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## COVER STORY

6<sup>th</sup> January 2016 (Volume 13 Issue 1)

# 2015 IFN Deals of the Year

In what was an undeniably challenging year for the global financial markets, and with turbulence and volatility from which the Islamic financial industry certainly did not escape, the Shariah compliant capital markets nevertheless saw another exceptional year marked by landmark deals, maiden entries, impressive resilience and new levels of innovation and sophistication. While volumes may have flattened, new sectors emerged and new opportunities were leveraged to prove that despite the headwinds, Islamic transactions continue to evolve apace. Our illustrious and expert judging panel has once again labored to evaluate and analyze the very best deals of the last 12 months, and we are delighted to present to you their comprehensive independent review of the industry.

In 2015, we felt more pain from declining oil prices, currency devaluations, dollar tightening, austerity budgets, and new central bank strategies. Nonetheless, clear themes emerged in the market. Social impact nominations increased greatly. These reflected innovation and a wider reach of both scope and imagination. Airlines came to the fore with a significant number of plain vanilla lease deals, secured commodity Murabahah, credit support and creativity. Bank capital deals were also widespread.

Two disappointments bracketed the market. Commodity Murabahah or

Tawarruq was the dominating form of submission. The revision of strategy at Bank Negara Malaysia led to a withdrawal of certain Sukuk from the market. The Malaysian central bank had been issuing short-term securities for domestic bank liquidity management. But the instruments were often found in the portfolios of non-banks. This resulting reduction in Bank Negara transactions is a distraction. For too long the market measures itself with a Malaysian yardstick. The necessity is for key central banks and capital market regulators in the GCC and other Islamic markets to stimulate their own markets. Hydrocarbon-linked deficits in countries with low debt may be addressed in part with Sukuk issuances.

Last year, the retreat of global banks had been plugged by the rise of Islamic banks. Yet 2015 witnessed continuing and stable involvement of global banks. Islamic banks, however, retreated in some markets. Increased problems with slow-paying obligors, dollar shortages, and slower domestic growth affected the strategies of many banks in the emerging markets. The news was not gloomy everywhere as Islamic banking in Oman, which enjoyed its sovereign benchmark launch in 2015, experienced a sharp increase in assets, and new markets continue to embrace Islamic finance as a viable addition to their financial systems. Malaysia, the UAE and Saudi Arabia remain the pillars of the market by

volume and quantity. As often as not, their players were often key in market expansion, and certainly in the testing of new ideas.

Indonesia, Turkey and Pakistan hang just behind, promising to become vibrant domestic Islamic finance markets with strong links. Each, however, is a consumer of capital. Only Pakistan among the three is developing as an idea laboratory with influence into new markets. Africa kept pace with small deals, following, not yet leading.

Would-be competing hubs like London, Luxembourg and Hong Kong were surprisingly silent among nominees in 2015.

In 2015, innovation flew above austerity. Sometimes, innovation tested the edges of Shariah understandings about exposure to certain businesses – those deals won't make it into DOTY 2015. Global connections continued to improve, but more in the service of the emerging markets.

Finally, we witnessed one new concept, a completely non-commercial transaction meant to serve the public with the support of the capital markets.

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## DEALS

**Bahraini government** receives full subscription for latest Sukuk offering

**Tenaga Nasional** to revitalize global Sukuk market with planned US\$3 billion issuance program

**State Bank of Pakistan** announces first rental coupon rate for sovereign Sukuk Ijarah

**National Commercial Bank** completes issuance of SAR2.7 billion (US\$719.38 million) perpetual Tier 1 Sukuk via private placement

**Saudi Stock Exchange** delists first issue of **Saudi Orix Leasing Company's** Sukuk

**Jebel Ali Free Zone** repays Islamic facility in full ahead of maturity

**Bank Islam** issues RM400 million (US\$92.5 million) Tier 2 Sukuk to fund working capital requirements among others

**AEON Credit Service** makes Sukuk periodic payment

**Binariang GSM** to pay periodic and cumulated distributions on the 28<sup>th</sup> June 2016

**Vallianz Holdings's** subsidiary to refinance debts via Sukuk issuance

**DP World Sukuk** to pay Sukuk periodic distribution at 6.25% profit rate

## NEWS

**Societe Arabe Internationale de Banque** to secure maiden Shariah compliant deal to fund small projects

**OCBC Al Amin** expands branch network to East Malaysia

**Bank Indonesia** and **IDB** prioritize Zakat and Waqf in drive to enhance social finance

**SapuraKencana Petroleum's** subsidiary inks six-year Murabahah facility agreement of US\$2.1 billion

**Federal Board of Revenue** urged to clarify Islamic banking taxation issues

**MCB Bank** finalizes sales of its Islamic banking operations to **MCB Islamic Bank**; demerges and segregates operations, assets and liabilities

**Otoritas Jasa Keuangan** to revise new tax incentive for REIT to attract more local issuances

Shariah compliant **Rayani Air** launches operations; considering IPO to support its expansion plan

Islamic banks to fund Pakistani mining and power plant project

## ASSET MANAGEMENT

**Al Rayan Bank** and **Pointon York** launch the UK's debut Shariah compliant pension fund

**Maybank Islamic Custody Services** grows AUM size to RM9 billion (US\$2.08 billion) in less than a year since inception

**PMB Investment** lowers AUM target to RM1.6 billion (US\$369.69 million) in 2016; declares income distributions for three Shariah funds

**Rasmala** to launch series of alternative funds in first half of 2016

**Sabana REIT** proposes divestment of property located along Pandan Loop

## TAKAFUL

**Kuwait Qatar Insurance Company** launches online retail platform

**Misr Emirates Takaful Life Insurance** commences operations in Egypt; to launch eight products in the Egyptian market

House of Representatives approves PIDM (Amendment) Bill 2015 enhancing **Malaysia Deposit Insurance Corporation's** resolution powers

**MCIS Insurance** keen on entering Takaful market

## RATINGS

**Fitch** affirms the UK at 'AA+'; outlook stable

**Capital Intelligence** assigns stable outlook to **Jordan Islamic Bank's** ratings

Malaysia maintains 'gA2' and 'seaAAA' ratings despite weakening external resilience parameters, according to **RAM**

**S&P** affirms **Wethaq Takaful Insurance Co** at 'BB'

## MOVES

**Gulf Finance Corporation** Saudi Arabia names **Thamer A Jan** as chairman

**Ismee Ismail** no longer chairman of **Syarikat Takaful Malaysia**

**Saeed Mohammed A Alghamdi** assumes chairmanship of **Tukiye Finans's** board of directors

**Simon Cooper** to head corporate and institutional banking of **Standard Chartered** as CEO

**Khazanah Nasional** renews managing director's contract

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## 2015 IFN Deals of the Year

*Continued from page 1*

### CORPORATE FINANCE: Emirates National Oil Company

Size:	US\$1.5 billion	
Arrangers:	Dubai Islamic Bank, Abu Dhabi Islamic Bank, Noor Bank, Mashreqbank, Emirates NBD, Commercial Bank of Dubai, Standard Chartered	
Lawyers:	Clifford Chance for the obligor and Allen & Overy for the arrangers	
Date closed:	17 <sup>th</sup> June 2015	
Shariah advisors:	Dar Al Sharia, ADIB and Noor Shariah Board	
<p>Most 2015 corporate finance deals were linked to either oil and gas or infrastructure. Saudi ARAMCO came to the market for syndication of US\$10 billion in conventional and Islamic tranches. This is not the first time that Saudi ARAMCO has dipped into the Islamic market. Most corporate finance nominees raised less money. The range was between US\$500 million and US\$1.5 billion. The UAE's government-related entities (GRE) have been</p>	<p>much less active in the Islamic finance market. Emirates National Oil Company (ENOC) represents a benchmark deal with conventional and Islamic tranches. This is the first syndication for a UAE GRE. The deal encompasses dual tranche and dual currency conventional and Islamic structures. The Islamic tranche, based on commodity Murabahah, breaks the ice and supports Mohammed Rashid Al Maktoum's efforts to promote Dubai</p>	<p>and the UAE as leaders in the Islamic economy. ENOC is applying the proceeds for refinery expansion and upgrade. These in turn will allow ENOC to expand its product lines into higher premium offerings.</p> <p><i>Honorable Mention: Saudi Aramco, Gas Malaysia Energy Advance, and MAF Sukuk.</i></p>

