme

Government of Pakistan issues circular on outright purchase and sale of GoP Ijarah Sukuk to facilitate Islamic banks in managing liquidity

IFSB issues two working papers

Malaysian Islamic banks form consortium to develop multi-bank platform to market investment account products

Indonesian government to offer tax reduction to companies that conduct asset revaluations

Malaysian government targets to market Investment Account Platform in January 2016

Malta Stock Exchange to form Islamic finance working group in collaboration with finance ministry

ASSET MANAGAMENT

Aberdeen Asset Management plans business expansion in Malaysia; eyes global Sukuk mandates from Kuala Lumpur

Pelaburan Hartanah to raise Shariah compliant fund size to RM3 billion (US$706.13 million) next year

Jadwa Investment launches debut real estate investment fund

Al-Zamil & Al-Kharashi Law Firm to assist **Alkhabeer Capital** in developing Waqf endowments

TAKAFUL

Takaful to contribute to growth of wider insurance industry in Egypt, says **Moody's**

Securities and Exchange Policy Board permits Takaful operators to participate on co-Takaful basis with conventional insurers

Weqaya Takaful to announce rights issue in due course

Wethaq Takaful wins policy tender from **Tourist Villages Development Agency**

RATINGS

Pinnacle Tower's Islamic papers get top ratings

Egyptian Life Takaful Co gets 'B+' ratings; outlook stable

RAM affirms Lingkaran **Trans Kota**'s Sukuk rating at 'AA2/Stable'

Besraya's Sukuk program maintains 'AA3/Stable' rating

MARC affirms **Senari Synergy**'s Islamic facilities at 'AAAIS(fg)'

MOVES

Hong Leong Bank names Azhar Abdul Hamid as independent non-executive director of audit committee

Dubai Financial Group nominates Khalid Nassir Al Shamsi as replacement proxy on **Bank Muscat**'s board of directors

PineBridge Investments Middle East's Khalil Al Awadhi moves on to **Ibdar Bank** as investor relations executive director

Former chief of **Dimah Capital** to lead **Rasameel Structured Finance** as CEO

Governor Hisham Ramez will not renew term in **Central Bank of Egypt**; to be replaced by Tarek Amer

Founding chairman Shaikh Ebrahim to leave **Meezan Bank** in November

Dr Walid Abdullah Al Muqbel quits **Al Rajhi Takaful** board; Steve Bertamini stands in

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Addha Abdullah as its CEO to drive the bank's Islamic business forward and help achieve its target of becoming "the world's best international Islamic bank".

So what is the plan going forward — what challenges do the bank face in Malaysia and what direction will it take to build on its current position? Lauren and Addha sat down to discuss.

Let's talk strategy. Standard Chartered Saadiq is one of the few truly international Islamic windows, and we have seen some pullback over the last few years from your peers. Malaysia is obviously a key market for you — is your tenure going to mark a period of transition for the bank going forward?

Malaysia remains a key market for Saadiq. True, there are macroeconomic and sociopolitical headwinds that are impacting the domestic economy. However, the country's fundamentals are strong — it is rich in natural resources, has a young population and a growing middle class. And then there are the opportunities to go regional, especially with the formation of the Asean Economic Community or AEC. This market represents 625 million people currently, and this figure is set to rise by 10% to 690 million by 2020. The AEC has also a combined GDP of US$2.4 trillion, making it the world's eighth-largest economy.

> ***"My tenure may be seen as a transition of sorts. It also represents opportunity for fresh blood and insight"***

With opportunities like these, and by leveraging on the strength of the Standard Chartered Group network, Saadiq intends to stay the course. After all, that is our group tagline, to be "Here For Good". We have been in Malaysia for 140 years and intend to grow with the country and the region. My tenure may be seen as a transition of sorts. It also represents opportunity for fresh blood and insight, and new ways of achieving the goals that we have always set, ie to be the bank of choice for people and companies, to drive investment and trade, and to assist in the creation of wealth. I believe that our product and capability acquisitions made over the last few years will ensure continuing relevance and client focus.

Additionally, my key strategy as the head of Saadiq in Malaysia is to focus on deepening relationships with existing clients, adding product and service sophistication that clients need and providing the knowledge and expertise which our clients can tap on from our footprint in Asia, Africa and the Middle East as they look to expand beyond local shores. We believe that Saadiq has that ability. Standard Chartered as a whole has an international footprint of 70 markets, a strong presence across the Muslim world, and we are able to leverage the bank's existing segmentation, working closely with our Client Coverage group. So rather than focus on competing for market share alone, we believe that there is significant opportunity to grow the overall pie of Islamic banking by bringing non-users (the Islamically-inclined but still banking conventional) into the folds of Islamic banking. With the bank's 150-year history across Asia, Africa and the Middle East, and with our deep-rooted local knowledge, a good percentage of our existing client base has the potential to become Islamic banking clients.

You mention your regional competitors. We have seen some banks enter the market but we have also seen some banks pull back — do you feel that the Islamic market is becoming more competitive?

Yes, the Islamic finance industry has become more competitive over the years. We are dealing with an industry with a market potential of over US$1 trillion. This means that more and more financial institutions and global banking hubs are vying to be major players in this burgeoning sector. This also means that there will be tussles for market share, products and human resources, for instance. However, this is a region of opportunity for those banks who stay the course and are able to provide the necessary expertise and products to meet the needs of the various markets.

> ***"Rather than focus on competing for market share alone, we believe that there is significant opportunity to grow the overall pie of Islamic banking by bringing non-users into the folds of Islamic banking"***

What is the approach from the wider bank toward Islamic finance? Is Standard Chartered fully committed to Islamic banking or will the segment take a back seat in these challenging times?

Standard Chartered remains committed to growing our Islamic banking business. We have ambitious growth plans for Saadiq, especially considering most of the markets where Standard Chartered has a strong footprint. Our target is to grow the Saadiq business in markets where we already have a presence in addition to launching in new markets where the conventional bank has a strong presence. We want to be the world's best international Islamic bank, leading by example in being the right partner to our customers — both corporate and individuals. We expect to continue to grow and to consolidate the progress that we've already made this year. Product and capability acquisitions

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made over the last few years will also ensure continuing relevance and client focus. We also take very seriously the responsibilities we have to contribute in the communities in which we operate.

We are still operating in several markets, and the group remains committed to these markets, especially in regions where we have a strong focus, namely the Middle East, Africa and Asia. The demand for Islamic banking is a natural demand within these markets, and the group definitely sees these advantages and plans continue to commit resources and continue to build capabilities for Standard Chartered Saadiq.

> ***"Our strength lies in trying to get our clients who are non-Malaysian corporates to come and issue in the ringgit market"***

So be honest — what are the major challenges facing you as you move forward into your new role?

As you are aware, at the group level the bank is undergoing an alignment of strategy to better improve efficiencies and capture opportunities in the various footprints that Standard Chartered has a strong presence in. It is no different here at Saadiq and, in the first few months of my tenure as CEO, this realignment has been at the forefront of what I am doing here. This is one of the major challenges that I face here, but it is also one that will make the bank and, in turn, Saadiq, better prepared to face the opportunities in the market going forward.

As for our other challenges, as we alluded to earlier, we are operating in a very competitive market. The challenge for us is to both retain as well as grow our market share. Innovation in our products and services is part of the strategy to meet this challenge. The other challenge is to improve further the relationship with our clients. Our strength, as a bank, has always been to work together closely with our clients to better understand them and to anticipate their needs in order to deliver proactive solutions. This approach has allowed us to differentiate ourselves in the market and has been the secret to our success. I see no reason why this should change. Hence, the combination of innovative solutions and even closer working ties should allow us to meet the challenge of a highly competitive market.

And where are the biggest opportunities? What are you excited about and what concrete plans do you have to tap these?

There are still opportunities for Saadiq in the retail segment — we see a lot of potential in the wealth management segment. The availability of Shariah compliant solutions in the affluent segment is still small, hence, room for growth. In Malaysia, the mass affluent segment is sizable, and it is a niche market that is projected to grow by 15% annually between 2014-18. As the wealth grows, the high-net-worth individuals within this segment will require trusted advice to achieve their aspirations. We are looking to work closely with our wealth management team here to better understand and anticipate the needs of such clients.

In the corporate segment, we are seeing a spurt in trade flows that are being done in a Shariah compliant manner. As our clients have always been at the center of our strategy, we will tap on this growing trend, and the help of our product partners, to meet our clients' needs. This approach has successfully differentiated us from our competitors. We will draw upon our deep knowledge of the markets that we are in, as well as our global network across Asia, Africa and the Middle East, in order to help our Corporate and Institutional Clients

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CEO insights: Adhha on Malaysia

It is well known that we have a very established Islamic finance industry in Malaysia.

The country remains the world's largest Sukuk market. It contributes 58.1% to an almost US$300 billion global Islamic bonds market, which makes us the global leader in this segment. From 2006-14, foreign issuers have issued Sukuk amounting to an estimated RM28 billion (US$6.59 billion) in the local market in various currencies ranging from the US dollar and yen to renminbi and the Singapore dollar.

Malaysia's Islamic capital market has been growing at an average of 12% per annum over the last five years to RM1.59 trillion (US$374.25 billion) in 2014, accounting for 58% of the local capital market. Its Islamic banking assets have recorded double-digit annual growth rates since 2000 and now represent 25% of domestic banking assets. And it has been estimated that non-Muslims make up 50% of the customer base of the Islamic banks here.

Yet, there remains a need to keep the momentum going, to keep the traction going as it were. We are established in the capital markets and local corporate segments but there remains the need to improve awareness of Islamic finance and banking on the retail side, ie familiarity needs to be built for retail clients so that they understand better the tenets and the why's of Islamic banking rather than just purely looking at the bottom line.

As an industry, there is also the need to innovate. Innovation remains the key to expanding the industry and for the sector to gain market share, and to ensure the sustainable growth of the industry both domestically and internationally.

There is the need for closer cooperation between the industry and the academic world in order to help drive innovation. The shortage of skilled manpower in this field is also another issue that needs to be looked at, especially as the industry continues to grow at the rate that it is going.

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(CIC) Division to deliver proactive solutions to their clients so that the latter can expand their businesses.

> *"I can see a very bright future for Islamic banking"*

We are also aware of the opportunities within the SME sector, both domestically and regionally, what with the advent of the AEC. To that extent, we are setting up a dedicated coverage team within our commercial division wing to tap into this segment, especially under the auspices of utilizing Islamic finance as an alternative to seeking funds the commercial way.

Lastly, we see opportunity with what the Malaysian government is trying to do to grow the Islamic capital market by encouraging more and more listed firms to be Shariah compliant. There is a Shariah compliant index on Bursa Malaysia and a lot of the companies within this index have to meet a certain threshold of assets or funding that must be Shariah compliant. We are targeting these companies to convert their assets or debt to be Shariah compliant, and I think this will be a growth area for us.

The Sukuk market is obviously a big game in Malaysia — and Standard Chartered is one of the strongest global arrangers. What is your strategy on the capital market side and how do you plan to compete with the big local banks?

Our strength lies in trying to get our clients who are non-Malaysian corporates to come and issue in the ringgit market. We did one earlier this year for Turkiye Finance, and in the last few years have done several for some Middle Eastern clients. I think this is where we can make a difference, and differentiate ourselves in the domestic market.

What are the greatest strengths of Saadiq, and what are the weaknesses you need to address?

Our greatest strength is Standard Chartered's strong footprint in Asia, Africa and the Middle East — we can offer our clients the whole network, especially for the commercial segment we are targeting. Our footprint provides us the competitive edge to support and capitalize on the growth of Islamic finance.

The challenge, given the constraints of the general banking industry, is the regulatory changes, the business challenges — but we have good people at the bank to lead us through these challenging times.

Ultimately, I would like to emphasize that Saadiq remains very committed to the business of Islamic finance and we have the people, capabilities, the right kind of products and services and our network to meet the needs of our clients. I can see a very bright future for Islamic banking.

Pakistan's Islamic infrastructure financing: Challenges and opportunities

Power shortage, poor road linkage and limited access to potable water among others remain a persistent theme of Pakistan's infrastructure, spurring skepticism among business investors to operate in the long run. Home to the second-largest Muslim population in the world, the Republic has been witnessing a gradual growth in its fledging Islamic banking sector that outpaces the country's overall banking industry. Even so, its contribution in infrastructure financing is still meager at only 3%. NURUL HALIM explores the challenges and opportunities for Islamic banks to grow in this segment.

Pakistan is seeing signs of recovery in the economy, but infrastructure is still lagging in development, ranking at 117th over 140 nations by the Global Competitive Index 2014-15. This calls for greater initiatives at improving the country's fragile infrastructure to effectively boost the nation's socioeconomic growth. With several local and international funding assistance recently announced in a bid to fortify its infrastructure, the question is whether Islamic banks are keen to participate.

Islamic modes of financing

"Definitely, the Islamic banks operating in Pakistan and especially Meezan Bank are actively looking toward financing the infrastructure projects which are commercially viable in nature as well as in the national interest of the country," agreed Meezan Bank (MBL)'s senior vice-president and the head of investment banking, Noor-ul-Hassan. MBL, the Republic's largest fully-fledged Islamic bank by assets, has a decade-long reputation of promoting the growth of the power generation sector by contributing to several notable projects including: the Syndicated Project Finance Facility (diminishing Musharakah facility) for Master Wind Energy, Tapal Wind Energy and Fatima Energy, the Project Finance Facility (Ijarah facility) for Foundation Wind Energy II (Pvt) and also the Syndicated Project (Ijarah facility) for Liberty Power Tech. The sector has also witnessed tremendous growth — with 216 out of 378 infrastructure projects undertaken in 2015 — as it is backed by the government in terms of regulations in a bid to end the energy crisis by 2018.

"Islamic finance is seen to be less prone to a financial system crisis because of its risk-sharing feature and asset securitization thus resulting in better risk management." said Noor. Adopting diminishing Musharakah and Ijarah modes of financing is common for Islamic banks as it is simpler, widely accepted and proven in Pakistan.

However, there are always risks relative to the ownership and performance of the asset. That said, the lender believes that a well-structured transaction is based on an in-depth study and understanding of the business model and structure so as to provide the greatest benefit and growth for the business and satisfy both the investors and the investees.

Challenges

Islamic banks' participation in infrastructure financing deals is still paltry although having achieved significant growth in total assets and deposits depicting a share of 37.3% and 12.7% respectively in the overall banking industry. Investment opportunity is further challenged by the long-term tenor of infrastructure financing which could trigger an Islamic bank's asset-liability mismatch issues given its modest balance sheet size.

In addition, Islamic banks also face operational difficulties in terms of the deployment of available liquidity as the industry is lacking in Shariah compliant liquidity instruments. The dearth in the number of Shariah scholars with financial expertise also weigh on the industry growth.

Outlook

The Islamic banking industry is poised to pave its way in financing infrastructure projects and providing ample investment opportunities in the near future by offering innovative products and educating investors on the benefits of the Islamic banking system.

Table 1: Infrastructure project pipelines under MBL's consideration

Project	Client	Sector	Role
Frontier Works Organization — N5, Karachi	Thatta Motorway	Transport	Mandated lead arranger
Frontier Works Organization — M9, Karachi	Hyderabad Motorway	Transport	Lead advisor and arranger
Sui Southern Gas Company & Sui Northern Gas Pipeline	Sui Southern Gas Company & Sui Northern Gas Pipeline	Energy	
50 MW wind power project	Artistic Energy Private	Energy	Co-mandated with regards to arrangement of 100% local Islamic financing
100 MW wind power project	Master Green Energy	Energy	Solely mandated as lead arranger with regards to arrangement of 100% local financing
118 MW coal power project	Fauji Power Company	Energy	Lead arranger and advisor
3.8 MTPA coal mining project in phase 1	Sindh Engro Coal Mining Company	Energy	Lead arranger
2x330 MW Thar coal based power plant	Engro Thar Power (Pvt)	Energy	Lead arranger
50 MW wind power project	UNICOL Wind Energy	Energy	Solely mandated with regards to arrangement of 100% local finance
Financing of transmission lines for Engro Thar Power	National Transmission and Dispatch Company	Energy	
969 MW hydro power project	WAPDA Neelum Jehlum Hydroelectric Project	Hydel	Lead arranger
4,320 MW hydro power project	WAPDA Dasu Hydro Power Project	Hydel	Lead arranger

Source: Meezan Bank

Malaysia targets Islamic investments with new SRI and SME initiatives

From addressing the issues of rising living costs to development projects amid what has been (and is looking like) a tough year ahead, the tabling of Malaysia's 2016 budget sparked the interests of many. VINEETA TAN zooms in specifically to Islamic finance initiatives the government is planning to roll out to boost the domestic Islamic finance market and to gear Malaysia toward becoming the indisputable global hub for Shariah finance.

> ***"These will help promote the Islamic instruments as we will be able to leverage on our robust Islamic finance ecosystem"***

SRI Sukuk

Building on its efforts to drive socially responsible financing and investment, the government has agreed to reduce taxation on sustainable and responsible investment (SRI) Sukuk. This follows the introduction of the SRI Sukuk framework first announced in the 2014 budget speech and is anticipated to spur further involvement by the private and public sectors.

"SRI is at the heart of Islamic finance, and more vibrant SRI-related funding and financing activities will add a new dimension to the local capital market scene," opined Malaysian Industrial Development Finance's group managing director Mohd Najib Abdullah.