### CROSS BORDER: Khadrawy

Deal Size:	US\$913.03 million	
Bankers:	Citigroup Global Markets, HSBC Bank, JPMorgan Securities, National Bank of Abu Dhabi as joint structuring agents and joint lead managers. Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD Capital and Standard Chartered Bank as joint lead managers. NCB Capital Company as co-lead manager Citibank N.A., London branch in separate capacities as delegate, principal paying agent, and ECA security agent.	
Lawyers:	Norton Rose Fulbright (advising on US, UAE and English law) and Clifford Chance advised the joint lead managers and Hogan Lovells International and Allen & Overy for the guarantor	
Date:	31 <sup>st</sup> March 2015	
Rating:	Unrated	
Guarantor:	Her Britannic Majesty's Secretary of State acting by the Export Credits Guarantee Department of the UK government (currently operating as UK Export Finance) (ECGD or UKEF)	
Shariah Advisors:	The Shariah Supervisory Board of Citi Islamic Investment Bank, the Executive Shariah Committee of HSBC Saudi Arabia, the Shariah Committee of National Bank of Abu Dhabi, the Shariah Advisors of JPMorgan, the Shariah Supervisory Committee of Standard Chartered Bank and Dar Al Sharia	
<p>Emirates Airlines remains an aggressive builder of its global market share. The result is that the airline has explored nearly every form of aircraft acquisition. The 2015 Khadrawy transaction allowed Emirates to acquire under a hybrid structure four Airbus A-380 aircraft. The deal had both market firsts and established new grounds for Emirates:</p> <ul style="list-style-type: none"> <li>• Market Firsts: <ul style="list-style-type: none"> <li>- The first Sukuk guaranteed by the Export Credits Guarantee Department of the UK government operating as UK Export Finance, and</li> <li>- Financing by the sale of ATKM</li> </ul> </li> </ul>	<p>rights as corporate finance prior to the aircraft deliveries in mid-2015.</p> <ul style="list-style-type: none"> <li>• Emirates's Achievements: <ul style="list-style-type: none"> <li>- Emirates's sale of a security with both Reg S and 144A tranches.</li> </ul> </li> </ul> <p>By using ATKM as the basis for the first leg of financing, the deal allowed both profit payments and tradability prior to the delivery of the aircraft. Once the aircraft were delivered, the ATKM portion of the deal was cancelled and the operational leases went into effect. The ten-year transaction achieved an expanded conventional and Islamic investor base for Emirates. The deal</p>	<p>also demonstrated the capacity of international export agencies to support Islamic structures. The 144A tranche allowed the deal to draw from US institutional investors making the Khadrawy transaction the most exciting of the hotly contested Cross Border market.</p> <p><i>Honorable Mention: AB Bank of Bangladesh financing by Noor Bank, Aydin Deniz Isletmeciligi funding on the DMCC Trade Flow platform, and the Saudi Public Investment Fund's acquisition of a 38% stake in POSCO Engineering and Construction of the Republic of Korea.</i></p>

## 2015 IFN Deals of the Year

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MOST INNOVATIVE: Ihsan Sukuk		
Size:	RM100 million (US\$22.99 million)	
Arrangers:	CIMB Investment Bank	
Legal Counsel:	Zaid Ibrahim & Co for the issuer and arrangers	
Guarantor:	Khazanah Nasional	
Rating:	'AAA' by RAM Rating Services	
Date:	18 <sup>th</sup> June 2015	
Shariah Advisors:	CIMB Islamic Bank, Amanie Advisors	
The Sukuk were structured based on the Wakalah Bi Al-Istithmar principle representing an investment participation in a specific universe of assets with a separate commodity Murabahah transaction. This is similar to Khazanah's previous issues. Khazanah is a regular participant in the Islamic market and a	frequent innovator. In 2015, Khazanah adapted their Sukuk Wakalah concept to social projects. The proceeds go to finance educational projects. Beyond this first innovation, issuing securities that are not directly beneficial to the issuer/obligor is the second, the investors may forgo their rights to periodic payments or a return of	capital effectively making donations to the causes supported by the Sukuk. At last, an Islamic finance transaction that serves the public good.  <i>Honorable Mention: Khadrawy; Food Department of the Government of Pakistan; and Beehive Crowd Funding Platform.</i>
EQUITY & IPO: Malakoff Corporation		
Size:	RM2.74 billion (US\$629.92 million)	
Bankers:	CIMB Investment Bank, Credit Suisse (Singapore), Deutsche Bank, Hong Kong Branch, Hong Leong Investment Bank, JPMorgan Securities, JPMorgan Securities (Malaysia), Maybank Investment Bank, Merrill Lynch (Singapore), Morgan Stanley & Co International, Nomura International (Hong Kong), RHB Investment Bank and The Hongkong and Shanghai Banking Corporation, Singapore Branch.	
Lawyers:	Adnan Sundra & Low (local counsel), Clifford Chance (international counsel), Cleary Gottlieb Steen & Hamilton (legal counsel to issuer for international law), Albar & Partners (legal counsel to issuer for Malaysian law)	
Rating:	Not applicable	
Date:	15 <sup>th</sup> May 2015	
Shariah:	Malakoff is an approved Shariah counter by the Securities Commission of Malaysia.	
The Islamic equity and IPO markets saw activity from a variety of players. Some like Abu Dhabi Islamic Bank prepared for their expansion to new markets. Others like Gatehouse Bank reordered their shareholding. And some like Al Salam REIT tapped a market facing growing restraints on liquidity in the face of attractive opportunities. The largest	IPO in Malaysia in 2015, Malakoff is a leading real estate and equity group. The issuer is the largest independent power producer in Malaysia. The issuer is also engaged in the operation and maintenance business, serving their own power plants in Malaysia as well as power plants and water plants of certain of their associates, joint venture and third-party clients	abroad. They also operate an electricity and chilled water distribution business, provide project management services and are working to develop additional renewable energy projects.  <i>Honorable Mention: Abu Dhabi Islamic Bank rights issue, Al Salam REIT, Gatehouse Bank.</i>
IJARAH: Purple Boulevard		
Size:	RM450 million (US\$103.45 million)	
Arranger:	Hong Leong Investment Bank	
Legal Counsels:	Adnan Sundra & Low for the arrangers and Khan & Mazlan for the issuer	
Guarantor:	Danajamin Nasional	
Rating:	(a) 'AAA/AA3/A3' for Class A Sukuk Ijarah, Class B Sukuk Ijarah and Class C Sukuk Ijarah (b) 'AAA(fg)' for Class D Sukuk Ijarah	
Date:	13 <sup>th</sup> November 2015	
Shariah Advisors:	Dr Mohd Daud Bakar	
The Islamic finance market is built on sale and leaseback and leases ending in ownership. In this case, the issuer is an SPV company. The originators are Nadin Holdings and Nadin Management. As property investors, the originators used the Sukuk proceeds to settle the consideration for the purchase of Ampang Point Shopping Center	located in Kuala Lumpur, including all amenities, structures, fixtures and fittings on the land and for the makeover and improvement works to be carried out on the exterior and interior of Ampang Point Shopping Center. As an asset-backed security, Nadin will cease to own the asset and the investors will rely on an uncertain market event for	recovery of their capital. The transaction is the first asset-backed securitization transaction that is guaranteed by Danajamin, a domestic government-backed mono-line credit insurer.  <i>Honorable Mention: Oman Sovereign Sukuk and Saadiyat Beach Apartments (Arcapita).</i>

## 2015 IFN Deals of the Year

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MUDARABAH: DIB Tier 1 Sukuk (2)		
Deal Size:	US\$1 billion	
Arrangers & Bookrunners:	Dubai Islamic Bank, Al Hilal Bank, Emirates NBD, HSBC, National Bank of Abu Dhabi, Noor Bank, Sharjah Islamic Bank, Standard Chartered Bank	
Lawyers:	Allen & Overy (English, DIFC, UAE Law), Maples and Calder (Cayman Islands) for the issuer and Linklaters for the arrangers	
Date:	14 <sup>th</sup> January 2015	
Rating:	Moody's: 'Baa1', Fitch: 'A'	
Shariah Advisors:	Dar Al Sharia	
<p>Mudarabah transactions have proven very popular for the bank capital market. In the Basel III environment, the Mudarabah concept is ideal. DIB kicked the year off with a replacement of their earlier perpetual. This transaction marks the first public regulatory capital issuance with Basel-III compliant mechanics from Dubai and DIB's second</p>	<p>public regulatory capital issuance. Indeed, this perpetual Sukuk differs from DIB's 2013 perpetual with a contingent PONV and contractual permanent write-down language.</p> <p>The write-down clause becomes effective once Basel III is officially implemented in the UAE and would be enforced at the</p>	<p>discretion of the Central Bank. As Arbab Al Mal, the investors rely fully on the management of the bank to act in their best interest, and they truly bear capital risk.</p> <p><i>Honorable Mention: Qatar Islamic Bank and NCB Tier 1 Sukuk.</i></p>

MUSHARAKAH: Food Department of the Government of Punjab		
Deal Size:	PKR6 billion (US\$56.56 million)	
Arranger:	Dubai Islamic Bank Pakistan	
Rating:	None	
Date:	10 <sup>th</sup> April 2015	
Shariah Advisor:	Dubai Islamic Bank Pakistan	
<p>The Musharakah category enjoyed a wide range of new contenders. Concepts which have been more popular in Pakistan were applied in the GCC. Even Malaysian corporates got into the act. Dubai Islamic Bank Pakistan was competing for the business of the Food Department of the Government of Punjab (FDP). The FDP procures wheat from local farmers. Normally, banks approved by the Ministry of finance support the purchases. Historically, the Food Department preferred overdraft facilities by conventional banks. Islamic</p>	<p>banks have been offering financing to FDP under fixed tenor Shariah compliant financing structures such as Murabahah and Salam cum Wakalah. Dubai Islamic Bank Pakistan (DIBPL) won the business with a Musharakah structure based on Shirkat Ul-Aqd.</p> <p>The Musharakah participates in the FDP's procurement, storage and sale of wheat. FDP has the option to draw the funds from time to time from DIBPL as the bank's investment in Musharakah. The profit sharing is on a pro rata</p>	<p>basis up to the profit ceiling amount (desired profit rate). Profit over and above the profit ceiling amount will be shared between FDP and the bank at a pre agreed ratio. The pro rata shares will be determined at the end of the Musharakah period. The desired profit rate will be determined at the start of each Musharakah period.</p> <p><i>Honorable Mention: Port &amp; Free Zone World FZE – Shirkat Al Milk, Mah Sing Group – perpetual, and Jeddah Economic City Real Estate Fund.</i></p>

PROJECT & INFRASTRUCTURE FINANCE: Jimah East Power		
Deal Size:	RM8.98 billion (US\$2.06 billion)	
Bookrunners:	HSBC Amanah, CIMB Investment Bank, Maybank Investment Bank	
Lawyers:	Adnan Sundra & Low for the arrangers and Zaid Ibrahim & Co for the issuer	
Rating:	'AA-IS' MARC	
Date:	4 <sup>th</sup> December 2015	
Shariah Advisors:	HSBC Amanah and CIMB Islamic Bank	
<p>Despite the economic environment, project finance kept apace in both the GCC and Malaysia. Jimah was the largest greenfield power deal in Asia and the largest Sukuk deal in 2015. Sponsored by Japan's Mitsui &amp; Co, the project is funded on a commodity</p>	<p>Murabahah basis. The proceeds were applied for the design, construction, commissioning, operating and maintaining a 2,000 megawatts coal-fired power plant in Kuala Sg Sepang, Mukim Jimah, Negeri Sembilan in Peninsular Malaysia. The project</p>	<p>will enhance power distribution in Malaysia.</p> <p><i>Honorable Mention: Al Safi Danone for Dairy Production and Distribution, Jeddah Economic City Real Estate Fund, Petro Rabigh, and Emirates National Oil Company.</i></p>

## 2015 IFN Deals of the Year

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## COMMODITY MURABAHAH /TAWARRUQ: Aydın Deniz Isletmeciligi

Deal Size:	US\$20 million
Arrangers:	Dubai Islamic Bank
Lawyers:	R&S Hukuk ve Danismanlik Bürosu for the obligor and Pinsent Masons for the arranger
Guarantor:	Denizbank and Albaraka Turk Participation Bank
Rating	Unrated
Date:	Not stated
Shariah Advisors:	Dar Al Sharia
<p>Last year we saw the first UAE use of the DMCC Trade Flow platform. In 2015, Aydın Deniz Isletmeciligi accessed the US dollar market via the Trade Flow platform. Aydın Deniz, part of the Aydın Group, is a major Turkish marine services operator. Dubai Islamic Bank provided two separate commodity Murabahah facilities to Aydın Deniz Isletmeciligi (Aydın Deniz) of US\$10 million each. The deal is supported by a standby letter of credit being issued by Denizbank and Albaraka Turk Participation Bank. The first US\$10 million Murabahah facility performed the commodity trades on the London Metal Exchange (LME). The second US\$10 million Murabahah transaction traded on the Dubai</p>	
<p>Multi Commodities Center (DMCC)'s trading platform Tradeflow.</p> <p>DMCC Tradeflow is a new platform originally set up in 2004 as a warehouse receipt system. It has since evolved to become an efficient and cost-effective platform for registering possession and ownership of commodities stored in UAE-based storage facilities. Tradeflow is a specialized and interactive ownership registry that brings together all stakeholders related to the trade and financing of physical commodities. Aydın Deniz's Tradeflow deal was one of the largest deals executed on the platform. Trade flow is governed by UAE law as opposed to English law which is another interesting market</p>	
<p>development which suggests that the market may embrace UAE platforms in addition to the well-trodden LME and the increasingly popular Suq Al Sila on Bursa Malaysia. On the one hand, the deal shows the strengthening of the UAE-Turkish Islamic finance connection. On the other hand, the deal reflects the increasing realization of Mohammed Rashid Al Maktoum's vision for Dubai.</p> <p><i>Honorable Mention: IFFIm Sukuk Company II, Sapura Kencana TMC, Jimah East Power, Saudi ARAMCO, Emirates National Oil Company, and International Finance Corporation of the World Bank Group.</i></p>	

## REAL ESTATE: Purple Boulevard

Size:	RM450 million (US\$103.45 million)
Arranger:	Hong Leong Investment Bank
Legal Counsels:	Adnan Sundra & Low for the arrangers and Khan & Mazlan for the issuer
Guarantor:	Danajamin Nasional
Rating:	(a) 'AAA/AA3/A3' for Class A Sukuk Ijarah, Class B Sukuk Ijarah and Class C Sukuk Ijarah (b) 'AAA(fg)' for Class D Sukuk Ijarah
Date:	13 <sup>th</sup> November 2015
Shariah Advisors:	Dr Mohd Daud Bakar
<p>The typical real estate deal in the Islamic market is a lease ending in ownership, usually in a sale and leaseback process. In this case, the issuer is an SPV company. The originators are Nadin Holdings and Nadin Management. As property investors, the originators used the Sukuk proceeds to settle the consideration for the purchase of Ampang Point Shopping Center located in Kuala Lumpur, including all amenities, structures, fixtures and fittings on the land and for the makeover and improvement works to be carried out on the exterior and interior of Ampang Point Shopping Center. As an asset-backed security, Nadin will cease</p>	
<p><b>“ The transaction is the first asset-backed securitization transaction that is guaranteed by Danajamin ”</b></p>	
<p>to own the asset and the investors will rely on an uncertain market event for recovery of their capital. The transaction is the first asset-backed securitization transaction that is guaranteed by Danajamin, a domestic government-backed mono-line credit insurer.</p> <p><i>Honorable Mention: Saadiyat Apartments, Oreidco Sukuk, Pinebridge Sale &amp; Leaseback of Lulu Hypermarkets, and MAF Sukuk</i></p>	

## 2015 IFN Deals of the Year

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SOVEREIGN: Oman Sovereign Sukuk (Ministry of Finance, Sultanate of Oman)		
Size:	OMR250 million (US\$646.96 million)	
Arrangers:	Bank Muscat, Meethaq Islamic Banking and Standard Chartered	
Lawyers:	Allen & Overy and Al Busaidy, Mansoor Jamal & Company for the arrangers and Linklaters and Trowers & Hamlins for obligor/issuer	
Rating:	'A1' Moody's	
Date Closed:	22 <sup>nd</sup> October 2015	
Shariah Advisors:	Meethaq Islamic Banking	
<p>There were many interesting sovereign, supra-sovereign, and sub-sovereign deals in 2015. Malaysia raised new funds helping to redeem 1Malaysia Development with a novel approach to capacity with the sale of transportation rights. Emirates National Oil Company went to the syndication market for the first time. Both, like the IFC and Hong Kong returned to the market with tried and true concepts. The Sultanate of Oman, however, tested the conceptual,</p>	<p>but as yet unissued framework proposed by the Capital Market Authority. As state property may not easily be sold without a royal decree, the Ministry of Finance had to grant a percentage interest in the property to the issuer as a form of co-ownership. In the absence of trust laws, a declaration of agency was applied. This is consistent with existing domestic law.</p> <p>The Omani riyal issuance was well</p>	<p>received domestically and attracted non-Omani buyers. The issuance gives Oman's Islamic banks and windows a useful treasury instrument, and supports the growth of the domestic Islamic financial market by creating a clear sovereign benchmark.</p> <p><i>Honorable Mention: Malaysia Sovereign Sukuk, Emirates National Oil Company, and The Republic of Indonesia.</i></p>
STRUCTURED FINANCE: Warba Bank		
Deal Size:	KWD20 million (US\$65.78 million)	
Financier:	Warba Bank	
Lawyers:	Al-Tamimi & Company, Kuwait	
Rating:	Unrated	
Date:	1 <sup>st</sup> June and 2 <sup>nd</sup> June 2015	
Shariah Advisors:	Warba Bank and Al Mulla International Finance Company (portfolio manager)	
<p>The transaction is a secured commodity Murabahah transaction allowing the removal of auto receivables from the balance sheet of Al Mulla International Finance Company. The deal was closed in two tranches. The receivables were transferred as collateral for a commodity Murabahah transaction. Al Mulla</p>	<p>International Finance Company was engaged as the manager of the portfolio for a fee.</p> <p>Finally, in accordance with the parties' commercial arrangement, a purchase undertaking by way of a Murabahah agreement was used to force the buy-</p>	<p>back by Al Mulla International Finance Company of certain non-performing receivables.</p> <p><i>Honorable Mention: Port &amp; Free Zone World, Khadrawy, and Ihsan.</i></p>
SUKUK: FCTC Sukuk State of the Côte d'Ivoire		
Deal Size:	CFA150 billion (US\$248.8 million)	
Lead Arranger:	Islamic Corporation for the Development of the Private Sector	
Lawyers:	Cleary Gottlieb Steen & Hamilton (legal advisor to the issuer), Hogan Lovells International (legal advisor to the lead arranger)	
Date:	21 <sup>st</sup> December 2015	
Rating:	'B'	
Shariah Advisors:	Shariah Board of the IDB	
<p>The Ivory Coast presents important challenges found in many African countries, especially those without Islamic banking and English style trust laws. The sovereign Ijarah was structured under the regional securitization framework which was the sole legal framework for the creation of an SPV company with limited capital</p>	<p>and no employees. The structure was validated by Le Conseil Régional de l'Épargne Publique et des Marchés Financiers (CREPMF) and the Central Bank of West African States (BCEAO), approved the instrument as collateral. This further enhanced the marketability of the transaction, as investors were assured of the ability to generate</p>	<p>liquidity against their investment in a similar manner as they might for a conventional government bond.</p> <p><i>Honorable Mention: Khadrawy, Sapura Kencana TMC multicurrency Sukuk, APICORP, Oman Sovereign Sukuk, and Malaysia Sovereign Sukuk .</i></p>

## 2015 IFN Deals of the Year

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## MURABAHAH/TRADE FINANCE: Yayla Agro