So far, only sovereign wealth fund Khazanah Nasional has issued an SRI Sukuk under the new framework. The first tranche of its RM1 billion (US$236.63 million) SRI Sukuk program, issued in June, comprised a unique 'pay-for-success' Wakalah structure worth RM100 million (US$23.22 million) (See IFN Case Study Vol 12 Issue 27: 'Khazanah Nasional — Creating a new asset class').

Islamic mortgage & SME

The 2016 budget, which is seen by many as one of populist measures, also includes a 20% stamp duty exemption on Islamic residential mortgages. The government also allotted an additional RM1 billion for the Shariah compliant SME Financing Scheme until the end of 2017 with it agreeing to subsidize 2% of the financing profit rate. These new incentives are anticipated to facilitate the country in meeting its 40% Shariah compliant financing share target by 2020. The prime minister has promised to announce other initiatives in due course.

"We believe these measures will help promote the Islamic instruments as we will be able to leverage on our robust and comprehensive Islamic finance ecosystem as well as pro-business environment," said Azman Hasim, the chairman of AmBank Group.

Defensive budget

Allocating a total of RM267.2 billion (US$63.23 billion) in funds under the budget – largely at the same level as 2015's RM260.7 billion (US$61.69 billion) — the 2016 budget, which continues the theme of infrastructure and rural development as well as addressing the higher cost of living through handouts and higher wages, comes at a time when the Malaysian market is hard hit by a global economic slowdown: with the ringgit plunging to record lows on the back of spiraling commodity prices and weaker growth in China. Najib expects GDP growth next year to moderate to 4-5% levels, from 4.5-5.5% projected for 2015, while inflation is set at 2-3% against 2-2.5% this year.

"All in all, it is a relatively defensive budget, and one that is required to deal with the challenges that we are facing. Because we don't have much room to play [with], it is important that every ringgit we spend, it must be allocated efficiently, and spent effectively for results," commented the president and CEO Maybank, Abdul Farid Alias, who is also the chairman of the Association of Banks in Malaysia.

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.

- Could HSBC move its headquarters to the UK instead of Hong Kong, as the struggling bank continues to look at moving away from its European base to focus on its strong Asian market? The bank has over US$2.6 trillion in assets (almost as big as the whole UK economy) and seeks a new home with a friendly regulator and a market big enough to welcome a new bank of its size and stature.

- European Central Bank (ECB) president Mario Draghi notes that the ECB will expand its EUR1.1 trillion (US$1.3 trillion) quantitative easing program in December. The bank currently buys EUR60 billion (US$67.5 billion) of central bank bonds per month and says it will continue to do so until September 2016.

- Prices for European assets shot up in the week of the 19th October on the back of the ECB news, while Asian stocks also rallied at the possibility of new stimulus measures in Europe.

- South Korea saw GDP rise in the third quarter with growth picking up 1.2% — higher than market forecasts.

- Investors jump into high-yielding junk bonds as they chase yields amid rebounding equity and fixed income markets. US funds invested in speculative bonds (rated 'BB+' or below) saw their largest biggest weekly inflow since October 2011.

- Arul Kanda, the banker brought in to clean up the 1MBD mess, insists that there is no evidence of criminal activity at the crisis-ridden fund and claims that accusations of a cover-up are a "spurious argument".

- The IMF warns that Gulf states could face a severe decline in economic growth due to the "large and persistent" drop in oil prices which will force them to cut spending and diversify revenues, says the FT. The IMF forecasts that the GCC's GDP growth will slow from 3.25% this year to 2.75% next year, while average fiscal deficits for 2013 are expected to reach 13% of GDP.

- The IMF particularly warns Saudi Arabia of an impending crisis — saying that it could burn through its financial reserves within five years unless it works on balancing its budget and generates additional revenue through new measures such as higher taxes.

- Markets now expect the oil price drop to continue, with prices recovering slowly to around US$63 per barrel by 2020, according to the FT. Saudi Arabia needs US$105.6 a barrel to balance its budget this year, and US$95.8 per barrel in 2016.

- The Central Bank of Iran's chief puts rosy outlook on economic future despite challenges including low oil prices, continued sanctions and a banking sector struggling with high levels of non-performing loans. "When the sanctions are lifted there will be a new condition created for Iran," Central Bank governor Valiollah Seif said in an interview with the FT on the sidelines of an IMF meeting in Peru.

Malaysian corporates to continue tapping Sukuk market despite economic headwinds

The year 2016 is shaping up to be a challenging period for the Islamic finance industry worldwide as the slowdown witnessed so far in 2015 on the back of global market volatility continues to be a theme next year. However, VINEETA TAN writes that despite the gloomy forecast, analysts are pinning an optimistic projection on the Malaysian corporate Sukuk segment, anticipating Islamic papers to command half of total private debt securities (PDS) before the start of 2016 bolstered by the country's infrastructure financing needs.

"We expect potential infrastructure Sukuk issuance in the fourth quarter of 2015 to shore up total issuance to between RM35-40 billion (US$8.17-9.34 billion), which is a respectable level given the challenging market conditions," shared Ruslena Ramli, the head of Islamic finance at RAM Ratings. "While the final count on Sukuk issued will still be dependent on ever-changing market conditions and sentiment, we are confident that Sukuk issuances will make up 50% of PDS issuances by the end of 2015."

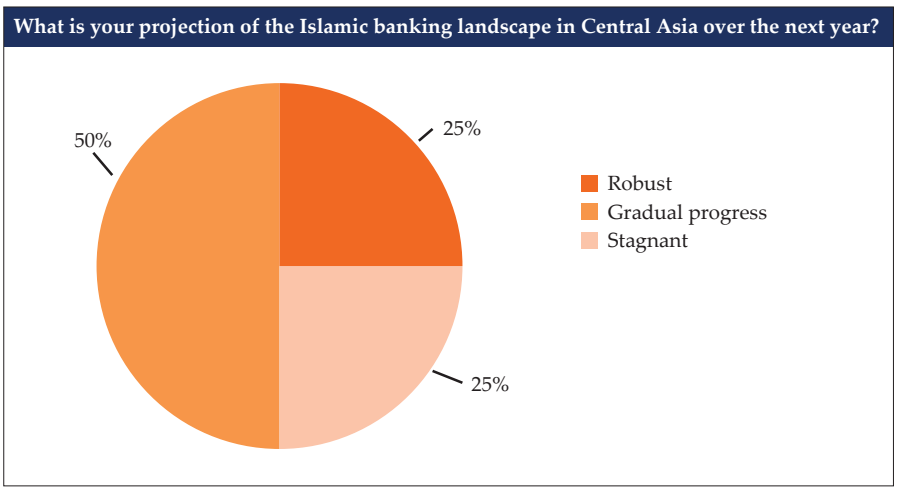
Market sentiments have been less than positive as oil prices remain depressed and the ringgit taking its hardest hit in a decade spiraling to record-lows amid a wider global economic slowdown. This has led to rating agencies revising downward their Sukuk projections: S&P earlier in July halved its expectations to US$60 billion from the initial US$115 billion; while RAM revised downward its gross PDS issuance projection – for both conventional and Islamic – to RM75-85 billion (US$17.51-19.85 billion) for 2015.

Yet in the backdrop of a tepid environment, Malaysia's robust infrastructure development plans – as part of its 11th Malaysia Plan toward its Vision 2020 – will drive, or at least maintain, the levels of Shariah compliant capital-raising activities. Ruslena confirms this saying: "Our analysis continues to indicate that the Sukuk market in Malaysia will be supported by financing requirements, mainly of infrastructure projects and Islamic financial institutions."

A total of 16 corporate Sukuk offerings worth RM31.8 billion (US$7.43 billion) were approved by the Securities Commission of Malaysia in the first half of 2015 – a 46% jump from the RM21.7 billion (US$5.07 billion) registered in the corresponding period of last year. The regulator approved another five corporate Sukuk sales in the third quarter, bringing the total number of non-sovereign Sukuk issuances approved to 21, totaling to RM46.2 billion (US$10.79 billion). Sukuk as at the end of September 2015 accounted for 43% or RM25.9 billion (US$6.05 billion) of total PDS issuance.

IFN Weekly Poll: What is your projection of the Islamic banking landscape in Central Asia over the next year?

In the poll this week, IFN takes a look at the Islamic banking and finance industry in the Central Asian region. What was earlier this year touted to be a promising market, is perhaps witnessing some negative setbacks. Over the last week, two banks in the region withdrew their Islamic banking ambitions. Gauging market sentiment, NABILAH ANNUAR explores expectations of the region's Islamic finance landscape in 2016.



Building its reputation and capabilities in Shariah transactions over the last couple of years, Central Asia have managed to strategically place itself on the Islamic finance map. Shariah compliant finance activities are prominent in counties such as Turkey, Kazakhstan and Azerbaijan. The poll results this week indicated the industry's cautious optimism of Central Asia: the majority of practitioners opined that the region will see a gradual progress (50%), while the remaining believed that it could experience either two extremes — a robust development (25%) or stagnation (25%).

Mohamed Damak, the director and global head of Islamic finance at S&P, earlier in April highlighted that Turkey is expected to have the largest share of Islamic financial activities in the next decade, during an interview with local daily Anadolu Agency. The opening up of more participation banks in the country is expected to strengthen Islamic finance in Turkey. According to the analyst, Turkey's economic growth is positive and the country can be a pioneer in the region with regards to issuing Sukuk using the Turkish lira, auctioning its inaugural offering in November last year.

Several banks in the country have also announced plans to launch Islamic banking units. They include Ziraat Bank which inaugurated the country's first state-owned Shariah compliant bank — Ziraat Participation Bank in June. The bank targets to open 500 branches by 2023, with the first 20 expected this year and 50 by 2016. Vakifbank which also plans to do the same received approvals in March to set up a stand-alone Islamic unit capitalized at US$300 million within nine months.

However, state-controlled Halkbank, which received similar approvals in January, last week withdrew its request to establish an Islamic banking unit from the Banking Regulation and Supervision Agency. No reasons were found to back the bank's move, but this is certainly a blow to the government's aim to triple its market share by 2023.

Over in Azerbaijan, local market players intend to turn Baku into the regional Islamic financing center for CIS countries. However, the championing bank, the International Bank of Azerbaijan, the country's largest and the only state-owned bank, has closed its Islamic banking department. The department, which commenced services in April 2013, has been shut down due to structural changes in the bank, sources told IFN.

Officially becoming a member of AAOIFI in December, Kazakhstan has made strides in developing its Islamic finance sector. The country in April amended its legislation on Islamic finance and insurance to enhance banking laws and boost the particular market segment. Together with Saudi Arabia, Kazakhstan has agreed to form a joint Islamic bank or fund to finance projects.

Additionally, the Association for Development of Islamic Finance (ADIF), solely supported by the National Bank of the Republic of Kazakhstan, signed a memorandum on cooperation with Bahrain-based Shariyah Review Bureau to develop its Islamic finance capabilities.

Speaking to IFN, Timur Rustemov, the deputy chairman of ADIF was optimistic: "I believe that [the] Islamic banking landscape in Central Asia, especially in Kazakhstan, will get gradual progress. Due to the strong support of the government bodies and [the] National Bank, Islamic finance is now in the process of steady growth. As a part of ADIF, that is one of the executives of the president decree 'Road Map of development of Islamic Finance up to 2020', we have received a few solid Islamic finance projects for year 2016, that will contribute to the progress of Islamic finance in Kazakhstan. The gradual progress is expected in Kazakhstan due to the full support of the president and government. I believe that political will is the most important element in developing Islamic finance in Central Asian states."

Russia's Islamic finance ambitions get Malaysia's support

Russia's gravitation toward Islamic finance is gaining momentum as its economy continues to take a beating on the back of a strained relationship with the west. VINEETA TAN explores how the sanctions-slapped country is now closer to realizing its Islamic finance goals with industry heavyweight Malaysia lending support to the Federation.

In the past six months, the government of Tatarstan has been working closely with Malaysian entities namely Universiti Tun Abdul Razak and IBFIM as well as Kazan-based Islamic Business and Finance Fund (IBFD Fund) to study the possibility of introducing Shariah compliant banking to the Republic. With the intent of using Tatarstan as the launchpad for widespread adoption of Islamic banking in the Federation, the Malaysian-Russian consortium this month sought comments from key authoritative Russian bodies including the central bank as well as veteran Malaysian Islamic finance figures on its preliminary findings.

Covering a wide range of topics including strategies to implement Islamic banking (both on a stand-alone and window basis) and Takaful as well as a detailed look on potential market demand and Islamic finance consumers, issues such as taxation, regulation, awareness and global practices were highlighted and discussed during the market feedback.

While Islamic financial activities in Russia have been in the main minimal and sporadic, these industry players are of the opinion that the country is now ready to embrace the Shariah compliant financial instruments and it is hoped that Tatarstan would be the springboard to enact regulatory changes to spur Islamic finance in Russia. Linar Yakupov, the president of the IBFD Fund, concurred adding that "the feasibility study would become a serious platform for the development of the Islamic finance industry in Russia."

Malaysian players aside, Arab nations are also keen to build stronger banking ties with Russia with Bahrain calling for the country to establish an Islamic bank in collaboration with Middle Eastern nations, according to state media.

The finalized version of the study would be presented at the IFN CIS & Russia Forum on the 9th December in Moscow, which is fully supported by Russian state authorities and leading global Islamic finance entities including the Islamic Corporation for the Development of the Private Sector.

Sovereign Sukuk: Indonesia and Oman

Moderately busy, the sovereign Sukuk market this week was abuzz with developments from Indonesia and Oman. The Southeast Asian nation made a regular issuance on the 21st October and is now considering introducing another structure for its facilities. Oman on the other hand is in the process of finalizing its Sukuk offering with a potentially larger amount than the initially proposed value. As usual, NABILAH ANNUAR provides an update of the developments in the sovereign Sukuk space.

The government of Indonesia received IDR2.99 trillion (US$217.97 million) in bids from a recent Sukuk auction which saw the sale of three facilities. The Ministry of Finance confirmed in a statement that it awarded IDR1.73 trillion (US$126.11 million).

In a bid to drive up the Republic's Sukuk sales and bolster its Islamic banking industry, the government is also mulling over adopting a Murabahah structure for its Sukuk facilities. The Islamic finance director at the Budget Financing and Risk Management Office, Suminto, was quoted by Bloomberg as saying that the government's budget has a large allocation for goods and services acquisitions which could be used as underlying Sukuk assets, and the Murabahah structure, which is commonly used by its Malaysian counterpart, could potentially increase its appeal.

Over in the Middle East, the size of Oman's sovereign Sukuk offering is yet to be finalized. Contrary to recent news reports, IFN understands that the final confirmed orders and allocation for the Omani sovereign Sukuk issuance has not yet been officially announced and no numbers are finalized.

An official announcement from the Ministry of Finance is expected soon regarding the final details of the transaction, which could be significantly larger than the initial guidance of OMR200 million (US$517.87 million).

Upcoming sovereign Sukuk

Country	Amount	Expected date
Indonesia	IDR150 trillion	2016
Oman	TBA	October 2015
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
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	Before end of 2015
UAE	TBA	2015
Luxembourg	TBA	TBA

Sub-Saharan Africa failing to capture Zakat potential; needs to institutionalize Zakat collection

The fragmented nature and costly affair of Zakat management are causing sub-Saharan African nations to fail in capturing approximately two-thirds of potential Zakat funds annually, translating into a loss of over US$10 billion which could be used to alleviate poverty in the region. VINEETA TAN reports.

A recent study by the IDB's Islamic Research and Training Institute (IRTI) found that Sudan, Nigeria and South Africa respectively collected US$220 million, US$3 million and US$100 million in Zakat in 2013; a far cry from the nations' estimated potential annual Zakat collection of US$1.84 billion, US$8.78 billion and US$178.87 million respectively.

"Zakah management in sub-Sahara Africa in general seems to have suffered a great deal due to [the] absence of meso-level organizations, eg networks, training and education providers, consultancy and standard-setting bodies and advocacy organizations," noted IRTI in its 2015 Islamic Social Finance Report. "As a result, public awareness about Zakat obligations is extremely low in many parts of the region."

Noteworthy is that Zakat collection and management in the region are for the most part siloed, spread among individual collectors. IRTI has therefore called for a movement away from individual to institutional management of Zakat in the name of greater professionalism and efficiency.

Analyzing six countries in the region including Sudan, Nigeria, Kenya, Mauritius, South Africa and Tanzania, it is found that apart from the lack of supporting infrastructure and capacity, Zakat management in the region is also subjected to higher operational costs due to the fact that a majority of Zakat collected are in-kind, ie crops and livestock which incur significant collection costs such as for transportation and storage.

"Therefore, a more liberal view is called for in relation to the cap on operational costs that is traditionally placed on one-eighth of Zakat funds collected in Southeast Asia," recommended IRTI.

Unlike their Southeast Asian counterpart, Zakat collection in sub-Saharan Africa is trickier and more challenging due to the underlying agrarian assets involved. Higher operational costs aside, crop and livestock Zakat also introduce an element of volatility and run higher risks of non-sustainability (as compared to cash) as they are more vulnerable to the uncontrollable factors affecting the farming industry, one of which is the weather.