Deal Size:	US\$25 million	
Arranger:	International Islamic Trade Finance Corporation (ITFC)	
Lawyers:	In-house for both the obligor and ITFC	
Date:	16 <sup>th</sup> September 2015	
Rating:	None	
Shariah Advisors:	ITFC	
ITFC has been expanding operations in Turkey. Many of these involve improvements in supply chain finance for the agricultural sector. The Yayla deal is an exciting effort to provide for the funding of agricultural commodities. The Murabahah allows the ITFC to	purchase grain during harvest time in licensed warehouses. The purchase is done through an electronic warehouse receipt issued in the commodity exchange. A collateral management company acts as an agent in the middle and arranges settlement in custody and an exchange bank for parties. The use	of an organized exchange's electronic platform is expected to be adopted by Islamic banks during harvest time. The concept should be replicable in almost every IDB member state. <i>Honorable Mention: Advanced Energy Systems Company and CTRM Aero Composites.</i>

## SYNDICATED: Aujan Coca Cola Beverages Co

Deal Size:	AED600 million (US\$163.33 million) syndicated term facility and AED300 million (US\$81.66 million) syndicated revolving facility	
Lead Arrangers:	Standard Chartered, Dubai Islamic Bank, First Gulf Bank, Mashreqbank, National Bank of Kuwait, and Samba Financial Group	
Date:	11 <sup>th</sup> November 2015	
Lawyers:	Clifford Chance for the client and Dentons & Co for the banks	
Rating:	Unrated	
Shariah Advisors:	Standard Chartered	
The Aujan Coca-Cola Beverages Co (ACCB) transaction marks their debut Islamic transaction. By extension as a joint venture with The Coca-Cola Company, this is an introduction to the Islamic finance market. The commodity	Murabahah was funded by UAE, Saudi and Kuwaiti banks. This expanded ACCB's banking relationships while facilitating the refinancing of existing debt and providing for working capital as the company grows its regional business.	<i>Honorable Mention: SAEI, Sapura Cancana TMC, Emirates National Oil Company, and Saudi ARAMCO.</i>

## RESTRUCTURING: Advanced Energy Systems Company

Deal Size:	US\$170 million	
Lead Arrangers:	European Bank for Reconstruction and Development (EBRD)	
Date:	12 <sup>th</sup> November 2015	
Lawyers:	Clifford Chance for the client and Linklaters for the EBRD	
Rating:	Unrated	
Shariah Advisors:	Islamic Corporation for Investment in the Private Sector	
Generally, the restructuring and rescheduling of debts is very secretive in the GCC and emerging markets. In 2015, many deals were salvaged, but few wished to show their positioning. In some cases, like Emirates Steel, the case is really a refinancing more than a restructuring of a troubled debt.	<p><b>“ The case is really a refinancing more than a restructuring of a troubled debt ”</b></p>	company. The deal demonstrated the capacity to execute parallel strategies, conventional and Islamic, for an obligor in a credit-impaired condition in an emerging Islamic finance market.  <i>Honorable Mention: Emirates Steel Industries.</i>
The Advanced Energy Systems deal is unique. As part of the restructuring of the Egyptian company's conventional debts, its capital expenditure requirements were met via the Murabahah sale of oil rigs to the		

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WAKALAH: Malaysia Sovereign Sukuk (Ministry of Finance, Malaysia)		
Deal Size:	US\$1 billion Reg S ten-year tranche US\$500 million 144A 30-year tranche	
Joint Bookrunners and Joint Lead Managers:	CIMB Investment Bankd, The Hongkong and Shanghai Banking Corporation, and Standard Chartered Bank	
Lawyers – Issuer:	Linklaters Singapore (counsel to the trustee and the government of Malaysia as to English law and US law); Treasury Solicitor of the government of Malaysia (counsel to the government of Malaysia as to Malaysian law); and Adnan Sundra & Low (counsel to the trustee as to Malaysian law)	
Lawyers – Arrangers:	Clifford Chance (UAE) (counsel to the joint lead managers as to English law); Clifford Chance (Hong Kong) (counsel to the joint lead managers as to English law and US law); and Zaid Ibrahim & Co (counsel to the joint lead managers as to Malaysian law)	
Date:	22 <sup>nd</sup> April 2015	
Rating:	Unrated	
Shariah Advisors:	Shariah advisors to the joint bookrunners and the joint lead managers	
The Sukuk is the first Wakalah issuance in the Islamic finance market to use transportation rights as part of the pool of underlying assets which also include Ijarah assets and a commodity Murabahah. In addition, the Sukuk are also believed to be the first time that the	new IMF-recommended ICMA sovereign collective action clauses have been used for a sovereign Sukuk issuance (and modified to take into account the unique elements of a Sukuk). The transaction had Reg S and 144A tranches which sold well in the US. The deal paved the way	for other Malaysian and Indonesian deals to be issued.  <i>Honorable Mention: Garuda, APICORP and Ihsan.</i>

HYBRIDS: Al Safi Danone for Dairy Production and Distribution (ASDI)		
Deal Size:	US\$18 million	
Bankers:	International Finance Corporation	
Lawyers:	Amereller Legal Consultants for the obligor and White & Case for the obligor	
Rating:	Unrated	
Date:	June 2015	
Shariah Advisors:	Not stated	
The hybrid method applied in this International Finance Corporation (IFC) deal is Istisnah-Ijarah for the construction of a new dairy plant in Iraq. The project is being funded by a combination of the sponsors' equity and IFC long-term financing. The main purpose of the project is to	partially replace the importation of processed dairy products with local production. The deal has an important impact in the reinvigoration of the domestic dairy industry, job creation, technology and know-how transfer as well as improving domestic food safety standards.	The deal crosses two new milestones: the IFC delivering a sophisticated Islamic finance deal and the testing of that in the emerging Iraq market.  <i>Honorable Mention: APICORP, Ihsan and Khadrawy.</i>

PERPETUAL: Mah Sing Group		
Deal Size:	RM540 million (US\$124.15 million)	
Arranger:	CIMB	
Bookrunners:	CIMB Investment Bank (CIMB), Maybank Investment Bank	
Lawyers:	Shahrizat Rashid & Lee for the issuer and Adnan Sundra & Low for the arranger	
Date:	31 <sup>st</sup> March 2015	
Rating:	Unrated	
Shariah Advisors:	CIMB Islamic Bank	
In 2015, banks continued to seek new capital. Previously, corporate perpetuals were more common in the GCC. Now, Malaysian corporates are in on the action. Not just corporates which are known players in the Islamic capital market, but corporations which are	secular in their orientation. In the case of Mah Sing's perpetual, the Sukuk represent a Musharakah participation in the risk of assets which include units on government-owned properties. The deal allows Mah Sing to enjoy an improved leverage ratio. Proceeds were eligible to	reduce its conventional debt, working capital, and investment in Shariah compliant activities.  <i>Honorable Mention: DIB Tier 1 Sukuk (2) and QIB Sukuk .</i>

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REGULATORY CAPITAL: Qatar Islamic Bank		
Deal Size:	QAR2 billion (US\$548.57 million)	
Lawyers:	Allen & Overy for the issuer and Linklaters and Al Tamimi for the arrangers and Maples and Calder as Cayman Islands legal counsel for the issuer	
Date:	30 <sup>th</sup> June 2015	
Rating:	Not rated	
Shariah Advisors:	Qatar Islamic Bank Shariah Board	
Regulatory capital issues slowed in 2015. The Turkish banks and Dubai Islamic Bank came to market. Qatar Islamic Bank is the largest Islamic bank and the third-largest bank in Qatar by assets. This is the first Sukuk issuance in the	State of Qatar that will be recognized as Basel 3-compliant additional Tier 1 capital. The deal meets these standards pending full implementation of Basel 3 capital requirements by the Qatar Central Bank. This fundraising improves	the bank's ratios and improves its competitive position.  <i>Honorable Mention: Albaraka Turk Katilim Bankasi and Qatar Islamic Bank.</i>

SOCIAL IMPACT: Ihsan Sukuk		
Size:	RM100 million (US\$22.99 million)	
Arrangers:	CIMB Investment Bank	
Legal Counsel:	Zaid Ibrahim & Co for the issuer and arrangers	
Guarantor:	Khazanah Nasional	
Rating:	'AAA' by RAM Rating Services	
Date:	18 <sup>th</sup> June 2015	
Shariah Advisors:	CIMB Islamic Bank, Amanie Advisors	
The GAVI Alliance returned to market. The first round in 2014 drew in new donors to global immunization efforts. Kerian Energy was the first green energy syndication serving the Malaysian state of Perak. The Al Safi Danone deal will begin the restoration of domestic dairy production in Iraq. Ihsan, however, raised the bar on social impact Sukuk with two key elements.	<p><b>“ The Ihsan RM1 billion (US\$229.9 million) Sukuk program is the first program approved under the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk framework ”</b></p>	The proceeds from the inaugural issuance will be invested in schools under the Yayasan AMIR (YA)'s Trust Schools Program. YA is a not-for-profit foundation initiated by Khazanah to improve accessibility to quality education in Malaysia's government schools through a public-private partnership with the Ministry of Education.
The first element is to use the Sukuk proceeds for non-corporate purposes. The second element is the 'Pay-for-Success' application of predetermined key performance indicators (KPIs) which are assessed over five years. If the KPIs are met, Sukukholders will forgo 6.22% of the nominal value due under the Sukuk at maturity, as part of their social obligation in recognizing the positive social impact generated by the Trust Schools Program.		Moreover, the Ihsan RM1 billion (US\$229.9 million) Sukuk program is the first program approved under the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk framework.
If these KPIs are not met, Sukukholders will be entitled to the nominal value due under the Sukuk in full, at maturity. That means that a portion of the investors' funds might effectively be donated to good causes.		The Sukuk apply the Wakalah Bi Al-Istithmar principle representing an investment participation in a specific universe of assets along with a separate commodity Murabahah transaction. This is similar to Khazanah's previous issues.  <i>Honorable Mention: Al Safi Danone for Dairy Production and Distribution, IFFIm Sukuk Company II and Kerian Energy.</i>

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## MALAYSIA: Ihsan Sukuk

Size:	RM100 million (US\$22.99 million)
Arrangers:	CIMB Investment Bank
Legal Counsel:	Zaid Ibrahim & Co for the issuer and arrangers
Guarantor:	Khazanah Nasional
Rating:	'AAA' by RAM Rating Services
Date:	18 <sup>th</sup> June 2015
Shariah Advisors:	CIMB Islamic Bank, Amanie Advisors

The Ihsan RM1 billion (US\$229.9 million) Sukuk program is the first program approved under the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk framework. The proceeds from the inaugural issuance will be invested in schools under the Yayasan AMIR (YA)'s Trust Schools Program. YA is a not-for-profit foundation initiated by Khazanah to improve accessibility to quality education in Malaysia's government schools through a public-private partnership with the Ministry of Education. The social impact of this 'Pay-for-Success' structure is measured using a set of predetermined key performance indicators (KPIs) which are assessed over a five-year observation time frame. If these KPIs are met, Sukukholders will

**“ The Ihsan RM1 billion Sukuk program is the first program approved under the Securities Commission Malaysia's Sustainable and Responsible Investment Sukuk framework ”**

forgo 6.22% of the nominal value due under the Sukuk at maturity, as part of their social obligation in recognizing the positive social impact generated by the Trust Schools Program. If these KPIs are not met, Sukukholders will be entitled to the nominal value due under the Sukuk in full, at maturity.

The Sukuk were structured based on the Wakalah Bi Al-Istithmar principle representing an investment participation in a specific universe of assets with a separate commodity Murabahah transaction. This is similar to Khazanah's previous issues.

*Honorable Mention: Jimah East Power, Malaysian Sovereign Sukuk, Purple Boulevard and Malakoff.*

## PAKISTAN: K-Electric

Deal Size:	PKR22 billion (US\$207.37 million)
Arrangers:	Habib Bank and Meezan Bank
Legal Counsel:	Haidermota BNR & Co for the arrangers. The issuer used internal counsel
Date:	Subscription closed 29 <sup>th</sup> May 2015. Listed on 25 <sup>th</sup> June 2015 for trading.
Rating:	'AA+' by JCR VIS Credit Rating Agency and Islamic International Rating Agency, Bahrain
Shariah Advisors:	Prof Mufti Muneeb ur Rehman, Dr Muhammad Imran Ashraf Usmani, Mufti Irshad Ahmad Aijaz and Mufti Muhammad Yahya Asim

Pakistan is a hub of innovation and activity. Certainly, Dubai Islamic Bank Pakistan's Musharakah for the Food Department of the Government of Punjab was a worthy deal. Pakistan International Airlines successfully tapped the market with the benefit of a credit support guarantee from the IDB subsidiary the Islamic Corporation for the Insurance of Investment and Export Credit. Habib Bank Pakistan's listed diminishing Musharakah Sukuk for K-Electric (KE) applied a green shoe option and achieved retail distribution.

KE is a public listed power utility. The transaction included a green shoe option allowing the deal to be increased

**“ The deal was the largest corporate debt issuance in Pakistan and achieved a successful distribution to retail and corporate investors ”**

in order to protect price stability. The proceeds allowed the company to restructure its liabilities and cover working capital requirements. Habib Bank took the view that a capital markets instrument would provide the company with financial stability. The deal was the largest corporate debt issuance in Pakistan and achieved a successful distribution to retail and corporate investors.

*Honorable Mention: Food Department of the Government of Punjab and Pakistan International Airlines.*

## 2015 IFN Deals of the Year

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UAE: Khadrawy		
Deal Size:	US\$913.03 million	
Bankers:	Citigroup Global Markets, HSBC Bank, JPMorgan Securities, National Bank of Abu Dhabi as joint structuring agents and joint lead managers. Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD Capital and Standard Chartered Bank as joint lead managers. NCB Capital Company as co-lead manager Citibank N.A., London Branch in separate capacities as delegate, principal paying agent, and ECA security agent.	
Lawyers:	Norton Rose Fulbright (advising on US, UAE and English law) and Clifford Chance advised the joint lead managers and Hogan Lovells International and Allen & Overy for the guarantor	
Date:	31 <sup>st</sup> March 2015	
Rating:	Unrated	
Guarantor:	Her Britannic Majesty's Secretary of State acting by the Export Credits Guarantee Department of the UK government (currently operating as UK Export Finance) (ECGD or UKEF).	
Shariah Advisors:	The Shariah Supervisory Board of Citi Islamic Investment Bank, the Executive Shariah Committee of HSBC Saudi Arabia, the Shariah Committee of National Bank of Abu Dhabi, the Shariah Advisors of JPMorgan, the Shariah Supervisory Committee of Standard Chartered Bank and Dar Al Sharia	
<p>Emirates is the world's leading international air carrier and enjoys an impressive track record. Listed on the London Stock Exchange and NASDAQ Dubai, the proceeds from the issuance of the Sukuk were used to fund the acquisition of four Airbus A380-800 aircraft. The key challenge from a Shariah perspective was to ensure tradability of the Sukuk from day 1. This was achieved by embedding an undivided beneficial ownership interest in certain rights to travel in an already complex Sukuk structure involving back-to-back arrangements with multiple SPVs. The initial funding was a Wakalah structure based on ATKM (air transport kilometers) or rights to travel.</p>	<p>Emirates will be appointed to procure the aircraft which will ultimately be leased to Emirates as a sub-lessee under a forward lease arrangement.</p> <p>As the aircraft were delivered in April, May, June and July 2015, the structure became a lease to Emirates Airlines. With Reg S and 144A tranches, the Sukuk were distributed globally with 29% of the investors in the US. Furthermore, the UK government, via UKEF, took a share of the borrower's risk in order to provide investors with an instrument that is backed by the full faith and credit of the UK government. The obligations of the guarantor under the ECGD Guarantee will constitute</p>	<p>obligations of the UK. The guaranteed obligations are intended to fund the payments due under the certificates. The sum of the guaranteed amounts guaranteed by the guarantor under the terms of the ECGD Guarantee will be equal to the amounts due under the certificates. This product also lays the foundation for similar ECA-backed financing to be utilized to facilitate the funding of other asset classes. The transaction therefore potentially represents one of the most significant Islamic finance transactions to have come to market in recent years.</p> <p style="text-align: right;"><i>Honorable Mention: MAF Sukuk and Stanford Asia Holding Company.</i></p>
SAUDI ARABIA: Saudi Aramco		
Deal Size:	SAR11.25 billion (US\$2.99 billion) in a syndicated US\$10 billion revolving credit	
Financiers:	Riyad Bank, Alinma Bank and National Commercial Bank	
Legal Counsels:	Clifford Chance for the banks, White & Case for the obligor	
Date:	6 <sup>th</sup> February 2015	
Rating:	Unrated	
Shariah Advisors:	Shariah Supervisory Boards of the participating banks	
<p>We are used to seeing Saudi Aramco on the end of the Islamic finance market. Typically, they support affiliated entities in the Islamic finance market. In 2015, the Saudi Aramco syndication included a revolving credit facility divided into conventional and Islamic tranches. The Islamic tranches of SAR11.25 billion (US\$2.99 billion) were sub-divided into a US\$2 billion equivalent SAR-denominated five-year commodity Murabahah</p>	<p>facility and a US\$1 billion equivalent SAR-denominated 364-day commodity Murabahah facility. One of the largest syndications in 2015, the transaction involved 30 global and regional banks. Saudi Aramco achieved financial flexibility and improved its capacity to manage growth and market conditions. The facilities replaced an existing US\$4 billion facility due to mature later this year on favorable terms. Overall, the deal supports</p>	<p>the Kingdom's positioning during the hydrocarbon downturn. The syndication demonstrated the continued strong credit capacity of the Kingdom's government-linked entities, the ongoing attractiveness of Saudi Aramco as a credit, and brought new names to Saudi Aramco's banking portfolio.</p> <p style="text-align: right;"><i>Honorable Mention: Jebel Omar Development Company and Arabian Company for Water and Power Development.</i></p>

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INDONESIA: Garuda Indonesia Global Sukuk for Garuda Indonesia (Persero)		
Deal Size:	US\$500 million	
Joint Lead Arrangers:	Standard Chartered, Maybank and National Bank of Abu Dhabi, Dubai Islamic Bank, Al Hilal Bank, ANZ, Deutsche Bank, Emirates NBD, First Gulf Bank, Noor Bank, Sharjah Islamic Bank, and Warba Bank	
Co-Lead Managers:	BNI Securities, Mega Capital Indonesia and Trimegah Securities	
Legal Counsel:	Clifford Chance (for English law), Linda Widyati Partners (for Indonesian law) for the arranger and Allen & Overy (for English law), Ginting & Reksodiputro (for Indonesian Law) for the issuer	
Rating	Unrated	
Date:	3 <sup>rd</sup> June 2015	
Shariah Advisors:	NBAD, Dar Al Sharia, Maybank and Standard Chartered Bank Shariah Boards	
Garuda Indonesia issued the first unsecured US dollar benchmark Sukuk in global debt capital markets by an aviation issuer in Asia. They are also the first unrated issuer in Asia Pacific to raise US\$500 million in the global Sukuk market. The transaction is based on ATKM (air transport kilometers)	under which the airline acts as the Wakeel to sell the ATKM purchased by Sukukholders. The structure has become well established and allows the airline to use the proceeds for general corporate purposes and the refinancing of debt. An important landmark is that the issuance is Garuda's first Asia Pacific	national carrier to go to market without an explicit government guarantee.  <i>Honorable Mention: Perusahaan Penerbit SBSN Indonesia III and XL Axiata.</i>