Pakistan: Pushing forward

Despite Pakistan's favorable demographics, industry observers would agree that the growth of the Republic's Islamic finance and banking industry is not at levels parallel to the opportunities available. Recognizing the disparity, the regulators of Pakistan's financial industry have been particularly busy this year in pushing to close the gap. VINEETA TAN provides a market snapshot of these developments.

Regulatory environment

Islamic banking was introduced into the country as early as 1977 with laws amended in the 1980s to accommodate the facilitation of interest-free banking.

The industry's regulatory framework has since been significantly enhanced thanks to the country's regulator: The State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). 2015 in particular saw a slew of initiatives by the SECP including the creation of a dedicated Islamic finance department, the reconstitution of its Shariah board and the launch of an Islamic capital markets framework among others.

Banking and finance

There are five fully-fledged Islamic banks and 17 Islamic banking subsidiaries of conventional banks in Pakistan, accounting for 11.3% of total banking assets and 12.8% of total banking deposits as at the end of the first half of 2015, according to central bank data. The Islamic banking segment has been growing at double-digit rates and is expanding its reach nationwide (see Table 1).

The SECP in October 2015 approved an updated version of the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003 (NBFC Rules 2003) which adopt significant amendments designed to better meet the growing needs of the Islamic finance industry as well as the investment and financing demands of the public. The revision led to the creation of two new asset classes: non-bank microfinance companies and private funds.

Takaful

Introduced in 2005 by way of formal regulations by the SECP, the Islamic insurance industry remains small but is showing promising prospects following the revision of the Takaful Rules in 2012, which allowed for the creation of a central Shariah board at the SECP to introduce more formal risk management and rating procedures for Takaful operators. The updated rules, however, contained an amendment which was a point of contention as it allowed conventional players to operate Takaful windows.

Following a two-year dispute including the filing of a constitution petition against the SECP, the country's Takaful providers in April 2014 agreed on an out-of-court settlement with the government. As a result, many conventional players have moved into this space including EFU Life and Jubilee Insurance, with several others to follow suit. In October 2015, the Securities and Exchange Policy Board approved further amendments to the Takaful Rules 2012 allowing Islamic insurers to participate on a co-Takaful basis with conventional insurers under the lead of a conventional insurer.

Capital market

The Islamic capital markets are a major focus for the SECP. In 2015, the regulator issued new Sukuk regulations which dictate the eligibility and requirements for Sukuk issuance among other things. Looking to broaden its investor base, the regulator in August confirmed that it will establish capital market business hubs in various cities nationwide to facilitate the financial community in reaching out to investment communities beyond that of main focal point Karachi as well as Lahore and Islamabad. This move is anticipated to boost investments into the Islamic and conventional capital markets and encourage greater take-up of non-banking financial services as the regulator targets modest non-Tier 1 cities with small industries and significant inflows of foreign remittance. In addition to that, the country's three stock exchanges: Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange are also working toward demutualization and integration.

The first Sukuk sold in Pakistan was by Sitara Chemical in 2002 which led the way for other private and public entities to tap this asset class. The Pakistani government in 2008 began issuing Sukuk Ijarah to assist banks in managing their excess Islamic liquidity. The sovereign did, in 2005, issue a US$600 million dollar Sukuk and again entered the global Sukuk market with a five-year dollar-denominated US$1 billion paper at a profit rate of 6.75%.

Outlook

Although the Islamic banking and finance market of Pakistan still faces the challenges of a lack of Islamic liquidity management tools, tax regulatory concerns as well as public misconception (and lack of awareness) of Shariah finance, however it is difficult to ignore the strong commitment by the regulators to develop the industry. Given that enhanced regulations have been passed with several more in the works, it is likely that the market will further flourish over the next few years.

Table 1: Industry progress and market share *(Rupees in billions)*

	Industry progress			Growth (YoY)			Share in industry		
	Jun 14	Mar 15	Jun 15	Jun 14	Mar 15	Jun 15	Jun 14	Mar 15	Jun 15
Total assets	1089	1302	1495	20.5%	28.2%	37.3%	9.8%	10.4%	11.3%
Deposits	932	1122	1281	20.9%	28.7%	37.4%	10.6%	12.2%	12.8%
Total Islamic banking institutions	22	22	22	-	-	-	-	-	-
Total no. of branches*	1335	1597	1702	-	-	-	-	-	-

Source: State Bank of Pakistan
**number includes sub-branches*

Shariah compliant cross-border financing

Gaining traction year after year, Islamic finance is increasing its presence in both old and new markets. As businesses and financial markets become more integrated and globalized, cross-border financing is slowly becoming a necessity in each industry. Bearing testimony to this, more and more international deals are being concluded in the Islamic finance world. NABILAH ANNUAR provides a rundown of notable Shariah compliant cross-border deals that have taken place in the past year.

Experts have suggested that there are very limited cross-border financing facilities provided by purely Shariah compliant financial institutions. Such institutions are said to be either highly regulated and may not be permitted to lend outside their home jurisdiction, or are small enough where such institution focuses on its home jurisdiction. Usually, companies tend to search for conventional lenders that are willing to work with a borrower to structure a financing package in a Shariah compliant manner.

The growth of cross-border Islamic financing is often driven by Shariah compliant funds and family groups that wish to leverage acquisitions on a Shariah compliant basis. Such parties have worked with leading scholars to develop financial products in which a conventional lender often lends to an SPV on a cross-border basis and such entity on-lends to the relevant party on an Islamic basis. This often means that a Shariah compliant borrower must pay for a set of documentation done in a conventional manner and a set of Shariah compliant financing that largely mirrors the conventional financing.

Asia

In the Asian continent, most cross-border financing deals involved Malaysian companies. According to Bank Negara Malaysia's annual report, Islamic banking assets in 2014 grew by 12% and now account for 25.6% of the country's total banking system assets. Foreign currency assets increased to RM27.7 billion (US$6.55 billion), reflecting the growing importance of cross-border transactions in Islamic finance. One of the most recent deals in the country involved Icon Offshore's subsidiaries, Icon Bahtera and Omni Power, in the procurement of a Bai Bithaman Ajil facility (BBA-term financing facility) worth BN$37 million (US$26.53 million) from Bank Islam Brunei Darussalam.

SapuraKencana Petroleum in February signed an agreement with 11 local, regional and international banks for the largest Islamic facility in Malaysia valued at US$2.3 billion. The country's Hajj fund last September finalized a structured commodity Murabahah transaction for the acquisition of a 40% stake in 747 Collins Street, an office building which is fully leased by the Australian Taxation Office. The financing agreement is one of the first Islamic financing deals in the Australian commercial property sector.

Moving north, global communications provider Digicel Group in May secured a US$60 million Shariah compliant financing facility for its Myanmar unit. Clifford Chance, which worked on the transaction, said that the deal is the country's first Islamic cross-border transaction.

Earlier in the year, the International Bank of Azerbaijan (IBA) secured a US$150 million Islamic one-year receivable-backed syndicated financing facility, arranged by Warba Bank, which also provided a US$20 million stake in the transaction with other participants including: JPMorgan, Citigroup, Barwa Bank, Al Hilal Bank, Noor Bank and Dubai Islamic Bank.

Europe

Abengoa, a Spanish multinational corporation, last December contracted a AED2.5 billion (US$680 million) financing facility to fund its working capital and bids for regional contracts. The financing scheme is a combination of conventional and Islamic financings that was provided by Mashreq Bank and three other undisclosed lenders in the Persian Gulf.

Middle East

Projects in the UAE are seen to be funded by banks from Qatar (majority), Oman, and Saudi Arabia. Etihad Airways last December secured Islamic financing facilities from Abu Dhabi's FGB and Saudi-based National Commercial Bank to fund the acquisition of several planes. Skai procured a AED1.1 billion (US$299.5 million) syndicated finance facility from regional and international banks to develop its projects. The dual Islamic and conventional facility is backed by Abu Dhabi Islamic Bank, Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Minsheng Banking Corp, Invest Bank and Arab African International Bank. Sunrise Properties signed a AED515 million (US$140.18 million) syndicated term and Murabahah facilities, involving Doha Bank and Emirates NBD Bank as the financiers. Emirates Motor Company procured a US$175 million syndicated structured finance facility with participation from Al Khalij Commercial Bank, Bank ABC Islamic and the National Bank of Oman.

In neighboring Qatar, the country saw its largest infrastructure syndication when a facility of over QAR3.65 billion (US$1 billion) for Qatar's Gold Line Metro Rail project was concluded. The transaction was completed for a joint venture comprising Greece-based Aktor, India's Larsen and Toubro, YapiMerkeziInsaatVeSanayi Turkey and SezaiTurkesFeyziAkkaya Marine Construction of Turkey, and Al Jaber Engineering of Qatar.

Bahrain-based Shariah compliant alternative investment manager Arcapita was funded by a Shariah compliant financing facility provided by Abu Dhabi Commercial Bank when it acquired phase one of Saadiyat Beach Residences located in Abu Dhabi.

Moving to Saudi Arabia, the senior debt financing of the expansion of Petro Rabigh's refining and petrochemical complex which is approximately US$5.17 billion in size 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.

Ezdan Holding's benchmark facility

Typically provided by its Qatari banking peers, in a turn of events Doha-based real estate conglomerate Ezdan Holding in August procured a US$500 million financing facility from the UAE's Mashreq Bank. In an exclusive interview with Iqbal Hassan Khanyari, the head of the international corporate division and Islamic finance at Mashreq, NABILAH ANNUAR takes a closer look at this deal.

Utilizing a straightforward Ijarah structure, the transaction was asset-backed and based on malls and residential assets that the company owns in Qatar. "When it comes to real estate-backed Islamic financing, the Ijarah structure is the most natural structure that one can think of. We had also considered a Wakalah structure but preferred to stick to the Ijarah structure as it is a standard structure widely accepted across Islamic banks," said Iqbal.

In line with Ezdan's growth plan, proceeds from the exercise are used to finance future capital expenditures of the company. The transaction received an overwhelming response from the market and was oversubscribed by more than 2.5 times the initial facility size. Mashreq endeavored to meet Ezdan's specific financing needs and diversified its funding sources to the GCC and international banks outside the home market of Qatar. The transaction received an overwhelming response, subscribed by banks in the UAE and other GCC countries.

Commenting on the challenges faced during the transaction, Iqbal highlighted: "Due to real estate ownership regulations in Qatar, Mashreq could not be the owner of the Ijarah assets and hence had to appoint an asset custodian in Qatar. This structure was inspired from the Ijarah structure that is typically used for Sukuk issuances whereby you would have an SPV that would be holding the usufruct of the assets on behalf of the investors."

Some of the unique features and highlights of this deal include: the fact that it is a benchmark facility; one that attracted a diversified pool of banks of which many were not existing relationship banks; and that it was a well-structured facility around the cash flows of the underlying assets.

Ezdan is a fully Shariah compliant company and finances itself exclusively in a Shariah compliant manner. It typically raises financing from its relationship banks in Qatar and this transaction was led by Mashreq — a first for any bank based outside of Qatar. Boasting healthy core earnings and robust expansion in the share of gains from associates and the revaluation of investment properties, the company recently reported a 20% hike in net profit to QAR1.22 billion (US$334.97 million) for the January-September 2015 period.

Ezdan Holding

US$500 million

August 2015

Obligor	Ezdan Holding
Aggregate principal amount	US$500 million
Type of facility	Senior secured syndicated facility
Structure	Ijarah
Use of proceeds	General business requirements of the company in relation to business expansion
Tenor	Five years
Benchmark	LIBOR
Margin	2.95%
Profit rate	LIBOR + 2.95%
Repayment	Quarterly
Frequency of profit payment	Quarterly
Mandated lead arranger(s)	Mashreq, Abu Dhabi Islamic Bank, HSBC, Gulf International Bank, Ahli United Bank and Emirates NBD
Lead arranger(s)	Warba Bank and Sharjah Islamic Bank
Documentation agent, coordinator and investment agent	Mashreq Bank
Legal advisor	Baker & McKenzie
Governing law	Qatar laws

The blunt end

By Mohammed Khnifer

From a 19-storey tower in Jeddah, the offices of the IDB overlook the Red Sea toward over half of all countries in the world where the multilateral development financing institution aspires to continue transforming the landscape of human development through "providing resources, fighting poverty, restoring human dignity".

> ***"The IDB keeps on fostering the economic development and social progress as well as bridging the inequality between rich and poor nations"***

The location of the 'beloved' supranational Islamic finance entity is no accident. The visionary founders deliberately chose this geographical area to build the office tower. From that land, which holds the holiest sites, Islam was spread all over the globe. Touching people's lives all over 56 member countries and nearly 70 non-member countries' communities, the IDB keeps on fostering the economic development and social progress as well as bridging the inequality between rich and poor nations.

The world has come across many wars since the establishment of the IDB in the 1970s. In spite of wars and the change of governments in our Islamic world, the IDB remains neutral, unifying its member countries by stimulating economic and social progress in the Islamic communities. The IDB is a catalyst for human development in these communities, regardless of any transformation in the political spectrum and will always be true to the people of these nations as they realize that the multilateral institution will safeguard their interest against commercially-driven banks.

Over the decades, the IDB has fostered growth and employment through infrastructure projects "connecting travel links, providing safe water and generating power".

This intricate corporate culture weaved in elements of peace and development prosperity oozes throughout the whole organization.

What an organizational culture the IDB Group has, where professionals from various parts of the world with different cultural backgrounds are mandated to work together in order to "serve the Ummah" as they like to motivate themselves.

Thinking big

By Kavilash Chawla

This past month, the international news has been dominated by the deplorable plight of economic and political migrants to Europe, and the centrality of the Syrian humanitarian crisis in driving this recent exodus. My last column was focused on 'thinking big' about economic impact. This month, I would like to layer on an additional challenge of 'thinking big' about social impact. While it would be naive, at best, to think that our actions as individual financial institutions and as an industry at large do not have sociopolitical implications, the intention here is not to preach social impact, but to present opportunities and challenges for our industry's development.

> ***'Think big' about economic impact, 'think big' about social impact, and 'think big' about Islamic finance as part of the global solution to delivering on human needs***

Over the past few months, the humanitarian crisis in Syria has significantly worsened, and as the crisis has globalized, it has now come to play an important part in intra-European and global politics. Despite the magnitude of the crisis, charity organizations and philanthropists within the Gulf and across the world have remained committed to providing relief and support to those affected. The magnitude of the crisis, along with the generosity of those donors who give to local, regional, and global charities, exposes a need among Islamic charities and an opportunity for Islamic finance to contribute to the broader community.

Over the past decade, leading players within the conventional financial industry have made significant investments in the growth and development of products and services catering to mission and values-based clients. Specifically, charities, universities, and foundations, many of which have multi-billion dollar endowments, have challenged their asset managers to develop investment strategies and build investment portfolios that deliver financial return and social impact through investments that reflect the organization's mission and values, and abide by the strict conditionality of a donor's endowed gift. While the recent addition of the Norwegian oil fund and CalPERS to the list of social impact investors certainly underscores the breadth of the market opportunity for dual and triple bottom line-focused investment strategies, the fact remains that the investment needs of institutions with endowed funds, be they charities, universities, or foundations, are unique, and that their financial needs cannot be met by the same approach one takes to a traditional institutional client.

In returning to the Islamic finance space broadly, and the humanitarian crisis in Syria specifically, Islamic charities today are facing a very unique but complex problem of sourcing both the expertise and the breadth of investment opportunities to successfully manage their endowed assets to deliver on their social impact/humanitarian mission while meeting the strict conditionalities of their endowed assets (Waqf). As we think about and invest in the growth and development of the Islamic finance industry, and per the centrality of charitable giving and the role of Waqf in Islamic societies, it is critical to 'think big' about the role of the Islamic finance industry in supporting the management of Waqf assets. The administration and management of Waqf needs to evolve to reflect the complexity of the societal and humanitarian issues Islamic charities are addressing, but also to evolve to provide investment and financial management strategies that reflect the complexity of managing Waqf in the current environment.

'Think big' about economic impact, 'think big' about social impact, and 'think big' about Islamic finance as part of the global solution to delivering on human needs.

Mergers and acquisitions: Potential stimulus to the Islamic finance industry

MERGERS AND ACQUISITIONS

By R Lakshmanan

Global scenario

Mergers and acquisitions (M&A) at the global level have been at a frenetic pace as the value of deals exceeded US$1 trillion in the third quarter of 2015, the third-highest on record. While the number of deals around the world dropped to 8,989 in the third quarter from 10,614 a year ago, their volume totaled US$1.02 trillion, up 11% year-on-year, according to data from Thomson Reuters. Only two quarters, the second quarter of 2015 and the second quarter of 2007, have recorded higher volumes, at US$1.29 trillion and US$1.41 trillion respectively.

Deal-making has remained brisk across all sectors of the economy and up year-on-year across all regions. M&A advisory fees for investment bankers have increased 9% year-to-date to US$18.2 billion.

Middle East scenario

As per Thomson Reuters, the value of announced M&A transactions with any Middle Eastern involvement reached US$33.7 billion during the first nine months of 2015, 23% more than the same period in 2014 and making the best annual start since 2010. Fees from completed M&A transactions totaled US$177.6 million, a 1% decline from the first nine months of 2014.