KUWAIT: National Industries Holding Group/International Sukuk Company		
Deal Size:	KWD85 million (US\$279.55 million) commodity Murabahah and KWD11.5 million (US\$37.82 million) privately placed Sukuk	
Arranger:	Warba Bank	
Financiers:	Warba Bank, First Gulf Bank, Qatar Islamic Bank, Khaleeji Commercial Bank, International Sukuk Company and Kuwait Finance House. Sukuk subscribers: Kuwait Financial Center and Privatization Holding Company.	
Legal Counsels:	ASAR for the obligor and issuer and King & Spalding and Al Bader Al Saud Law offices (Kuwait counsel) for the financiers and Maples and Calder as Cayman Islands legal counsel for the issuer	
Guarantor:	Al Durra Real Estate Company	
Rating	Unrated	
Date:	9 <sup>th</sup> August 2015	
Shariah Advisors:	Sharia Advisory boards of Warba Bank and the participants	
Kuwait is a market with a track record of competitiveness and creativity. With the Warba-Al Mulla securitization, the market moved Rasameel's securitization technology from the capital markets to the banking market.	<p><b>“ The Sukuk feature allows certain of the financiers to hold a tradable security based on the guarantor's shares in Kuwait-based contractor Al Mabaneer ”</b></p>	hold a tradable security based on the guarantor's shares in Kuwait-based contractor Al Mabaneer (listed on the Kuwaiti Stock Exchange).
<p>Kuwait is finally upgrading its national and hydrocarbon infrastructure. Sulaibiya Wastewater Treatment was easily refinanced. But, National Industries Holding Group (NIG) and Warba Bank showed the Kuwaiti flair for creativity in NIG's return to the market with an Islamic finance market for a multitranche and multicurrency financing.</p> <p>The deal has a syndicated commodity Murabahah with a privately placed Sukuk bolted on. The Sukuk feature allows certain of the financiers to</p>		<p>The shares were placed in a segregated custody account with a top-up feature that assures that the value of the shares are always equal to the volume of the financing. The top-up comes into effect if the share valuation drops below 85% of the financing. But if it exceeds 115% of the financing, there is a release provision.</p> <p><i>Honorable Mention: Warba Bank &amp; Al Mulla and Sulaibiya Wastewater Treatment Plant.</i></p>

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AFRICA: FCTC Sukuk State of the Côte d'Ivoire	
Deal Size:	CFA150 billion (US\$248.8 million)
Lead Arranger:	Islamic Corporation for the Development of the Private Sector
Lawyers:	Cleary Gottlieb Steen & Hamilton (legal advisor to the issuer), Hogan Lovells International (legal advisor to the lead arranger)
Date:	21 <sup>st</sup> December 2015
Rating:	'B'
Shariah Advisors:	Shariah Board of the IDB
<p>Africa is still a largely untouched market for Islamic finance. The IDB's affiliates ICD and ITFC are engaged in robust activities bringing Islamic finance to the continent. The ITFC alone executed deals in Senegal, Burkina Faso, Cameroon and Djibouti. Many of their endeavors are directly relevant to the needs of the people at the bottom rung of the economic ladder. Sidra Capital and a surprisingly limited group of private equity players are also supporting innovation and development in the market.</p> <p>Then there are the domestic banks and windows in Senegal, Nigeria, Egypt, Kenya and South Africa. Along with investment banks like Lotus Capital, they are contributing to the steady push to make Islamic finance relevant and profitable. In 2015, the pick of the African crop is fraught with difficulty.</p> <p>With the Ivory Coast sovereign Sukuk, the ICD brings a new country into Islamic finance. The subtext of the recent civil war makes part of the</p>	
<p style="text-align: center;"><b>“ A remarkable feature of the Ivory Coast deal is the use of the securitization law which is based on a similar law in France and resembles Egypt's Capital Markets Law of 1992 ”</b></p>	
<p>Republic anxious along sectarian lines. The sovereign Sukuk is a current deal within the existing laws for the good of all Ivorians. With the successful launch achieved, one anticipates that the Ivory Coast will enable more Islamic finance transactions allowing a greater support for the common good.</p> <p>A remarkable feature of the Ivory Coast deal is the use of the securitization law which is based on a similar law in France and resembles Egypt's Capital Markets Law of 1992. The features of these laws show a useful alternative to English law and trust laws. As a result, the Ivory Coast sovereign Sukuk sets an example for the other former French and Belgian colonies in Africa.</p> <p style="text-align: right;"><i>Honorable Mention: Government of Cameroon Structured Trade Finance, SENELEC, and Advanced Energy Systems Company.</i></p>	

TURKEY: Kira Sertifikaları Varlık Kiralama	
Deal Size:	RM800 million (US\$183.92 million) in RM2 billion (US\$459.8 million) program
Arrangers & Bookrunners:	CIMB Investment Bank, Kuwait Finance House (Malaysia), and Maybank Investment Bank
Legal Counsels:	Adnan Sundra & Low (as to Malaysian law) and Pekin & Bayar Law Firm (as to Turkish law) for the arrangers, Zaid Ibrahim & Co (as to Malaysian law) and Mutlu Avukatlık Ortaklığı (as to Turkish law) for the issuer
Rating:	'AA3(s)' by RAM Rating Services
Date:	31 <sup>st</sup> March 2015
Shariah Advisors:	CIMB Islamic Bank, Kuwait Finance House (Malaysia), and Maybank Islamic
<p>With global and domestic liquidity being squeezed, the Turkish participation banks have struggled to keep their funding aligned with their business. Three of the five participation banks successfully tapped the markets (domestic and international).</p> <p>Kuveyt Türk Katılım Bankası follows Türkiye Finans with the issuance of Malaysian ringgit-denominated Sukuk.</p>	
<p>The transaction demonstrates that despite the Malaysian capital market's domestic challenges, the key players in Malaysia can execute a significant transaction. The Malaysian-Turkish capital market bond is strengthened with a helping hand from Kuwait.</p> <p>In a spring of anxiety, the deal provided clarity about the quality of the participation banks, the execution</p>	
<p>capacity of the Malaysian investment banks, and the long-term future of Kuveyt Türk Katılım Bankası.</p> <p style="text-align: right;"><i>Honorable Mention: Türkiye Finans, Albaraka Türk Katılım Bankası and Aydın Deniz İşletmeciliği.</i></p>	

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Over 20 transactions were nominated for Deal of the Year in 2015. This year the nominations are fewer than 2014, but more eclectic: The maiden Sukuk for the Sultanate of Oman, Malaysia Sovereign Sukuk, K-Electric, Khadrawy, Ihsan Sukuk, DIB Tier 1 Sukuk 2, Mah Sing Group, Jimah East Power, IFFIm Sukuk Company II, Food Department of the Government of Punjab, DIB Tier 1 Sukuk 2, and Saudi ARAMCO. The styles and approaches of each of these and other nominees are distinct. New models were tested, new rules established, and good causes served.

The two standout deals in 2015 were Khadrawy and Ihsan Sukuk. Khadrawy combines two tried and true concepts – the sale of ATKM to investors with a Wakalah to the obligor to on-sell to the market, and the use of a described lease which becomes a lease ending

in ownership. The fact that Khadrawy enjoyed an export credit agency guarantee makes it a standout deal. Now, the ‘but’ comes into play. Each element of Khadrawy had been done before. Aircraft deals were among the most common nominations in 2015.

And that points us toward Ihsan which does something that the industry always discusses: ‘Good Deeds’. For the first time in the history of the industry, a marquee obligor goes to the capital market and uses its own credit to raise funds for a non-commercial public good. The Ihsan deal also lays over the project a charitable element. If the underlying beneficiaries achieve their key performance indicators (KPIs), then the investors will donate a portion of their rights to the beneficiaries.

Even though the underlying commercial

structure of the Sukuk is Khazanah’s signature hybrid, the reality is that this deal overcame significant challenges. Many fund managers were not allowed to buy the securities due to the fact that the capital and return were not guaranteed, ie that the achievement of KPIs may lead to a grant of capital to the beneficiaries. Other investors, having discussed for so long how much good Islamic finance can do, needed some convincing by Khazanah to join the deal.

Imagine the needs of the Islamic countries and countries with large Muslim populations. Were some of the other leading sovereign wealth funds to follow Khazanah’s lead, then the constant appeal for donors might just decline and the structured solution to endemic problems with the delivery and quality of health care, education and food might grow in significance. (2)

### DEAL OF THE YEAR: Ihsan Sukuk

Size:	RM100 million (US\$22.99 million)	
Arrangers:	CIMB Investment Bank	
Legal Counsel:	Zaid Ibrahim & Co for the issuer and arrangers	
Guarantor:	Khazanah Nasional	
Rating:	‘AAA’ by RAM Rating Services	
Date:	18 <sup>th</sup> June 2015	
Shariah Advisors:	CIMB Islamic Bank, Amanie Advisors	
The Ihsan RM1 billion (US\$229.9 million) Sukuk program is the first program approved under the Securities Commission Malaysia’s Sustainable and Responsible Investment Sukuk framework. The proceeds from the inaugural issuance will be invested schools under the Yayasan AMIR (YA)’s Trust Schools Program. YA is a not-for-profit foundation initiated	by Khazanah to improve accessibility to quality education in Malaysia’s government schools through a public-private partnership with the Ministry of Education.	over a five-year observation time frame. If these KPIs are met, Sukukholders will forgo 6.22% of the nominal value due under the Sukuk at maturity, as part of their social obligation in recognizing the positive social impact generated by the Trust Schools Program. If these KPIs are not met, Sukukholders will be entitled to the nominal value due under the Sukuk in full, at maturity.
	The social impact of this ‘Pay-for-Success’ structure is measured using a set of predetermined key performance indicators (KPIs) which are assessed	

# IFN RESEARCH

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# IFN Best Banks Poll 2015: Triumph over adversity

The results are in and 2015 won the most astonishing response IFN has ever seen in the history of the Best Banks Poll. With over 30,000 votes in total (compared to just over 20,000 in 2014), this year was a record-breaker in terms of voter participation, and it is both humbling and exhilarating to see the drive, dedication and determination of the IFN audience. In a year that has been both turbulent and challenging, LAUREN MCAUGHTRY recognizes and reveres the winners of both sectoral and regional giants in the Islamic banking industry – as chosen by their peers.



Last year saw the best response ever for the Best Banks Poll with a total of 20,603 votes of which 14,828 were formally admitted – but 2015 far outstripped this with a mammoth 30,090. After 8,632 were discounted, 21,393 made up the final process – representing the strict due diligence, robust screening process and proud independence that the IFN Awards are known and valued for.

The outstanding involvement of the industry shows beyond doubt that 2015 was the year of the financial institution. In a year filled with bank transactions, capital-raising, Sukuk issuance and strides forward in almost every area, the Islamic banking industry has gone from strength to strength even as global and regional financial markets have struggled with low oil prices, rate hike expectations and geopolitical challenges and banks have seen deposits fall, regulatory burdens increase and capital requirements soar. Moving forward, we applaud the leaders in their field over the last 12 months...

## Sovereign support

Starting off with the public sector and its vital role in developing the industry, this year the award for **Best Central Bank for Promoting Islamic Finance** goes to the **State Bank of Pakistan (SBP)** for its consistent commitment to growing the local Islamic finance sector both in terms of size and sophistication. From the issuance of sovereign Sukuk to the encouragement of Shariah compliant lending, bank conversion and foreign participation, the sector has grown in leaps and bounds due to this strong support. The latest bank to

be approved for a full Islamic conversion is MCB Bank, scheduled for confirmation on the 8<sup>th</sup> January 2016, while the SBP last week issued its borrowing target from banks for 2016 at a whopping PKR1.9 trillion (US\$17.91 billion) through Pakistan Investment Bonds (PIBs), treasury bills (T-bills) and Sukuk Ijarah – with Islamic paper accounting for at least PKR100 billion (US\$942.59 million) in the first quarter, giving Islamic banks a chance to invest in government instruments. A spokesperson commented to IFN that: “SBP remains committed in promoting Islamic banking and finance and will continue to play a proactive and facilitative role domestically as well as globally. It is heartening to learn about recognition at the international level of efforts of SBP for developing the Islamic banking industry on a sound and sustainable basis.” With an Islamic industry that saw 7.3% growth rate in 2015, the SBP is clearly doing something right! In second place for the sovereign category, industry stalwart Bank Negara Malaysia put in a strong showing, while the Central Bank of the Republic of Turkey came in third.

## Sectoral strength

Pakistan also stayed in the forefront for our next award of **Best Islamic Retail Bank**, which went to **Meezan Bank** – with Dubai Islamic Bank and Maybank Islamic coming in second and third respectively. **Meezan Bank**, which was also this year yet again voted **Best Islamic Bank in Pakistan**, is currently the 7<sup>th</sup> largest bank in Pakistan in terms of branch network and has 551 branches in 143 cities across the country, and is working hard on expanding its range and outreach, with a plethora of agreements signed to increase its product offerings – such as the recent partnership with EFU General Insurance in December 2015 to develop Takaful coverage. “Alhamdulillah, it is indeed a delight for Meezan Bank to be conferred the Best Islamic Bank and Best Islamic Retail Bank awards by IFN,” said president and CEO Irfan Siddiqui. “These awards reflect the trust that our shareholders and customers have put in us for providing top-of-the-line Islamic banking products

and services. We very much value the recognition given to us by IFN for our contributions and achievements in the Islamic finance industry.”

On the other side of the coin, **Best Islamic Private Bank** went to **Abu Dhabi Islamic Bank (ADIB)**, which emerged victorious after coming in third place in 2014, while runners-up were CIMB Islamic Bank and Maybank Islamic. “ADIB adopts a personal and customer-centric approach and this vote is recognition of our continuous efforts to lead the way in providing trusted private banking services, innovative Shariah compliant products and solutions and a personal banking experience,” commented Mohamed Azab, the head of private banking. **ADIB** also took home the prize for **Best Islamic Bank for Treasury Management** for the second year in a row, closely followed by Al Rajhi Banking and Investment Corporation and Maybank Islamic. Abdul Qadir Khanani, the treasurer of ADIB said: “Despite volatile market conditions in the years following the financial crisis, ADIB has always maintained strong liquidity position and remains one of the most liquid banks in the UAE. ADIB Treasury’s customer-led strategy enabled it to deliver a resilient performance despite significant challenges in the markets by constantly re-innovating themselves to support and guide the customers in this economic environment and side by side identify opportunities for investing for the bank and manage the relevant market risk for the bank. This award reiterates that our treasury team is constantly enhancing its spectrum of solutions to meet customers’ risk management, financing and investment needs. We are glad to receive this recognition from the market.” And in an exceptional performance, **ADIB** was also voted **Most Innovative Islamic Bank** for 2015 (with Dubai Islamic Bank and Hong Leong Islamic Bank coming in second and third). “At ADIB, innovation is part of our organizational DNA and we are continuously investing in our infrastructure, product capabilities and digital banking solutions to provide

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our customers with a superior banking experience," commented COO Sagheer Mufti. "This vote is testament to the positive impact of our efforts on our customers."

**Best Islamic Leasing Provider** this year went to **Gulf International Bank (GIB)**, with Sri Lanka's Amanah Leasing and LOLC Al-Falaah (the Islamic business unit of Lanka ORIX Finance) runners-up. Bahrain-based GIB last won the award in 2013, and with a new CEO, Abdulaziz Al Helaissi, set to take the reins from February 2016, we should hopefully expect further good things to come from the bank this year.

Coming back to Asia, Malaysia's **CIMB Islamic** was another success story for 2015 with an outstanding performance including **Best Private Equity House** (up from second place in 2014, and followed by Qatar First Bank and Malaysia Venture Capital Management) and **Best Islamic Trustee/Custodian** (its second consecutive win in this category, with HSBC Corporate Trustee and Deutsche Bank as runners-up). **CIMB Islamic** was also yet again voted **Best Islamic Bank in Malaysia** this year (with Maybank Islamic and Bank Islam Malaysia coming second and third) in an exceptional showing throughout a difficult year. Tengku Zafrul Tengku Abdul Aziz, the group CEO for CIMB Group, welcomes the IFN awards: "To be recognized by our clients, business partners and industry players is a great honor. These wins were made possible by the hard work and dedication of the team and the awards stand as testament to our team's unrivaled experience, strengths and capabilities, [all of which have contributed to CIMB Islamic's continued dominance in Islamic banking]. I look forward to work with the team under the leadership of Mohamed Rafe, who has just assumed the position of CEO of CIMB Islamic, to further strengthen CIMB Islamic's leading position in Islamic banking globally."

## Domestic dominance

In the country-specific categories, this year saw the major players continue to dominate their local markets while a few surprises were also thrown up as competition continues to intensify across the Islamic finance world. Just a hop, skip and jump across from Malaysia, the award for **Best Islamic Bank in Indonesia** goes once more to **Bank**

**Muamalat Indonesia**, with Maybank Syariah and CIMB Niaga Syariah coming in second and third, respectively. Remaining in the Asian region, **Best Islamic Bank in Thailand** was won by **Islamic Bank of Thailand**, with CIMB and Bank of Agriculture as runners-up; while **Best Islamic Bank in Brunei** was awarded to **Bank Islam Brunei Darussalam** with Maybank and TAIB Bank following.

In South Asia, **Best Islamic Bank in Bangladesh** once more went to **Islami Bank Bangladesh** (followed by ICB Islamic Bank and Arab Bangladesh Bank) while **Best Islamic Bank in Sri Lanka** yet again went to stalwart **Amana Bank**, followed by the Islamic Banking Division of MCB Pakistan and Bank of Ceylon's Shariah unit Al-Noor in second and third place. According to Mohamed Azmeer, CEO of Amana Bank: "We are honored to have received this coveted award once again, strengthening our position as the leading provider of Islamic banking and financial services in the country. This recognition reflects our commitment to grow the Islamic finance industry in Sri Lanka and position it as a hub for the South Asian region. As this award is based on a global-poll, it demonstrates the confidence people have in us from across the world. I would like to sincerely thank all our customers, shareholders and employees for supporting and contributing to the growth and success of the bank which has enabled us to achieve this streak of wins."