M&A deals in the pipeline include:

- Kuwait Finance House: Kuwait plans to shed its stake in education and investment company Nafais Holding.
- Malaysia's Top Glove Corporation, the world's largest rubber glove maker by volume, aims to buy at least one peer next year to bolster its market share and earnings.
- Dubai Islamic Bank gets regulatory approval to increase its shareholding in Indonesia's Bank Pannin Syariah to 40%.
- South Africa-owned Mediclinic has agreed terms for the purchase of Al Noor Hospitals in the UAE. As per media reports, a couple of interested buyers have joined the bidding race.
- Bahrain Telecommunications Company is assessing options to divest its Jordanian unit Umniah.
- One of two Indonesian government-owned companies, miner Aneka Tambang or aluminum producer Inalum, should buy the stake that Freeport-McMoran plans to divest in its Indonesian unit.
- Qatar National Bank, the biggest Middle East lender by market value, said it held talks to buy the Malaysian operations of Kuwait Finance House.

> ***"Fees from completed M&A transactions totaled US$177.6 million, a 1% decline from the first nine months of 2014"***

It would be a big fillip to the Islamic finance industry, if some of these deals are being advised/arranged by Islamic financial institutions.

Though low interest rates have been one of the key trends driving M&A to date, it remains to be seen whether the prospect of increase in interest rates coupled with lower commodity and energy prices would hurt deals going forward.

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Technology pivotal to Islamic finance

TECHNOLOGY

By Akash Anand

The international financial service marketplace is constantly developing with transactions and investments to be performed faster and in many cases, online.

Over the past year, well-known research companies ranging from Aite Group (Digital wealth management market update) to Forrester (Global banking platforms survey 2014) and more demonstrate in their reports the change of customer behavior to more client-facing functionalities and online tools that act to the benefit of the organization utilizing those.

Islamic finance is also evolving to meet the challenges of the new era via the implementation of modern platforms that allow flexibility, ie for new product creation or when a collaboration with conventional banking operations is needed. The same also applies in the investment management arena as the age, culture and expectations of customers are changing. They want to be able to manage their portfolios on-the-go while having on-the-spot customer service from their advisor. In addition, the microfinance and P2P lending environment is on the rise with new platforms being created in Europe as well as in Islamic-focused countries.

To this purpose, online, mobile and cloud technologies have been utilized to offer more capabilities to the industry ranging from providing a personalized client service with a unique experience in the design to cost efficiencies since in some cases there is the freedom of no internal IT infrastructure but with the option of a private or public cloud with utmost security by the provider, which always needs to be verified. Dashboards are becoming easier to manage the info, as well as the reporting with more tools available to perform a variety of tasks at a shorter time.

Elements that affected these trends are the advances in technology, the increased security provided of personal data and the age of the population to become more familiar with such devices, while maintaining an 'ethical' type of banking for both conventional and Islamic financial services institutions.

Major trends in technology that affect the financial services environment include the following:

- There are mobile applications that perform transactions and monitor investments with security codes.
- Cloud technology enables an intuitive interface and access from the web or mobile without locally installed software or internal IT infrastructure for the company.
- Banking platforms has become more flexible to be able to accommodate changing needs and enable the institutions to build and market new products fast (as well as more flexible banking schemes).
- Islamic banking technology has also evolved to accommodate international collaboration of systems while giving the flexibility to create Islamic-based products.
- The regulatory environment has led to the need to create more analytics tools and reliable risk management solutions.
- Client centric and front-office tools enable Islamic banking and finance institutions to accommodate the changing client requirements.
- The crowdfunding landscape is growing and it requires technologies that are modern, white labeled, online and provide secure monitoring from client onboarding to credit scoring.
- Completely flexible and parametric applications are being developed to accommodate different interpretations of Shariah rules, interpretations, laws and accounting standards.

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.

The market is growing and trends are changing and for businesses to remain competitive, they would need to adjust their products and services to reach various locations, with new technology and a new approach to the younger generation while complying with the regulatory regime.

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Is Islamic finance important to the Australian economy?

In the second and final installment of a special series, DR GEORGE MICKHAIL wonders if Islamic finance can make a major impact in Australia.

AUSTRALIA

By Dr George Mickhail

On the 31st July 2015, and according to figures published by the World Federation of Exchanges, the size of the Australian domestic equity market capitalization (companies admitted to listing only) was US$1.23 trillion, which is 1.96% of the global domestic equity market capitalization of US$62.8 trillion. On the other hand, the global Islamic finance industry assets in 28 different jurisdictions were estimated to be worth US$1.85 trillion or 2.95% of the global domestic market capitalization.

Given that the Australian equity market is equivalent to 66.3% of the global Islamic finance industry assets, then understandably the industry may be perceived as way too small at this point in time in the industry's evolution to compete and attract investors in a robust Australian market – even if the regulatory environment was favorable for them to do so.

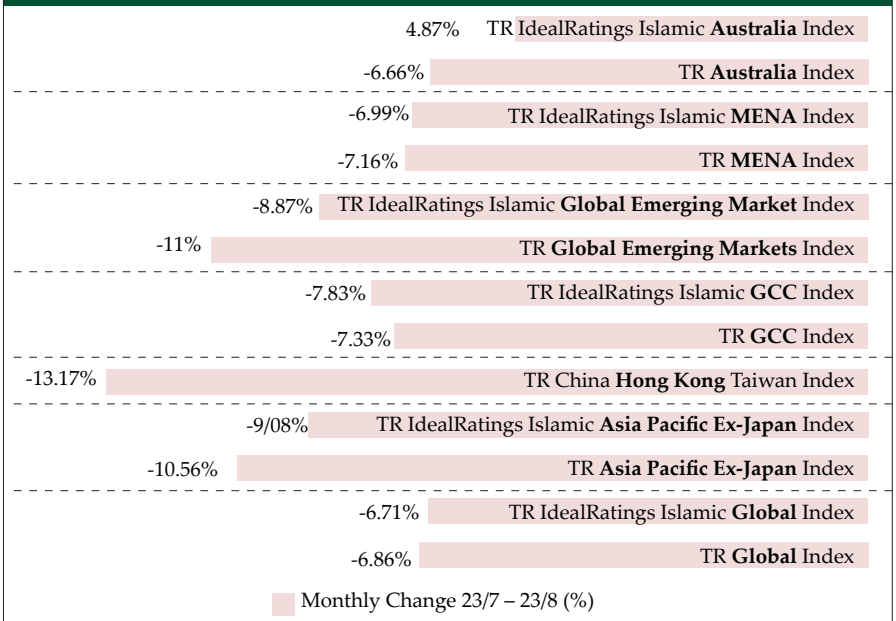
On the other hand, if there were future regulatory changes in Australia - once matters concerning double taxation and legal risks for investors in Sukuk, particularly in cross-border default cases are sorted out, then that would clear the path for the Islamic finance industry to evolve. Indeed, this may attract investors, but the current levels of participation in the global Islamic finance industry offer cautious optimism.

Is Australia looking for Islamic finance investors?

In the absence of any regulation to support or attract Islamic finance investors to Australia, the question that perhaps should be asked as 'a priori' is: Is Australia looking for Islamic finance investors in the first place?

It seems that the Australian federal government's inaction on Islamic finance is mirroring general social sentiment in the community about Islam in general, which cannot be entirely explained in purely economic terms.

Chart 1: Comparative average change in Islamic and non-Islamic indices over the 23rd July 2015 to 23rd August 2015 period



Source: Author's own research

A case in point is the effect of the Chinese market turbulence and the devaluation of the yuan on the performance of the Islamic indices over the past month (23rd July 2015 to 23rd August 2015) by comparison to their equivalent global and regional indices. In comparing the Thomson Reuters Global Index, the Asia Pacific ex Japan Index, the GCC Index, the Global Emerging Markets Index, the MENA Index and the Australia Index with their Islamic equivalents, five out of six Islamic indices performed better than their non-Islamic counterparts, as can be seen in Chart 1.

The average change in the global non-Islamic indices was -8.26% by comparison to -7.39% in the global Islamic Index. The magnitude of the losses of non-Islamic indices were estimated at US$4.3 trillion, which were 35 times the estimated US$120 billion in losses of the Islamic indices. The global Islamic finance index losses of US$120 billion were lower than the Australia Index losses of US$130 billion given their comparative size.

In the light of such resilient performance by the global Islamic finance industry, it is obvious that the economic argument is not the real issue with the Australian regulatory inaction on Islamic finance. It is perhaps time to examine how the government inaction is mirroring general social sentiment in the community about Islam in general.

The government, the general public and Islam in Australia

The inaction by the coalition government is no doubt a reaction to public opinion poll ratings that gauge the populace's 'consumption' of their policies. As a matter of fact, all sides of politics are held 'hostage' to those opinion polls that gauge the general social sentiment, regardless of whether it was shared by the majority or not.

It was distasteful to see the anti-Islam and anti-Shariah rallies all around

Continued

Australia that coincided with Eid Al Fitr marking the end of the holy month of Ramadan. Those rallies were not shy of their explicit hostility to Islam under the guise of rejecting Islamist violence, which is supposedly being financed by Shariah compliant Halal products. It is rather difficult for Australian Shariah compliant and/or Islamic finance businesses to expand against such a community backlash.

However, it was quite telling when a federal coalition member of parliament George Christensen, from the Liberal National Party (LNP) who represents Dawson in North Queensland, addressed Reclaim Australia supporters in Mackay. The LNP is one of the government's coalition partners, which holds 25% of the seats in parliament. The prime minister was supportive of the MP's stance. If the prime minister wanted a 'united' front on Islam like on other issues (same-sex marriage, the House speaker expenses claims fiasco, etc), then why didn't he ask his coalition colleagues to 'tow' the party line? Why didn't he come to speak out against Reclaim Australia's anti-Muslim message?

The dominance of the economy in our daily life may help us understand how people learn to consume the new. In the past, economic inequality furnished the economic energy for politics. Strains on the economic system during the age of social capitalism produced ressentiment. This cluster of emotions principally described the belief that ordinary people who have played by the rules have not been dealt with fairly.

This intense social emotion tended to stray from its economic origins to produce resentment of old orders of patronage and privilege or minorities, such as: Muslim immigrants – who seem to 'steal' the social prizes to which they had no right. Under the sway of ressentiment, religion and patriotism were weapons of revenge.

In times of austerity, the populace experiences the loss of a number of social prizes. The working majority suffers material stress due to stagnant wages and increased prices, while the minority that is not in the workforce suffers the loss of their social entitlements.

In a global environment that is hijacked by sensational violence, bombings and beheadings, it is not hard to imagine the general fear of Islam, which plays rather nicely into the hands of a conservative coalition government seeking to divert attention from its harsh austerity measures on the defenceless in society, such as disabled pensioners, the unemployed, single mothers and so on.

They are doing so by shifting focus on the 'foreign' groups that are not entitled to the social prizes already taken away from the ones at home, so as to silence any opposition to the inhumane treatment of illegal immigrants arriving recently in large numbers on foreign shores due to armed conflicts in their countries of origin (mostly of the Muslim faith).

On the 17th August 2015, The Age newspaper invited an asylum seeker who is in Indonesia to a Q&A session on Facebook, and the comments that followed highlighted the hostile state of the sentiment of Muslim asylum seekers in Australia.

However, resentment is too narrow a way to relate economics and politics, because material insecurity prompts more than ways to demonize those who herald unsettling change. So, instead of thinking of citizens as an angry voter, then, we might consider the citizen as a consumer of politics faced with pressures to buy.

The consumer-citizen in the new economy

Any government needs a narrative to frame the spectacle of whichever crisis that suits its political agenda at the time. For example, the threat of a debt crisis, a national budget crisis or Islamist terrorism is necessary to reactivate the principles of economics. For, imagination is strongest in anticipation, and the new economy strengthens this kind of 'self-consuming passion' both in shopping malls and in politics.

Is it any surprise the ecological turn in recent years and the ensuing studies of environmental economics and environmental accounting, where there is a danger of absolute scarcity and an ethic of energy conservation, have given capitalism a renewed legitimacy? Production is no longer the protagonist

in this crisis, but rather reproduction, which makes it impossible to know how much truth and how much simulacrum (a representation or imitation of a person or thing) may be in this crisis.

Ecology is too slow to produce and reproduce, to energize the imagination with more anticipation – which may explain why resources like oil and minerals offer the perfect candidates for 'sudden' crises, or spectacles that are often associated with the threat of a conflict in the Middle East or elsewhere. The shortage-in-oil illusion, for example, makes us more aware, and accepting, of the amount of production and reproduction – in terms of its future contracts and higher prices.

All views expressed are the opinions of the author.

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To read the rest of this article, please log on to www.islamicfinancenews.com

From Mijas to Marbella: Opportunities for Islamic finance

The south of Spain is certainly a treat to visit for beachcombers, real estate investors and Muslim tourists. The province of Andalusia offers a rich heritage for any Muslim to delight in and discover as Europe's first encounter with Islam. Whether it is the castle in Malaga, or the sites of Al Hambra Mosque, one is delighted by the preservation of Muslim holy sites which I dare say often is better that the preservation of historical sites in many Muslim countries.

SPAIN

By Hussain Kureshi

Puerto Banus offers a show of wealth which borders on hedonism and may not truly reflect Islamic values but we will ponder on that another day. Spain was not immune from the housing bubble. In the late part of the 1990s and the early 2000s, banks like Barclays saw opportunities in Spain for offering British citizens a second home by the coast of the Mediterranean Sea with as low as a 10% downpayment.

> ***"Just as the Islamic Bank of Britain opened up shop to offer Shariah compliant home financing products, a similar venture should be undertaken in Andalusia"***

Developers came from Germany, from England, from Spain itself and other parts of Europe and picked up tracts of land by the beaches, or near the beaches and beefed up the coffers of the local municipalities. Banks financed the supplying side by providing credit to developers. Other banks provided credit to the buying side by financing the buyers and the beautiful coastline got strewn with small developments, which later came to be known as 'urbanizations'. Each development would consist of 100 to 200 apartments, villas, and what-nots with its own unique view of the sea and other benefits.

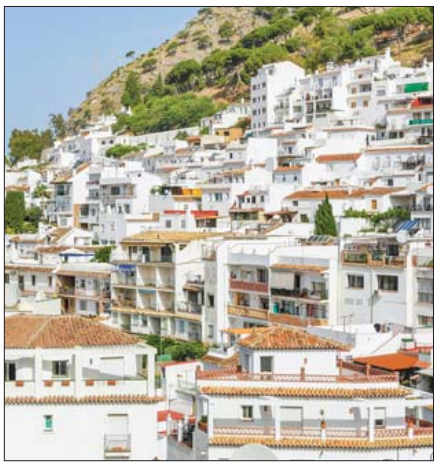
Primarily, the buyers seemed to be from the UK and they seemed as addicted to credit as Americans are. However, the odd Norwegian, German, Dutch, and Finnish can also be found getting a tan on the balcony.

Prices hit sky-high, making it rather difficult for locals to buy their own home. What seemed as a welcome dose of investment ended up being a welcome dose of inflation. Construction contracts were awarded to companies back home, machinery came from the UK or Germany, with just local labor being employed for menial work. At times, building permits were awarded illegally and town mayors especially in Marbella were found to be involved.

Along came what some people called the Great Recession, or the global financial crises, and credit lines got seized. Many development sites were left unfinished, developers defaulted, or went into litigation with local governments, and many consumers defaulted. Right now, close to 700,000 properties are in distress all over Spain. Banks like Citibank and Barclays sold their portfolios to Banco Popular or La Caixa, and a bad bank was created where much of this defaulted portfolio was parked.

However, what is good to know is that one can pick up a property which was worth EUR150,000 (US$170,163) for say even EUR80,000 (US$90,753.6). A flat-out bargain. Rental yields are low; a prime property worth EUR650,000 (US$737,373) may only earn you EUR2,500 (US$2,836.05) a month and a normal two-bedroom rental will only get you EUR300 (US$340.33).

However, if one is looking for a summer home in Europe at an affordable price, Mijas is the place to go. Littered with quaint coffee shops, town squares and



restaurants all built on cobbled stone streets, not only is the environment so romantic, but the investments are also Shariah compliant. Islamic finance has taken root in Spain and with the launch of the Saudi Spanish Center for Islamic Economics almost five years ago and such institutes as the Geneva Business School offering Islamic finance, it is hoped that one day Islamic banking may be an option in Spain just like it is becoming one in Germany. The town of Fuengirola boasts its own mosque, and the coastline offers such quaint towns as Benalmadena that Islam seems to be no stranger in this part of the world.

Marbella, of course, is the home of the really rich and famous where a sunbed on Nikki Beach costs EUR500 (US$567.21), but it too offers several opportunities in the real estate sector. I personally feel that just as the Islamic Bank of Britain opened up shop to offer Shariah compliant home financing products, a similar venture should be undertaken in Andalusia.

This might be an opportunity for a Moroccan bank to get into the game.

Hussain Kureshi is the CEO of Millenia Global Research House. He can be contacted at www.mgrh.org.

The International SME Conference 2015

The International SME Conference 2015 was held at the Istanbul Congress Center from the 23rd to the 24th October 2015. G20 Turkey 2015, Undersecretariat of Treasury of the Republic of Turkey Prime Ministry, the World Bank, the IDB and TUMSIAD were among the organizers of the event.


INTERNATIONAL SME CONFERENCE 2015

By Ali Ceylan & Aytug Buyukatak

The International SME Conference 2015 was held at the Istanbul Congress Center from the 23rd to the 24th October 2015. G20 Turkey 2015, Undersecretariat of Treasury of the Republic of Turkey Prime Ministry, the World Bank, the IDB and TUMSIAD were among the organizers of the event. The seminar was part of the TÜMEXPO, ALLINTECH and Halal Expo fairs which were from the 22nd to the 25th of October. Around 300 firms and 40,000 visitors attended the exhibitions.

The four-day events also had several conferences, B2B meetings, presentations and seminars and the International SME Conference was among them where Yasar Dogan, the chairman of TUMSIAD, Gloria M Grandolini, the senior director of the World Bank and Bertrand Badre, the managing director and CFO of the World Bank Group made opening remarks. Recep Tayyip Erdogan, the president of the Republic of Turkey also attended the opening ceremony and gave a speech. At the end of the opening ceremony, Recep Tayyip presented plaques to award-winners.

At the conference, there were two sessions discussing opportunities for SMEs. Grandolini; Cavit Dağdaş, the acting undersecretary of the Turkish Treasury; Dr Tarek Yousef, a member of the board of directors of the Central Bank of Libya and former CEO of Silatech; Dr Tunc Uyanik, the chairman of the B20 Steering Committee and World SME Forum; Dr Azmi Omar, the director-general of IRTI; Zamir Iqbal of the World Bank Global Islamic Finance Development Center; Shehab Marzban, the co-founder and the managing director of Shekra Capital; and Michael McMillen, the global head of Islamic finance and investment of Curtis, Mallet-Prevost, Colt & Mosle, were among the speakers of the two sessions.

Mehmet Ali Akben (the chairman of the Banking Regulation and Supervision Agency), Matt Gamser (CEO,World SME Forum, the World Bank), Kaiser Naseem (the head of Bank Advisory Services, MENA & Central Asia, IFC), Simon C Bell (the global lead of SME finance, finance and markets at the World Bank), Professor Mehmet Asutay (Durham University), and Sertaç Fuad Karağaoğlu (the group director of listing and private markets at Borsa Istanbul) were among the speakers on the second day.

> ***"SMEs are mostly in debt and it is getting harder to find funding for them. They are growing but with leveraging instead of growing with strong capital which is decreasing"***

Mehmet Ali stated that assurance is one of the leading problems against the development of SMEs in Turkey. The reason is that movable properties are in the majority so they are not able to effectuate adequate assurance. He added that there are five participation banks in Turkey and one of them is state-owned. According to statistics, in June 2015 they comprised approximately 5.3% of the Turkish banking industry, and SMEs provided only 8% assurance from those participation banks. The more SMEs improve, the more participation banks will build up. Mehmet Ali also added that institutionalizing SMEs must also be encouraged.

Gimser stated that the World SME Forum is a new entity established by G20 countries in 2012 and Turkey had a role to play to achieve this. The original name of this establishment is SME Finance Forum, and focuses on the finance sector, not only SMEs. He added that there are some difficulties against SME finance. Firstly, the wrong attitude of bankers, which is because they think the assurance is only about the repayment of the credit given. However, it should be primarily determined why and where this credit is used and how much potential it has. The second problem is the inability to distinguish the SMEs. This cannot be done via searching from the internet or vice-versa; there must be staff to search for it and this comes at a great cost.

Continued

Turkey is trying to be innovative on this, yet the other countries need some improvement, he stated.

It has also been discussed that providing finance to SMEs requires more interactive ways. In the Islamic finance sector, from the finance point of view, the aim is not sharing profit and loss. There exists a capital and there are various ways to give it. The difficulties are: finding the right finance, the right capital, the right information, invested capital, etc. Building up a company especially depends on innovation.

Professor Mehmet Asutay stated that the major problems about SME finance are: liquidity, recovery of data of SME credits, problems on a financial basis, bankrupt law's constraints, supervision of business office and standards of supervision, need of government support, a better use of technology, credit securitization and crowdfunding. One solution to these problems is the authorities making legislative regulations and cooperating with the markets. On the other hand, problems of Islamic finance are primarily about the cost; banks' credits are usually high. SMEs generally do not have assurance and documentation is generally lacking on the standards. On a religious note, they generally do not want to use conventional instruments. Government support is very much needed for Islamic finance to make headway. Islamic finance is generally based on sales but conventional finance is not. The main point should be how the conventional finance standards can be used together with Shariah rules.

It has also been stated that according to the data from Findex, the MENA region has the lowest rate of financial inclusion in the world. About 54% of adults do not have a bank account, and in the Middle East this rate is only 14%. According to a survey about why people of the MENA region do not have a bank account, poverty was given as the main reason while religion was another reason. However, the results of the survey showed that if the product compatible with Shariah is more expensive, people would prefer the conventional product. Turkey has various products and its SME activities are better when compared with other MENA countries. Angel financing is also developing in Turkey, according to Sertaç Fuad.

SMEs are family-owned enterprises in general. Since their equity capital is not sufficient, they buy and sell for account. SMEs benefit from interest-free banking generally with leasing. The speakers also said there is a need for training for SMEs and management audit.

According to statistics, SMEs are mostly in debt and it is getting harder to find funding for them. They are growing but with leveraging instead of growing with strong capital which is decreasing.

Therefore, according to EU criteria, except for the first 711 companies, all the companies in Turkey are SMEs. SMEs can choose to have initial public offerings to gain financing. There are many regulations SMEs have to follow, but this way, they will be exempted from some capital market rules.

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DEALS

Indonesia auctions Sukuk

INDONESIA: The government of Indonesia has received IDR2.99 trillion (US$217.97 million) in bids from a recent Sukuk auction which saw the sale of three facilities. The Ministry of Finance confirmed in a statement that it awarded IDR1.73 trillion (US$126.11 million).

QIB prices Sukuk

QATAR: Qatar Islamic Bank issued a US$750 million five-year RegS Sukuk on the 20th October 2015 at par with a profit rate of 2.754%, indicating a spread of 135bps over midswaps. The final orderbook closed in excess of US$1.75 billion, which received subscriptions of over 2.33 times from 105 accounts, according to a statement.

APICORP prices Sukuk

SAUDI ARABIA: Arab Petroleum Investments Corporation (APICORP) has priced its maiden US$500 million drawdown under its five-year US$3 billion Sukuk program with a profit rate of 2.383%, according to Moody's, which rated the facility 'Aa3'.

S Power announces IMTN redemption

MALAYSIA: Special Power Vehicle (S Power) has announced on Bank Negara Malaysia's website that there will be a redemption of secondary stock (stock code: VO050178) under the Class B Islamic medium-term note (IMTN) facility of up to RM215 million (US$49.93 million), which is due on the 5th November 2015. However, due to the Distribution Restriction Grounds in accordance to Clause 9.1.2(l)(b) of the trust deed, there will be no payment under the said stock.

For the Class A IMTN facility of up to RM800 million (US$185.78 million), the redemption of the following stocks are due and payable on the 19th November 2015: stocks in Tranche 1 with primary stock code: VO050525 and secondary stock codes: VO050796, VO050592, VO050615, VO050669, VO050640, VO050696 and VO050727 and stocks in Tranche 2 with secondary stock codes: VN061013, VN060991, VN060967, VN060941, VN060913 and VN060883.

IFC lists second Sukuk on NASDAQ Dubai

GLOBAL: The International Finance Corporation (IFC) on the 26th October listed its second Sukuk on NASDAQ Dubai, a US$100 million paper, bringing the total nominal value of Sukuk currently listed in Dubai to US$36.8 billion, of which US$12.75 billion was due to new listings in 2015. According to a statement, the Sukuk is not listed elsewhere and the IFC's inaugural issuance, listed in 2009, matured last November.

STSSB to issue ICP

MALAYSIA: Sunway Treasury Sukuk (STSSB) is due to issue its RM100 million (US$23.54 million) Islamic commercial papers (ICP) Series 21 on the 28th October 2015 via tender. According to an announcement on Bank Negara Malaysia's website, the issue, rated 'MARC-1IS' by Malaysian Rating Corporation, will mature on the 30th November 2015.

Indonesia mulls adopting new Sukuk structure

INDONESIA: The government of Indonesia is mulling over adopting a Murabahah structure for its Sukuk facilities in a bid to drive up the Republic's Sukuk sales and bolster its Islamic banking industry. The Islamic finance director at the Budget Financing and Risk Management Office, Suminto, was quoted by Bloomberg as saying that the government's budget has a large allocation for goods and services acquisitions which could be used as underlying Sukuk assets, and the Murabahah structure, which is commonly used by its Malaysian counterpart, could potentially increase its appeal.

TNB's Sukuk coming soon

MALAYSIA: The market's largest Sukuk in 2015 — Tenaga Nasional (TNB)'s proposed Sukuk of up to RM10 billion (US$2.32 billion) — is expected to be sold next month, according to Mohamad Safri Shahul Hamid, the senior managing director and deputy CEO of CIMB Islamic, who is working on the deal. Speaking at a conference, Safri confirmed that the bank is working on several other Sukuk deals expected to close before the end of 2015.

MAF picks Sukuk arrangers

UAE: Majid Al Futtaim (MAF) has mandated Standard Chartered, HSBC, Dubai Islamic Bank and Abu Dhabi Islamic Bank to arrange a potential benchmark-size dollar-denominated Sukuk, expected to be issued before December. According to Reuters citing unnamed sources, more banks may be added to arrange the Sukuk, which is reportedly a part of MAF's US$1.5 billion issuance program.

NSSB to pay Sukuk profit

MALAYSIA: Nu Sentral (NSSB) has announced on Bank Negara Malaysia's website that it will make a profit payment for the stock codes VK120181, VJ120378, VJ130122, VI130264, VI140105 and VH140349 under the Islamic medium term note program of up to RM600 million (US$141.98 million) on the 30th October 2015.

DEAL TRACKER Full Deal Tracker on page 32

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Country Garden Real Estate	RM1.5 billion	Sukuk Murabahah	6th October 2015
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
TBA	Governmeent of Jordan	JOD200-300 million	Sukuk	4th September 2015

Omani sovereign Sukuk on the way

OMAN: Contrary to recent news reports, IFN understands that the final confirmed orders and allocation for the Omani sovereign Sukuk issuance has not yet been officially announced and no numbers are finalized. An official announcement from the Ministry of Finance is expected soon regarding the final details of the transaction, which could be significantly larger than the initial guidance of OMR200 million (US$520 million). Join us next week for a dedicated IFN cover story on Oman featuring exclusive insights from the Omani sovereign and regulators regarding this landmark deal.

DanaInfra initiates ICP/IMTN programs

MALAYSIA: DanaInfra Nasional has initiated the RM50 billion (US$11.77 billion) government-backed Islamic commercial paper and/or Islamic medium-term note (ICP/IMTN) programs to fund the Mass Rapid Transit (MRT) projects, according to state news agency Bernama. AmInvestment Bank, CIMB Investment Bank, Maybank Investment Bank and RHB Investment Bank have been mandated as the joint lead arrangers and joint lead managers, whereas Affin Hwang Investment Bank, Hong Leong Islamic Bank and HSBC Bank are also the joint lead managers. The construction of the MRT Line 2 will start in 2016 and is expected to be completed in 2022.

AFRICA

FNB eyes Islamic banking expansion

SOUTH AFRICA: First National Bank, which already offers Islamic banking in Botswana, is looking to expand its Shariah compliant offering to Zambia and Tanzania before the end of its financial year in June 2016, according to BDlive.

ASIA

HLB offers MSS to employees

MALAYSIA: Hong Leong Bank (HLB) and Hong Leong Islamic Bank have announced the offering of a mutual separation scheme (MSS) to all permanent staff at all levels, functions and locations on a voluntary basis in a move to strengthen its operational efficiencies, according to The Star Online quoting HLB's CEO and group managing director Tan Kong Khoon. The bank also asserted that the final approval of the MSS applications at the banks would be strictly on business and operational requirements.

GoP issues circular on GIS

PAKISTAN: The government of Pakistan (GoP) has issued a circular on the outright purchase and sale of GoP Ijarah Sukuk (GIS) in a move to facilitate the liquidity management of the Islamic banking industry, according to a statement. Under the circular, the GoP may outright purchase GIS on a deferred payment basis (Bai Muajjal) and sell these GIS on a ready payment basis through a uniform price based on a competitive bidding auction process, which will be executed as per the approval of the State Bank of Pakistan's Shariah Board.

IFSB issues working papers

MALAYSIA: The IFSB has issued two working papers as part of its working paper series. According to separate press releases, the standard-setting body has issued the Working Paper on the Financial Consumer Protection in Islamic Finance, seeking to address consumer protection issues relevant to the policy and operational framework, and also the Working Paper on the Comparative Study on the Implementation of Selected IFSB Standards, which is funded by the Asian Development Bank, aiming to identify challenges faced in the implementation of IFSB standards.

Raeed Holdings established to develop IAP

MALAYSIA: Four Islamic banks namely, Maybank Islamic, Bank Islam Malaysia, Bank Muamalat Malaysia and Affin Islamic Bank, have incorporated a consortium known as Raeed Holdings, which is equally owned by the banks. According to Bernama, the consortium has set up a wholly-owned subsidiary, IAP Integrated, to develop and operate the Investment Account Platform (IAP).

Tax incentive to benefit Indonesian corporates

INDONESIA: The government of Indonesia will introduce a new tax incentive, which will be regulated under the Ministry of Finance's regulation No.191/PMK.010/2015, to encourage companies to revalue their assets and improve their equity, according to The Jakarta Post. Under the new policy, the minimum debt-to-equity ratio is set at 4:1 for the 2016 fiscal year. Companies that file for an asset revaluation this year will be subjected to 3% income tax, whereas a 4% and 6% income tax will be applied for the revaluation in the first and second half of 2016 respectively.

IAP to market in January 2016

MALAYSIA: The government of Malaysia is targeting to market the Shariah compliant Investment Account Platform (IAP), which is currently being developed through a centralized multibank platform, in January 2016, according to Bernama quoting the 2015/2016 Economic Report issued in conjunction with the tabling of the 2016 budget.

EUROPE

MSE plans expansion

MALTA: The Malta Stock Exchange (MSE) will soon form an Islamic Finance Committee and host roadshows in Dubai as well as sub-Saharan Africa to attract Shariah compliant investments into the archipelago which is keen to promote itself as a dual-listing destination for these emerging markets. According to The Malta Independent Online quoting MSE chairman Joseph Portelli, another two working committees will also be established: the Real Estate Investment Trust Committee and the China Listing Committee.

GLOBAL

PineBridge to exit Middle East

GLOBAL: PineBridge Investments is closing its Middle East unit in Bahrain due to unprofitability, according to Reuters quoting unnamed sources. According to the newswire, the firm's regional CEO Talal Al Zain has also resigned and that the company is selling its GCC Real Estate Fund and also stopped working on the launch of an Islamic reinsurance firm.

AUB acquires full control of LGG

GLOBAL: Ahli United Bank (AUB), which also offers Shariah compliant life insurance services, has acquired full control of its joint venture Legal & General Gulf (LGG) following the disposal of a 50% stake by The Legal and General Group (L&G Group). According to a press release, the move comes in the context of other corporate divestitures undertaken by the L&G Group across the globe.

Moody's observes GCC insurance industry

GLOBAL: Although the insurance penetration within the GCC is currently well below 2% of its GDP, however, the region remains the fastest-growing insurance market, outpacing all other markets with top-line growth of close to 15% in 2014, according to Moody's in its latest report on the market. Sector growth will continue to be supported by the increasing number of insurance products made compulsory by GCC governments as well as enhanced regulations to strengthen the sector in particular areas such as capital adequacy, assets quality and reserve adequacy along with providing more transparency to the marketplace. Moody's expects significant further growth to be driven by the region's high economic and fiscal strength, despite the slower-than-expected oil price recovery.

IDB standing strong

GLOBAL: Despite increasing its leverage from Sukuk issuance which saw callable capital rising fourfold to ID40.5 billion at the end of 2014, 'Aaa'-rated IDB still benefits from a large and expanding capital base, according to Moody's Investors Service. The bank's debt to equity ratio is anticipated to rise to 125% in the coming years — still well below that of other 'Aaa'-rated multilateral development banks — under the IDB's upsized Sukuk program from US$10 billion to US$25 billion. "Despite the risks inherent in its role as a development bank, the IDB's operational assets continue to perform well, with a low level of impairment," said Mathias Angonin, a Moody's analyst.

Tadawul to conduct global roadshows

GLOBAL: The Saudi Stock Exchange will be conducting investor roadshows in Singapore, London and New York next week in a bid to attract international institutional investments into the market, according to an official announcement. The bourse opened its market to direct foreign investment through the Qualified Foreign Investors framework in June 2015.

More innovative Islamic products for SMEs

GLOBAL: The IDB Group has called for the establishment of a working group to exchange expertise and develop innovative Islamic financial instruments during a recent conference on SMEs in Turkey, according to a statement. The multilateral bank has also extended its appreciation to the Turkish presidency for having included the development of SMEs via Islamic finance on the G20's agenda as well as praised the Islamic Research and Training Institute and the World Bank's Global Islamic Finance Development Center for their joint study leading to a flagship report on 'Leveraging Islamic Finance for SMEs'.

MIDDLE EAST

Islamic CSA in the works

BAHRAIN: An Islamic credit support arrangement (CSA) will be developed under the existing International Swaps & Derivatives Association (ISDA)/ International Islamic Financial Markets (IIFM) Tahawwut Master Agreement for Islamic hedging transactions. The two bodies along with the Bahrain Economic Development Board hosted a market consultative meeting recently to address the growing requirement for Islamic CSAs, during which other Shariah compliant alternatives were explored to develop Islamic CSAs under the ISDA/ IIFM Tahawwut Master Agreement, according to a press release.

ADGM open for business

UAE: The Financial Services Regulatory Authority of Abu Dhabi's international financial center, Abu Dhabi Global Market (ADGM), has commenced operations by accepting and approving financial services license applications with effect from the 21st October, according to an official announcement. This follows the publication of the Financial Services and Markets Regulations and the FSRA Rules, which establish the legislative and regulatory framework for financial services in ADGM.

QIB and QBC collaborate to assist SMEs

QATAR: Qatar Islamic Bank (QIB) has entered into a strategic partnership with Qatar Building Company (QBC) under its fleet and heavy equipment financing package, a part of the bank's range of Aamaly products specifically designed for the SME sector which was introduced in June 2015, according to a press release. Under the agreement, customers interested in purchasing or leasing vehicles or heavy equipment through Qatar Building Company will be given priority access to QIB's finance offerings. Financing tenure can be up to 48 months with a grace period of one to three months, along with flexible downpayments, a fast processing time and variable installment options.

Ethical index for priority clients

UAE: Noor Bank has unveiled the Noor Bank Shariah Compliant Sustainable European Equities Index, targeting high-net worth and priority banking clients, according to a press release. The 100% capital-protected index provides investors with access to a safer investment linked to European equity markets and offers a fixed coupon for the first two years and the uncapped index performance at maturity at the end of three years.

US$2 billion market for solar deals in Dubai

UAE: A US$2 billion potential market for solar leasing exists in Dubai alone, along with a significant opportunity in the wider GCC and Middle East market, said Jeremy Crane, CEO of Yellow Door Energy and a board member of the Clean Energy Business Council. Speaking at the IFN Project Finance Seminar held at the DIFC on the 26th October in conjunction with the Dubai government, Crane also noted that Jordan is currently leading the market for solar energy generation in the region.

EQUATE seeks US$6 billion bridge loan

KUWAIT: Five banks — JPMorgan Chase, Citigroup, HSBC, Kuwait Finance House and National Bank of Kuwait — have been chosen to arrange a US$6 billion bridge loan for EQUATE Petrochemical Company. According to Reuters quoting unnamed sources, the loan will be used to refinance EQUATE's existing debt and for general corporate purposes as well as to pay for the acquisition of MEGlobal from Dow Chemical and Petrochemical Industries Co. The banks involved in the loan deal have reportedly invited other local and international banks to consider participating in it.

ASSET MANAGEMENT

AIAMSB seeks to mandate global Sukuk

MALAYSIA: Aberdeen Islamic Asset Management (AIAMSB) is seeking to manage global Sukuk mandates from Kuala Lumpur as part of its expansion drive in Malaysia, according to The Edge Markets quoting AIAMSB's CEO Gerald Ambrose.

PHB to raise AHB fund size

MALAYSIA: Pelaburan Hartanah (PHB) is planning to increase the size of the Amanah Hartanah Bumiputera (AHB) fund, a Shariah compliant real-estate backed trust fund, to RM3 billion (US$706.13 million) by issuing at least RM1 billion (US$232.22 million) in additional units. PHB's CEO Kamalul Arifin Othman was quoted by Bernama as saying that the new units will be launched by the first half of 2016, adding that the AHB income distribution is tax-exempt and payable net of Zakat.

Jadwa debuts Makkah real estate fund

SAUDI ARABIA: Shariah compliant Jadwa Investment has launched the Jadwa Al Azizia Real Estate Investment Fund, the bank's debut real estate investment fund in Makkah, according to a press release. The fund will be used to develop two towers for pilgrim accommodation in the Al Aziza area for a total cost of SAR440 million (US$117.26 million).

Alkhabeer focuses on Waqf

SAUDI ARABIA: Alkhabeer Capital has entered into a strategic cooperation agreement with Al-Zamil & Al-Kharashi Law Firm under which the latter will assist the asset manager in incorporating Waqf entities and preparing the necessary legal documentation. According to a statement, this partnership follows Alkhabeer's proprietary Waqf program earlier this year, which provides Waqf wealth structuring and management advisory services to educational and charitable institutions, family offices, high-net-worth individuals and philanthropists who aspire to establish Waqf entities.

RESULTS

QIIB

QATAR: Qatar International Islamic Bank (QIIB) saw a growth in net profit to QAR657 million (US$180.3 million) for the July-August period of 2015, up 5.1% from the prior corresponding period, which confirms the fact that the bank is moving in tandem with the Qatari economy, according to a statement. Earnings per share reached QAR4.34 (US$1.19) over the period compared to QAR4.13 (US$1.13) achieved in 2014.

Mashreq Bank

UAE: Mashreq Bank, which operates Mashreq Al Islami, observed a year-on-year growth in net profit of 5.1% to AED1.8 billion (US$489.94 million) for the period ending September 2015. According to a statement, total assets for the period observed also increased by 5.2% to reach AED111.4 billion (US$30.32 billion) and earnings per share strengthened to AED10.4 (US$2.83) compared to AED9.9 (US$2.7) for the same period in 2014.

Solidarity Saudi Takaful

SAUDI ARABIA: For the January-September period of 2015, Solidarity Saudi Takaful Co recorded a net loss of SAR5.12 million (US$1.36 million) compared to last year's profit of SAR19.42 million (US$5.17 million). According to its interim financial statement, shareholders' capital investment also reported a decline of 97.41% to SAR465,000 (US$123,938) over the period compared to SAR17.94 million (US$4.78 million) achieved in the previous year.

KFH

KUWAIT: Kuwait Finance House (KFH) confirmed in a statement that it attained a 17.3% year-on-year growth in net profit to achieve KWD105.7 million (US$349.5 million) for the first nine months of 2015.

Meezan Bank

PAKISTAN: For the nine-month period ending the 30th September 2015, Meezan Bank reported an after-tax profit of PKR3.95 million (US$37,610) against PKR3.57 million (US$34,048) in the same period last year. The bank in a statement reported that earnings per share stood at PKR3.94 (3.77 US cents) for the period under review from last year's PKR3.57 (3.41 US cents).

Public Bank Group

MALAYSIA: Public Bank Group, which has an Islamic subsidiary, reported a 9.3% growth in net profit attributable to shareholders achieving RM3.57 billion (US$844.77 million) for the first nine months ended the 30th September 2015. According to a statement, the group's unit trust management business through Public Mutual contributed 33.8% of the total non-interest income during the period under review, with a total net asset value of RM64.2 billion (US$15.19 billion) under its management. The group also remained as the market leader in the private unit trust business with a 60.7% market share in the Islamic unit trust fund sector among others.

Bursa Malaysia

MALAYSIA: Bursa Malaysia registered a growth by 2% in after-tax profit and minority interest to RM148 million (US$35.02 million) for the nine months ended the 30th September 2015 due to resilient performance of its securities market, which was supported by continued growth in the derivatives and Islamic capital markets, according to a press release. Bursa Suq Al-Sila has also seen continued high growth due to the ongoing conversion to Murabahah following the introduction of tenor-based pricing earlier this year.

Sharjah Islamic Bank

UAE: Sharjah Islamic Bank in a bourse filing disclosed a net profit of AED298.4 million (US$81.22 million) for the first nine months of 2015, up 1.2% year-on-year. Total assets expanded by 8.3% to reach AED28.2 billion (US$7.68 billion).

UNB

UAE: Union National Bank (UNB), which operates Islamic subsidiary Al Wifaq Finance Company, posted a net profit of AED1.67 billion (US$454.42 million) for the nine-month period ending the 30th September 2015, up 5% year-on-year. Total assets over the period increased by 15% to AED101.8 billion (US$27.71 billion) compared to AED88.6 billion (US$24.12 billion) achieved for the similar period last year, according to a statement.

Qatar Islamic Insurance

QATAR: Qatar Islamic Insurance made a net profit of QAR71.2 million (US$19.54 million) in the quarter ending the 30th September 2015, an improvement from the QAR66.8 million (US$18.33 million) realized in the corresponding period of the previous year. In a bourse filing, the Takaful operator confirmed that earnings per share for the third quarter stood at QAR4.75 (US$1.3).

Masraf Al Rayan

QATAR: For the period ending the 30th September 2015, Masraf Al Rayan realized a net profit of QAR1.51 billion (US$414.64 million) against QAR1.43 billion (US$392.67 million) registered the same period in 2014. The Islamic bank said in a statement that earnings per share for the period totaled QAR2.02 (55 US cents).

Bank ABC Islamic

BAHRAIN: For the first nine months of 2015, Bank ABC Islamic reported a 40% year-on-year growth in net profit to US$16.1 million. Total assets stood at US$1.51 billion over the period compared to US$1.33 billion at 2014 year-end, according to a press release.

Dubai Financial Market Company

UAE: Dubai Financial Market Company observed a 60% decline in net profit to AED245.5 million (US$66.82 million) in the first nine months of 2015 from AED621 million (US$169.03 million) achieved for the similar period in 2014. In a statement, the exchange noted that the trading activity over the period has been noticeably affected by lower oil prices and the slowdown in China. Total revenue also decreased 49% to AED381.8 million (US$103.92 million) during the period under review.

TAKAFUL

Promising Takaful prospects for Egypt

EGYPT: A new draft Takaful law, growing insurance awareness and the country's favorable Muslim demographic will support the growth of Islamic insurance in Egypt, which in 2014 accounted for slightly over 8% of premiums in 2014 and also boost the wider insurance industry, according to Moody's Investors Service.

"The Egyptian insurance market benefits from the untapped nature of the market, as reflected by low insurance penetration, as well as upcoming insurance segments like Shariah compliant Takaful insurance and microinsurance," said Mohammed Ali Londe, Moody's assistant vice-president and analyst, in a statement.

Nonetheless, challenges remain including: high poverty and unemployment levels, a lack of skilled workers and unsophisticated insurance regulations.

Policy Board approves Takaful rules amendment

PAKISTAN: The Securities and Exchange Policy Board has approved amendments to the Takaful Rules 2012 allowing Islamic insurers to participate on a co-Takaful basis with conventional insurers under the lead of a conventional insurer, according to a press release.

Weqaya Takaful to announce rights issue

SAUDI ARABIA: A rights issue plan recommended by the board of directors of Weqaya Takaful to increase the operator's capital will be announced in due course, according to a bourse filing.

Wethaq Takaful wins policy tender

EGYPT: Weethaq Takaful Egypt has won a policy tender launched by the Tourist Villages Development Agency, an affiliate of the state-run New Urban Communities Authority. According to Amwal Al Ghad, the insurance policy is a one-year renewable term with a total sum insured of EGP50 million (US$6.21 million).

MOVES

HLB

MALAYSIA: **Azhar Abdul Hamid** has been appointed as an independent non-executive director in the audit committee of Hong Leong Bank, according to a bourse filing.

Bank Muscat

GLOBAL: Dubai Financial Group, a principal shareholder and corporate director of Bank Muscat, has nominated to replace **Ahmed Mohammed Al Qassim** with **Khalid Nassir Al Shamsi** as its proxy on the board of directors of the bank. According to a statement, Khalid will be appointed in due course, following approvals by the board and the regulator.

Ibdar Bank

BAHRAIN: Former PineBridge Investments Middle East vice-president **Khalil Al Awadhi** has joined Ibdar Bank as its executive director of investor relations, confirmed the Islamic bank in a statement.

Rasameel Structured Finance

KUWAIT: IFN has learned that **Samir Al Gharaballi**, former CEO of Kuwaiti investment firm Dimah Capital, will join Rasameel Structured Finance as CEO and board member starting on the 25th October. One of the original founders of Global Investment House, Samir is an experienced portfolio manager and brings with him an estimated US$300 million in assets, marking a new direction for Rasameel. Samir replaces veteran industry leader and Rasameel founder **Issam Al Tawari** who will take a place on the board.

Central Bank of Egypt

EGYPT: The Egyptian presidency has announced that **Hisham Ramez** will not be renewing his term as the governor of the Central Bank of Egypt, once it expires in November, and will be replaced by senior banker **Tarek Amer**, according to Daily News Egypt.

Meezan Bank

PAKISTAN: Meezan Bank's founding chairman, **Shaikh Ebrahim Khalifa Al-Khalifa** will step down as the chairman of the board after the completion of his tenure on the 16th November 2015, according to Pakistan's Daily Times.

Al Rajhi Takaful

SAUDI ARABIA: Steve Bertamini has been appointed as a non-executive representative of the board of directors of Al Rajhi Takaful, standing in for **Dr Walid Abdullah Al Muqbel** who resigned on the 22nd October for personal reasons, according to a statement by the insurer.

RATINGS

Pinnacle Tower's Islamic papers get top ratings

MALAYSIA: MARC has, according to a statement, affirmed the ratings of 'MARC-1IS' and 'AAAIS' on Pinnacle Tower's RM50 million (US$11.67 million) Islamic commercial papers and its RM400 million (US$93.4 million) Islamic medium-term notes respectively with a stable outlook.

S&P rates ELTC

EGYPT: The Egyptian Life Takaful Co (ELTC) has been assigned counterparty credit and financial strength ratings of 'B+' with a stable outlook, according to a statement by S&P. The ratings reflect the rating agency's view of the company's creditworthiness as well as the high insurance industry and country risk in Egypt where ELTC is still building a sustainable competitive position. The ratings are two notches above the long-term local currency sovereign credit rating on Egypt, in line with ELTC's indicative stand-alone credit profile.

Litrak's Sukuk rating affirmed

MALAYSIA: The rating on Lingkaran Trans Kota (Litrak)'s Sukuk Musharakah medium-term note I and II programs (2008/2023) with a combined value of up to RM1.45 billion (US$338.58 million) has been affirmed at 'AA2/Stable' by RAM. In a statement, the rating agency noted that the rating is premised on Lebuhraya Damansara-Puchong's robust traffic profile, attributable to its strategic alignment along major townships, as well as Litrak's strong financial standing, which supports its stable debt-servicing capability.

RAM reaffirms Besraya's Sukuk rating

MALAYSIA: RAM has reaffirmed the 'AA3/Stable' rating of Besraya (Malaysia)'s RM700 million (US$162.55 million) Sukuk Mudarabah issuance facility (2011/2028), which reflects the toll concessionaire's strong debt-coverage levels, backed by its improved traffic profile due to the Besraya Eastern Extension's connectivity, according to a statement.

Senari Synergy's IMTN gets 'AAAIS(fg)' rating

MALAYSIA: MARC has affirmed the 'AAAIS(fg)' rating on Senari Synergy's RM380 million (US$88.77 million) Islamic medium-term note (IMTN) program with a stable outlook. The rating agency confirmed in a statement that the rating is underpinned by the unconditional and irrevocable guarantee on the IMTN obligations provided by 'AAA'-rated Danajamin Nasional.

RAM reaffirms Sabah Ports's BBA rating

MALAYSIA: Sabah Ports's RM80 million (US$18.57 million) Bai Bithaman Ajil (BBA) debt securities (2007/2017) have been reaffirmed at 'AA3/Stable' by RAM in a statement on the premise of the company's dominant role as the state of Sabah's main port operator and its continued strong financial showing. The port operator also benefits from a moderate likelihood of government support.

Fitch rates QIB's Sukuk

QATAR: Fitch has assigned an 'A+' rating to Qatar Islamic Bank Sukuk (QIBSL — an SPV for the issue)'s US$750 million five-year trust certificates, according to a statement. The Sukuk rating is driven solely by Qatar Islamic Bank (QIB)'s issuer default rating (IDR) and senior unsecured rating of 'A+', which reflects in Fitch's view, that the default of these senior unsecured obligations would reflect the default of the entity in accordance with its rating definitions. A downgrade of QIB's IDR would also result in a downgrade to QIBSL's debt ratings.

S&P affirms Jordan's ratings at 'BB-/B'

JORDAN: The Hashemite Kingdom of Jordan's long and short-term foreign and local currency sovereign credit ratings have been affirmed by S&P at 'BB-/B' with a stable outlook. The rating agency said in a statement that the Kingdom's 2015 growth expectations have been revised down slightly based on weaker regional demand; nevertheless, it expects low oil prices and some upside potential for foreign investment to support the country's medium-term growth prospects.

RAM reaffirms Genting Plantations and SPV

MALAYSIA: The ratings of Genting Plantations and Benih Restu's RM1.5 billion (US$353.06 million) Sukuk Murabahah program (2015/2030) have been maintained by RAM at 'AA2/Stable/P1' and an enhanced 'AA2(s)/Stable' respectively, according to a statement.

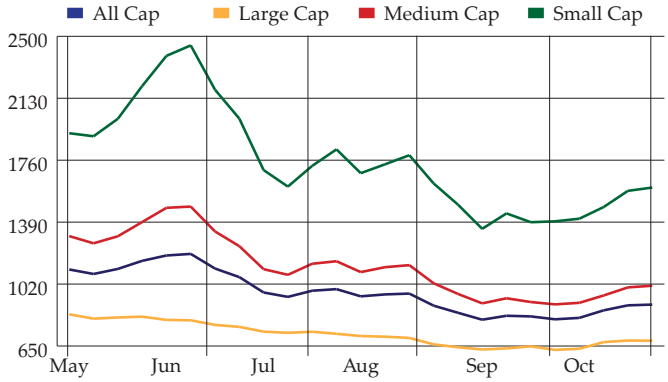
Pakistan gets 'B-' and 'B' ratings

PAKISTAN: The long and short-term foreign and local currency sovereign credit ratings of Pakistan have been affirmed at 'B-' and 'B' respectively by S&P with a positive outlook. According to a statement, the ratings are premised upon the country's legacy constraints, such as the economic dislocations brought on by past extra-constitutional changes in government, an ongoing low-intensity civil war and by regional conflicts with neighboring countries, which have weakened Pakistan's institutional and governance effectiveness and depressed the prosperity of the nation.

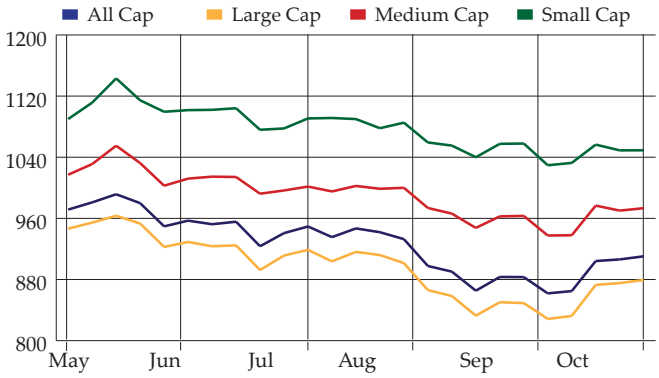
Expected date	Company's name	Size	Structure	Announcement Date
TBA	Country Garden Real Estate	RM1.5 billion	Sukuk Murabahah	6th October 2015
First quarter of 2016	National Home Mortgage Finance Corp	PHP2 billion	Sukuk	29th September 2015
TBA	XL Axiata	IDR1.5 trillion	Sukuk	15th September 2015
By December 2015	HNA Group	US$150 million	Sukuk	11th September 2015
TBA	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
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 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	Waqf Sukuk	26th May 2015
TBA	Masraf Al Rayan	TBA	Sukuk	14th May 2015
TBA	AEON Credit	RM1 billion	Sukuk Murabahah	13th May 2015
TBA	Bank OCBC NISP	TBA	Sukuk	13th May 2015
TBA	Government of Oman	OMR200 million	Sukuk	11th May 2015
Jun-15	Adira Dinamika Multi Finance	IDR500 billion	Sukuk	6th May 2015
2015/2016 fiscal year	Government of Egypt	TBA	Sukuk	5th May 2015
2016	Government of Kazakhstan	TBA	Sukuk	9th April 2015
TBA	CIMB Group Holdings	RM1 billion	Sukuk	9th April 2015
TBA	Government of Senegal	TBA	Sukuk	6th April 2015
TBA	Oman Telecommunications	TBA	Sukuk	23rd March 2015
TBA	Zorlu Energy	TRY100 million	Sukuk	20th March 2015
TBA	Turkiye Finans	RM2.05 billion	Sukuk	20th March 2015
TBA	Bank Muscat	OMR500 million	Sukuk	20th March 2015
TBA	Treet Corporation	PKR539.51 million	Sukuk	9th March 2015

SHARIAH INDEXES

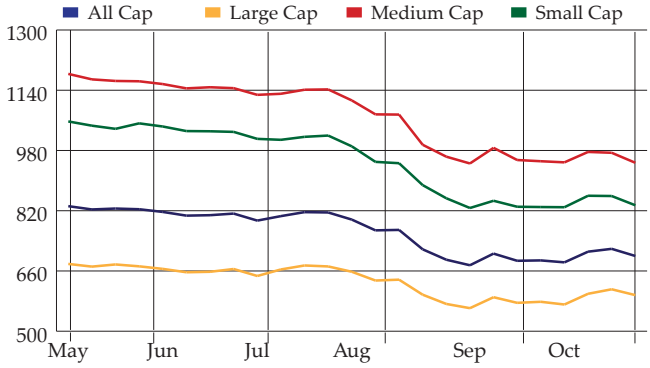
REDmoney Asia ex. Japan *6 Months*



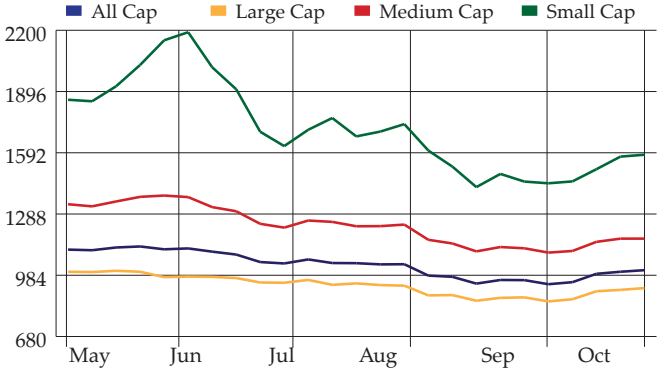
REDmoney Europe *6 Months*



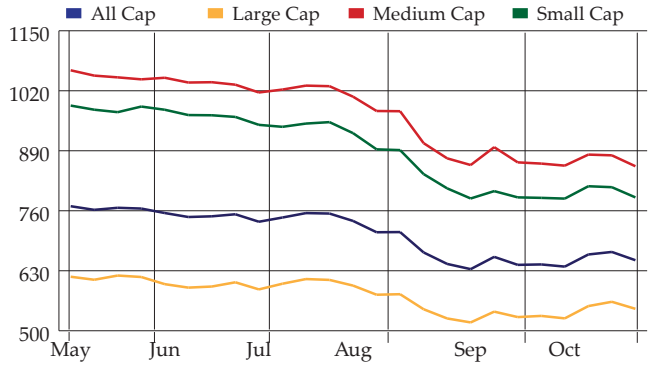
REDmoney GCC *6 Months*



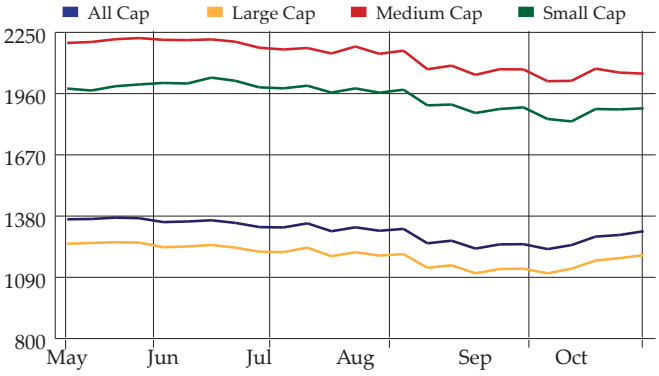
REDmoney Global *6 Months*



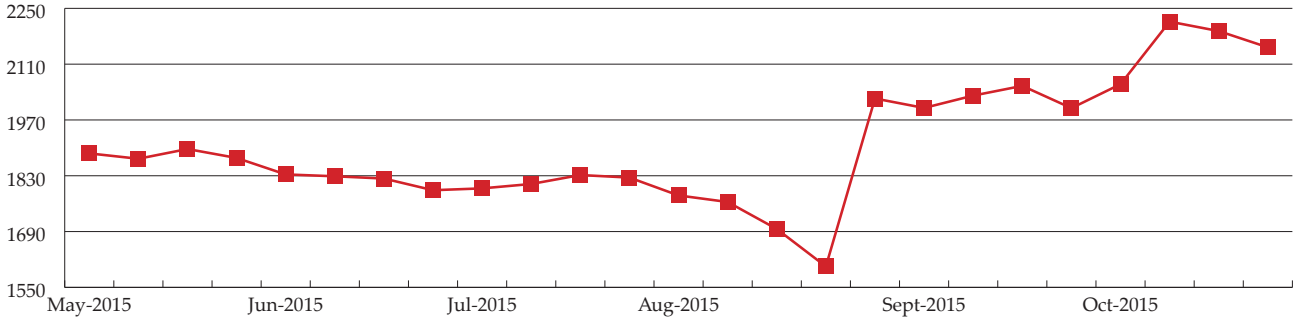
REDmoney MENA *6 Months*



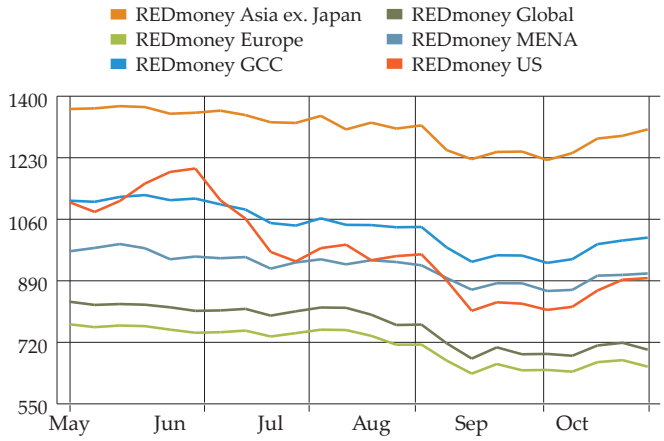
REDmoney US *6 Months*



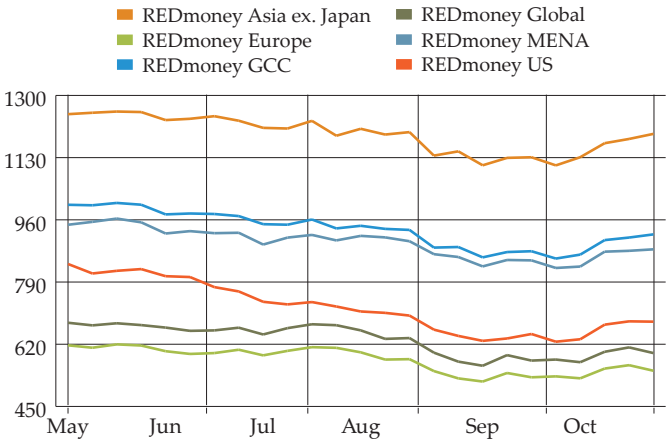
SAMI Halal Food Participation (All Cap) *6 months*



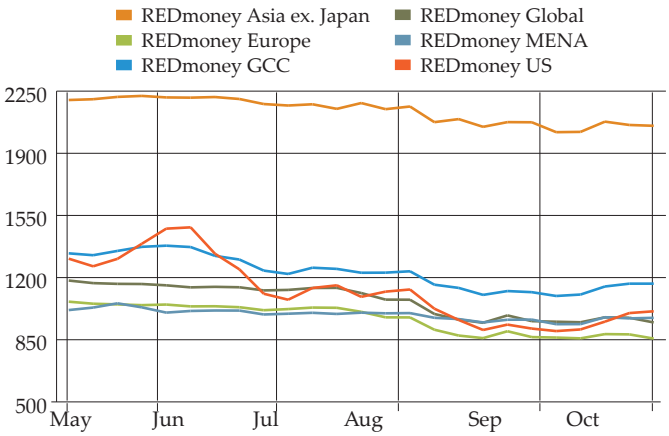
REDmoney Global Shariah Index Series (All Cap) *6 Months*



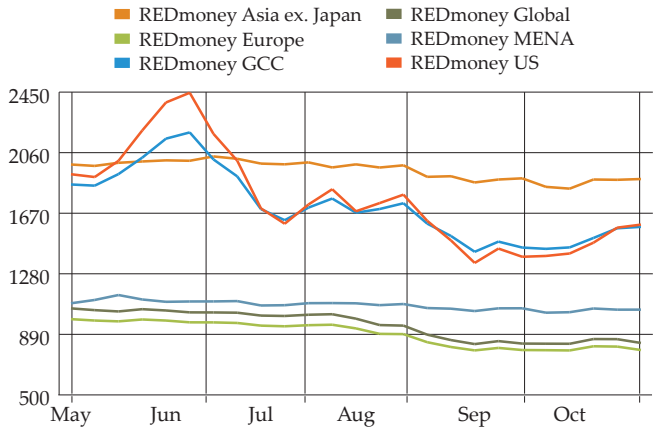
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



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



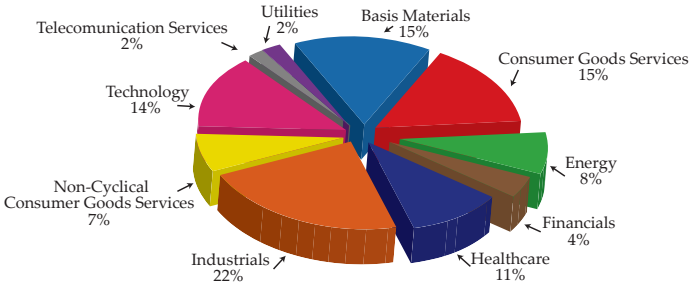
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



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®

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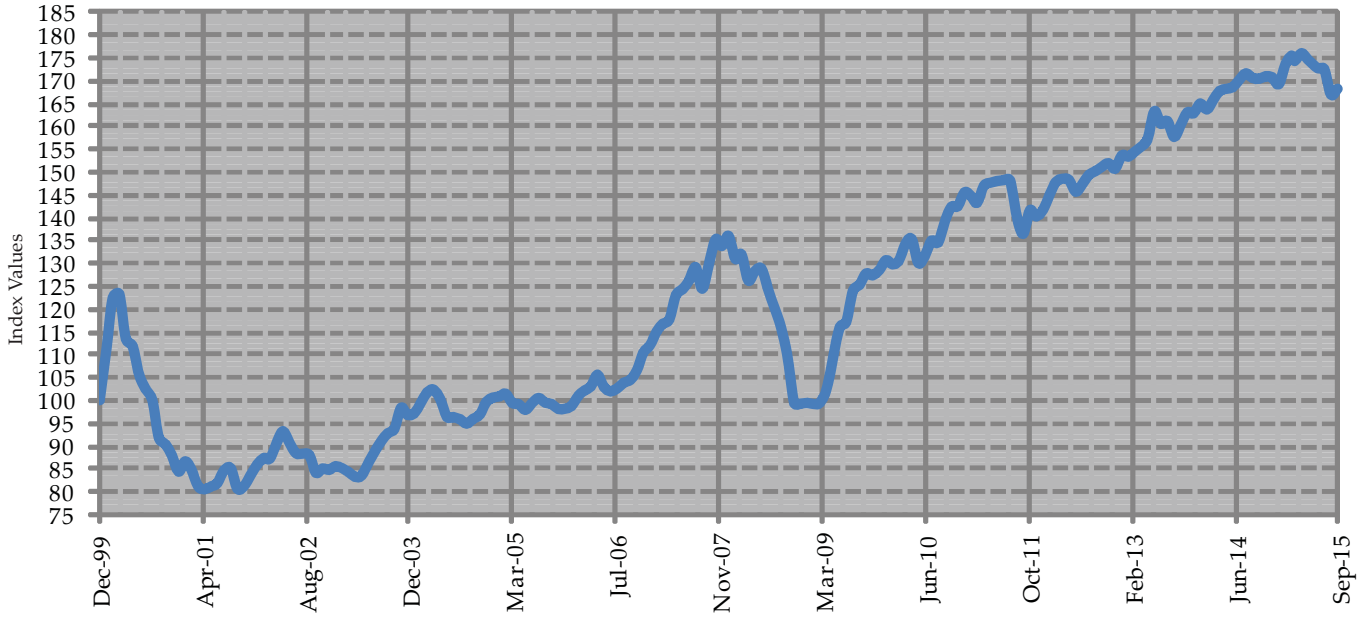
Managing Director, REDmoney Group

Email: Andrew.Morgan@REDmoneygroup.com
Tel +603 2162 7800

Eurekahedge Asia Pacific Islamic Fund Index



Top 10 Monthly Returns for Developed Markets Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Pacific Dana Dividen	Pacific Mutual Fund	5.13	Malaysia
2	AmPrecious Metals	AmInvestment Management	3.70	Malaysia
3	CIMB Islamic Greater China Equity	CIMB-Principal Asset Management	2.43	Malaysia
4	AmOasis Global Islamic Equity	AmInvestment Management	1.57	Malaysia
5	EFH Islamic Financial Institution USD	QInvest	1.11	Luxembourg
6	HSBC Insurance Ethical Global Sukuk	HSBC Insurance Singapore	0.75	Singapore
7	Oasis Crescent Balanced Stable Fund of Funds	Oasis Crescent Management Company	0.28	South Africa
8	Oasis Crescent Global Property Equity	Oasis Global Management Company (Ireland)	0.15	Ireland
9	Mashreq Al-Islami Income - Class B	Mashreq Capital (DIFC)	0.09	UAE
10	BLME Umbrella Sicav - SIF - USD Income - Class B	Bank of London and The Middle East	0.07	Luxembourg
	Eurekahedge Islamic Fund Index		**1.53**	

Based on 75.00% of funds which have reported in the past three months

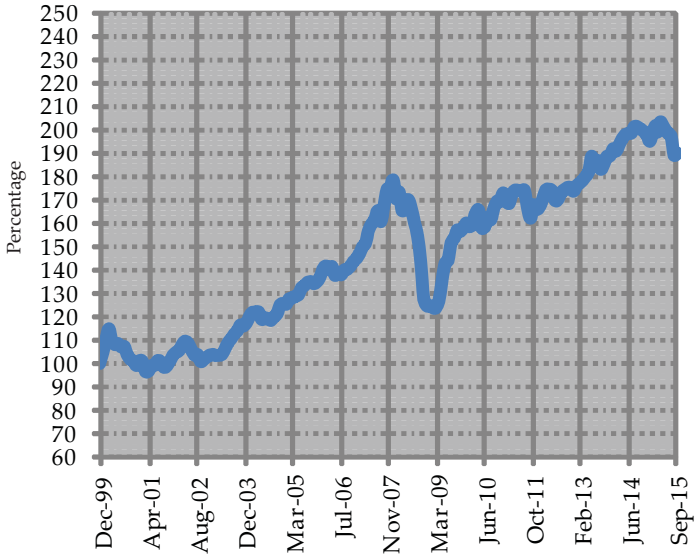
Top 10 Monthly Returns for Emerging Markets Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Manulife Investment-CM Shariah Flexi	MAAKL Mutual	5.74	Malaysia
2	CIMB Islamic Small Cap	CIMB-Principal Asset Management	5.68	Malaysia
3	Pacific Dana Aman	Pacific Mutual Fund	5.63	Malaysia
4	CIMB Islamic Equity Aggressive	CIMB-Principal Asset Management	5.09	Malaysia
5	Public Islamic Select Treasures	Public Mutual	4.55	Malaysia
6	Public Islamic Asia Dividend	Public Mutual	4.43	Malaysia
7	Public Islamic Asia Tactical Allocation (PIATAF)	Public Mutual	4.32	Malaysia
8	Public China Ittikal	Public Mutual	4.21	Malaysia
9	Eastspring Investments Dana al-Ilham	Eastspring Investments	4.18	Malaysia
10	PB Islamic Asia Equity	Public Mutual	4.17	Malaysia
	Eurekahedge Islamic Fund Index		**4.80**	

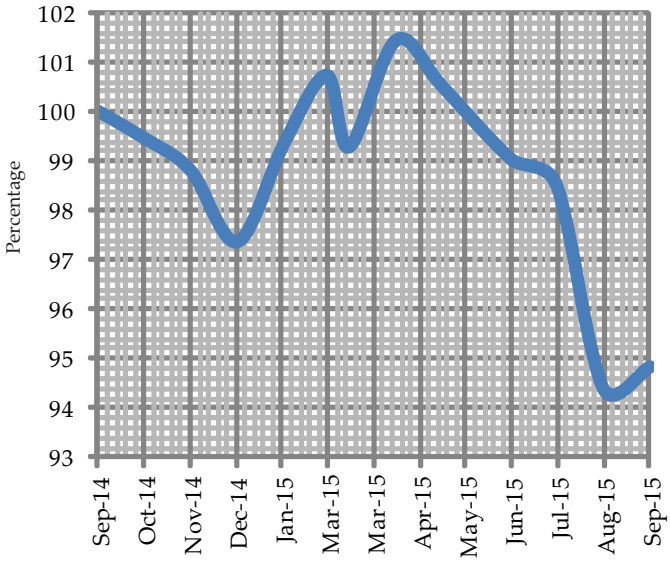
Based on 71.17% of funds which have reported in the past three months

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

Eurekahedge Islamic Balanced Index over the last 5 years



Eurekahedge Islamic Balanced Index over the last 1 year



Top 10 Yield-to-Date for Islamic Fixed Income Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Atlas Pension Islamic - Debt Sub	Atlas Asset Management	5.18	Pakistan
2	Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	4.89	Pakistan
3	Public Islamic Bond	Public Mutual	4.54	Malaysia
4	Insight I-Hajj Syariah	Insight Investments Management	3.46	Indonesia
5	Public Islamic Enhanced Bond	Public Mutual	2.24	Malaysia
6	Eastspring Investments Dana Wafi	Eastspring Investments	2.15	Malaysia
7	PB Islamic Bond	Public Mutual	2.12	Malaysia
8	Public Islamic Select Bond	Public Mutual	1.95	Malaysia
9	MAA Takaful Shariah Income	MAA Takaful	1.79	Malaysia
10	Manulife Investment As-Saad	MAAKL Mutual	1.69	Malaysia
	Eurekahedge Islamic Fund Index		**0.79**	

Based on 84.38% of funds which have reported September 2015 returns as at the 26th October 2015

Top 10 Yield-to-Date for Fund of Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Al Rajhi Multi Asset Balanced	Al Rajhi Bank	-1.33	Saudi Arabia
2	Al Yusr Aman Multi Asset	Saudi Hollandi Bank	-2.24	Saudi Arabia
3	Al Yusr Mizan Multi Asset	Saudi Hollandi Bank	-6.02	Saudi Arabia
4	Al Rajhi Multi Asset Growth	Al Rajhi Bank	-6.90	Saudi Arabia
5	Al Yusr Tamoh Multi Asset	Saudi Hollandi Bank	-12.69	Saudi Arabia
	Eurekahedge Islamic Fund Index		**(5.84)**	

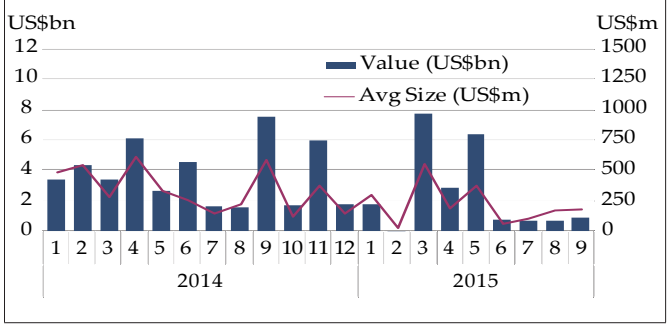
Based on 55.55% of funds which have reported September 2015 returns as of the 26th October 2015

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

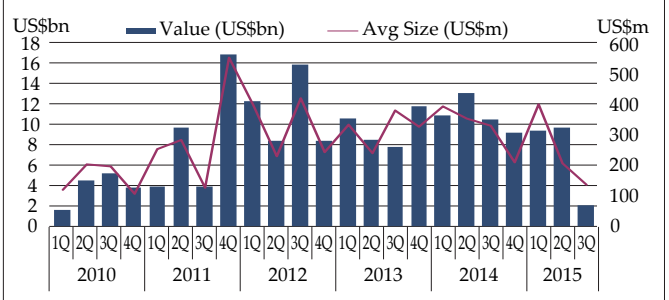
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
20th Oct 2015	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank
19th Oct 2015	Arab Petroleum Investments	Saudi Arabia	Sukuk	Euro market public issue	500	Saudi National Commercial Bank, Standard Chartered Bank, Goldman Sachs, First Gulf Bank, Emirates NBD, Noor Bank
8th Oct 2015	Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	358	CIMB Group, AmInvestment Bank
5th Oct 2015	IDB Trust Services	Saudi Arabia	Sukuk	Euro market private placement	336	Natixis
18th Sep 2015	International Finance Facility for Immunisation	UK	Sukuk	Euro market public issue	200	Standard Chartered Bank, National Bank of Abu Dhabi, Maybank, Emirates NBD, National Commercial Bank Jamaica
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

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter



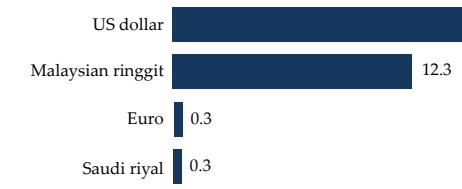
Top 30 Issuers of Global Sukuk *12 Months*

	Issuer	Nationality	Instrument	Market	US$ (mln)	Iss (%)	Managers
1	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,000	6.5	JPMorgan, HSBC, Dubai Islamic Bank, CIMB Group
2	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,750	5.6	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	4.8	Standard Chartered Bank, HSBC, CIMB Group
5	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	1,336	4.3	Saudi National Commercial Bank, Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, RHB Capital, Dubai Islamic Bank, Gulf International Bank, Natixis, CIMB Group
6	Petronas Global Sukuk	Malaysia	Sukuk	Euro market public issue	1,250	4.0	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	3.2	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup
7	Hong Kong Sukuk 2015	Hong Kong	Sukuk	Euro market public issue	1,000	3.2	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	3.2	HSBC, CIMB Group, Citigroup
7	Government of Ras Al Khaimah	UAE	Sukuk	Euro market public issue	1,000	3.2	JPMorgan, National Bank of Abu Dhabi, Citigroup, Al Hilal Bank
11	Danga Capital	Malaysia	Sukuk	Domestic market public issue	992	3.2	RHB Capital, CIMB Group
12	Khadrawy	UAE	Sukuk	Euro market public issue	913	2.9	Standard Chartered Bank, JPMorgan, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD
13	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	2.4	Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank
14	Dubai International Financial Centre	UAE	Sukuk	Euro market public issue	700	2.3	Maybank, Bank Islam Malaysia, CIMB Group
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	1.9	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	1.7	RHB Capital, Kenanga Investment Bank, CIMB Group, Affin Investment Bank, AmInvestment Bank
19	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	525	1.7	Maybank, Bank Islam Malaysia, CIMB Group
20	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
20	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
20	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
20	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
20	Arab Petroleum Investments	Saudi Arabia	Sukuk	Euro market public issue	500	1.6	RHB Capital, DRB-HICOM, AmInvestment Bank
25	Garuda Indonesia Global Sukuk	Indonesia	Sukuk	Euro market public issue	496	1.6	Maybank, CIMB Group
26	Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	433	1.4	RHB Capital, DRB-HICOM, AmInvestment Bank
27	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	426	1.4	Maybank, CIMB Group
28	Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	386	1.3	HSBC, Maybank, Hong Leong Financial Group
29	AmIslamic Bank	Malaysia	Sukuk	Domestic market public issue	363	1.2	AmInvestment Bank
30	Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	358	1.2	Standard Chartered Bank, AmInvestment Bank
					31,021	**100**	

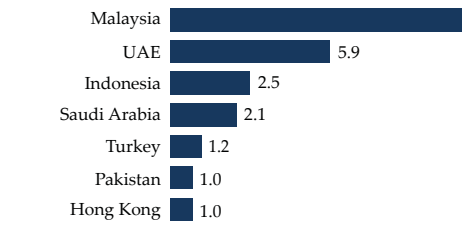
Top Managers of Sukuk *12 Months*

	Manager	US$ (mln)	Iss	%
1	CIMB Group	5,024	46	16.2
2	RHB Capital	3,419	36	11.0
3	HSBC	2,815	19	9.1
4	Standard Chartered Bank	2,682	23	8.7
5	Maybank	2,475	28	8.0
6	AmInvestment Bank	1,951	22	6.3
7	Dubai Islamic Bank	1,663	12	5.4
8	Citigroup	1,274	7	4.1
9	National Bank of Abu Dhabi	1,253	11	4.0
10	JPMorgan	1,003	4	3.2
11	Emirates NBD	775	9	2.5
12	Noor Bank	684	7	2.2
13	Deutsche Bank	579	4	1.9
14	Kenanga Investment Bank Bhd	560	13	1.8
15	Al Hilal Bank	541	5	1.8
16	Natixis	447	2	1.4
17	Affin Investment Bank	424	6	1.4
18	Saudi National Commercial Bank	294	3	1.0
19	Bank Islam Malaysia	293	3	0.9
20	Barwa Bank	288	3	0.9
21	Mitsubishi UFJ Financial Group	287	2	0.9
22	First Gulf Bank	250	3	0.8
23	Hong Leong Financial Group	192	6	0.6
24	QInvest	188	2	0.6
25	Abu Dhabi Islamic Bank	177	2	0.6
26	BNP Paribas	169	2	0.5
27	Sharjah Islamic Bank	166	2	0.5
28	Morgan Stanley	139	1	0.5
28	Bank of America Merrill Lynch	139	1	0.5
30	Riyad Bank	133	1	0.4
	Total	**31,021**	**120**	**100**

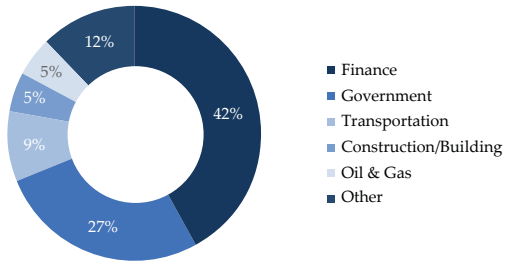
Sukuk Volume by Currency US$ (billion) *12 Months*



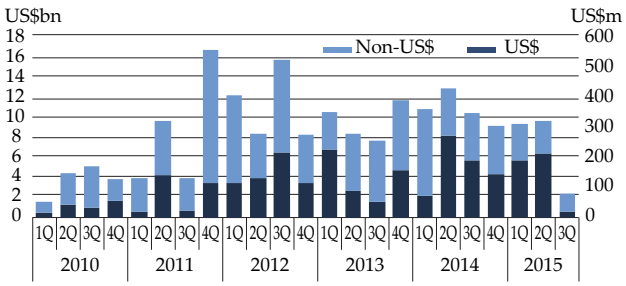
Sukuk Volume by Issuer Nation US$ (billion) *12 Months*



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
7	Mitsubishi UFJ Financial Group	354	1	4.7
7	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	1,501	7	7.3
2	First Gulf Bank	1,389	14	6.7
3	Banque Saudi Fransi	1,279	6	6.2
4	HSBC	1,215	11	5.9
5	Saudi National Commercial Bank	1,131	7	5.5
6	Abu Dhabi Islamic Bank	1,033	7	5.0
7	National Bank of Abu Dhabi	788	5	3.8
8	Riyad Bank	644	3	3.1
9	Abu Dhabi Commercial Bank	634	4	3.1
10	Standard Chartered Bank	614	7	3.0
11	Emirates NBD	591	8	2.9
12	Mashreqbank	574	6	2.8
13	Noor Bank	496	6	2.4
14	Alinma Bank	490	2	2.4
15	Sumitomo Mitsui Financial Group	489	4	2.4
16	Arab Banking Corporation	371	6	1.8
17	Gulf International Bank	347	4	1.7
18	SABB	342	3	1.7
19	Barwa Bank	340	5	1.6
20	Dubai Islamic Bank	332	4	1.6
21	RHB Capital	322	3	1.6
22	SG Corporate & Investment Banking	274	3	1.3
23	ING	269	2	1.3
24	Ahli United Bank	258	3	1.3
25	Maybank	247	2	1.2
25	AmInvestment Bank	247	2	1.2
27	Kuwait Finance House	241	2	1.2
28	Qatar Islamic Bank	222	4	1.1
29	Mizuho	221	2	1.1
29	Mitsubishi UFJ Financial Group	221	2	1.1

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

	Bookrunner	US$ (mln)	No	%
1	Maybank	2,239	1	19.8
2	Samba Capital	1,327	1	11.8
3	Abu Dhabi Islamic Bank	805	4	7.1
4	Noor Bank	748	4	6.6
5	Mashreqbank	731	3	6.5
6	Saudi National Commercial Bank	666	1	5.9
6	Riyad Bank	666	1	5.9
6	Alinma Bank	666	1	5.9
9	Emirates NBD	519	4	4.6
10	Dubai Islamic Bank	376	2	3.3

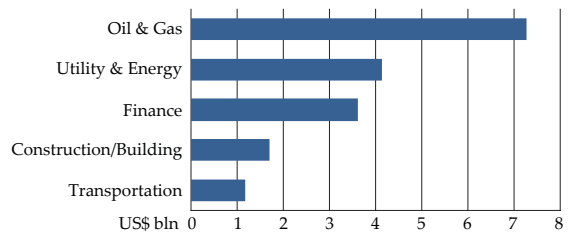
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
30th Mar 2015	Saudi Aramco	Saudi Arabia	9,999
16th Mar 2015	Rabigh Refining & Petrochemical	Saudi Arabia	2,870
15th Jan 2015	SapuraKencana TMC	Malaysia	2,239
24th Jun 2015	Jazan Gas Projects	Saudi Arabia	1,790
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
15th Dec 2014	Arab Petroleum Investments	Saudi Arabia	949
28th Jul 2015	GEMS Education	UAE	817

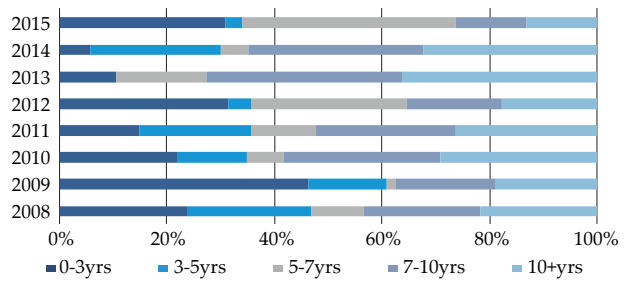
Top Islamic Finance Related Financing by Country *12 Months*

	Nationality	US$ (mln)	No	%
1	Saudi Arabia	8,044	7	38.9
2	UAE	6,079	13	29.4
3	Malaysia	2,411	3	11.7
4	Turkey	1,890	4	9.1
5	Qatar	1,000	2	4.8
6	Kuwait	622	3	3.0
7	Cayman Islands	325	1	1.6
8	Egypt	212	1	1.0
9	Oman	55	1	0.3
10	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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EVENTS DIARY

REDmoney events

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		
22nd	IFN China Forum	Beijing, China
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		
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
4th – 5th	International Best Practices & Regional Standards in Regulation, Corporate Governance, AML, Sanctions & Compliance	Dubai, UAE
15th – 16th	Liquidity Management in Islamic Banking	Dubai, UAE
17th	Basel 3 for Financial Institutions	Abu Dhabi, UAE
17th – 18th	Cash Waqf & Corporate Waqf: New Financial Products	Kuala Lumpur, Malaysia

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