Reaching east, and the **Best Islamic Bank in Australia**, an up-and-coming region for Islamic finance growth, in 2015 went to **Amanah Islamic Finance Australia** with the Muslim Community Cooperative Australia and National Australia Bank coming in second and third. In Japan, which has given birth to a multitude of active Islamic banks despite the restrictions on conducting Shariah compliant business in their home market, **Best Japanese Islamic Bank** goes to **Bank of Tokyo-Mitsubishi UFJ**, followed by Sumitomo-Mitsui Banking Corporate and Nomura respectively. The Bank of Tokyo-Mitsubishi UFJ told IFN: "The Bank of Tokyo-Mitsubishi UFJ is honored to receive the award for being the Best Islamic Bank in Japan. We are proud to be conferred this prestigious IFN award as it recognizes the bank's achievements and capabilities in providing Islamic banking services. The bank remains

committed toward the Islamic banking Industry and will continue to offer [a] wider range of products and services across geographies."

Moving to the hotly contested region of the Middle East, the GCC brought few surprises with some of the leading local players in each market taking home the prize. **Dubai Islamic Bank** was this year voted **Best Islamic Bank in the UAE** (with ADIB and Noor Bank in second and third place). **Al Rajhi Bank** won **Best Islamic Bank in Saudi Arabia** (reclaiming the top spot for the first time since 2013, with National Commercial Bank and Arab National Bank coming as runners-up). **Qatar Islamic Bank (QIB)** took the prize for **Best Islamic Bank in Qatar** (followed by Qatar International Islamic Bank and Barwa Bank) while **Kuwait Finance House** won the award for **Best Islamic Bank in Kuwait** with Kuwait International Bank and Al Ahli Bank of Kuwait coming in second and third place. **Bahrain Islamic Bank** took the top spot for **Best Islamic Bank in Bahrain** with last year's winner Al Baraka coming second and Kuwait Finance House (Bahrain) third, in a close contest. And for the latest player to join the GCC party, hot on the heels of its recent debut sovereign Sukuk, **Best Islamic Bank in Oman** goes to **Meethaq Islamic Banking**, the country's biggest Islamic player – with the two stand-alone Islamic banks, Bank Nizwa and Alizz Islamic Bank, putting in a strong showing as runners-up. Commenting on the votes' results, Bassel Gamal, QIB's group CEO said: "We are pleased to be selected by the majority of the voters as the Best Islamic Bank in Qatar. We believe this is a testament to the significant progress that QIB consistently made throughout the past few years in delivering strong and sustainable results. This recognition is a tribute to the collective efforts of the entire bank's staff, support from all stakeholders and board of directors, the clients' trust, a sound business model and our commitment to continuous improvement."

In the wider Middle East region, despite the political tensions and ongoing military conflicts in some areas, the industry continues to thrive. **Jordan Islamic Bank** was voted **Best Islamic Bank in Jordan**, followed by Jordan Dubai Islamic Bank and Islamic International Arab Bank. **Al Baraka Lebanon** once more took top spot for

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**Best Islamic Bank in Lebanon** with Bank of Beirut and Arab Finance House in second and third place. **Palestine Islamic Bank** was awarded **Best Islamic Bank in Palestine** (followed by Arab Islamic Bank and Meezan Bank) while **Best Islamic Bank in Syria** went to **Syria International Islamic Bank** (with Albaraka Syria Bank and Cham Bank runners-up) and **Islamic Bank of Yemen** won **Best Islamic Bank in Yemen**, followed by Saba Islamic Bank and Tadhamon International Islamic Bank. Musa Shihadeh, CEO and the general manager of Jordan Islamic Bank, commented that: "On behalf of Jordan Islamic Bank, we are pleased to receive (for the last three years) the award for Best Islamic Bank in Jordan from IFN. It is a recognition of our continuous growth in all financial sectors, which confirm our financial strength, safety and our commitment to continue our expansion plans to satisfy our clients. We are proud that Jordan Islamic Bank is the pioneer in Islamic banking locally, and one of the pioneers globally."

One of the biggest news stories of the last year was the negotiations to lift sanctions on Iran – a move that could see its Islamic finance market explode and prove a game changer for the global industry. For 2015, the **Best Islamic Bank in Iran** went to last year's runner up (and 2013 winner) **Bank Mellat**, with Bank Saderat Iran and Bank Mellat Iran coming in second and third.

Moving to Africa, **Best Islamic Bank in Egypt** goes to **Al Baraka Bank (Egypt)** with last year's winner ADIB (Egypt)

coming second and Faisal Islamic Bank of Egypt third. In Kenya, the now-defunct **Dubai Bank (Kenya)** was voted number one, followed by Standard Chartered Saadiq and Gulf African Bank. **Best Islamic Bank in Sudan** goes to **Al Baraka Bank Sudan**, followed by Faisal Islamic Bank (Sudan) and Bank of Khartoum; while **Best Islamic Bank in South Africa** was also taken by **Al Baraka Bank**, with Absa Bank a close second and FNB Islamic Finance coming third.

Over in Europe, **Best Islamic Bank in the UK** once more goes to 2014 winner and domestic giant **Bank of London & The Middle East** in a close-run contest that saw Masraf Al Rayan and ADIB (UK) beat out the other UK banks for runner-up positions. In North America, **Best Islamic Bank in the US** went to **University Islamic Financial**, a Michigan-based Shariah compliant institution offering commercial real estate and home financing solutions, with Lariba and Devon Bank coming in second and third.

To round off our country categories with a strong finish, **Best Islamic Bank in Turkey** was one of the most closely contested categories. Last year's winner **Turkiye Finans** was again victorious, closely followed by Al Baraka Turk and Kuveyt Turk. "We are proud to be recognized as the 'Best Islamic Bank in Turkey' by IFN readers," said Turkiye Finans CEO Osman Celik. "I recognize that the award is an international appreciation of our continuous efforts to provide best products and services to

our customers, and believe that it is also a reflection of our customers' trust to the bank. This success is a direct result of the dedication and enormous efforts of our employees, as it has been in the case of every success of the bank."

## Bank of the year

And finally, the award that you've all been waiting for...

In a year that saw a record number of votes and an outstanding performance by all parties, this bank has proved its worth time and again in one of the strongest performances seen globally in the face of turbulent conditions and tough economic headwinds. A pioneer in so many fields with strength both as a retail player and a capital markets giant, this institution is significant both as an issuer, investor and arranger and has made a truly indelible mark not just on its local and regional market but across the global financial markets. IFN are delighted to announce that the winner of this year's award for **Best Overall Islamic Bank** goes to **Dubai Islamic Bank** in a well-deserved victory!

Congratulations must also be extended to CIMB Islamic as the runner-up and Meezan Bank in third place for the top prize – and to all the Islamic banks that have performed so strongly and demonstrated such unshaken and admirable commitment to building the Islamic banking industry across the world. IFN are once again proud and delighted to be able to extend to these invaluable institutions the recognition that they so richly deserve. (3)

### Best Islamic Bank by Sector

#### BEST OVERALL ISLAMIC BANK

1<sup>st</sup>: **Dubai Islamic Bank** 2<sup>nd</sup>: CIMB Islamic Bank; 3<sup>rd</sup>: Meezan Bank

#### BEST CENTRAL BANK IN PROMOTING ISLAMIC FINANCE

1<sup>st</sup>: **State Bank of Pakistan**; 2<sup>nd</sup>: Bank Negara Malaysia; 3<sup>rd</sup>: Central Bank of the Republic of Turkey

#### BEST ISLAMIC LEASING PROVIDER

1<sup>st</sup>: **Gulf International Bank**; 2<sup>nd</sup>: Amanah Leasing; 3<sup>rd</sup>: LOLC Al-Falaah (Islamic Business Unit of Lanka ORIX Finance)

#### BEST ISLAMIC PRIVATE BANK

1<sup>st</sup>: **Abu Dhabi Islamic Bank**; 2<sup>nd</sup>: CIMB Islamic Bank; 3<sup>rd</sup>: Maybank Islamic

#### BEST ISLAMIC RETAIL BANK

1<sup>st</sup>: **Meezan Bank**; **Dubai Islamic Bank**; 3<sup>rd</sup>: Maybank Islamic

#### MOST INNOVATIVE ISLAMIC BANK

1<sup>st</sup>: **Abu Dhabi Islamic Bank**; 2<sup>nd</sup>: Dubai Islamic Bank; 3<sup>rd</sup>: Hong Leong Islamic Bank

#### BEST ISLAMIC TRUSTEE/CUSTODIAN

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

#### BEST ISLAMIC BANK FOR TREASURY MANAGEMENT

1<sup>st</sup>: **Abu Dhabi Islamic Bank**; 2<sup>nd</sup>: Al Rajhi Banking and Investment Corporation; 3<sup>rd</sup>: Maybank Islamic

#### BEST PRIVATE EQUITY HOUSE

1<sup>st</sup>: **CIMB Islamic**; 2<sup>nd</sup>: Qatar First Bank; 3<sup>rd</sup>: Malaysia Venture Capital Management (MAVCAP)

Note: Red, Bold: winner; \* Repeat winner

# IFN BEST BANKS POLL

## Best Islamic Bank by Country

### EUROPE

#### TURKEY

**Turkiye Finans Katilim Bankasi**  
Al Baraka Turk Katilim Bankasi  
Kuveyt Turk Katilim Bankasi

#### UK

**Bank of London & The Middle East**  
Masraf Al Rayan  
ADIB (UK)

### THE AMERICAS

#### US

**University Islamic Financial (UIF)**  
Lariba  
Devon Bank

### INDIAN SUBCONTINENT

#### BANGLADESH

**Islami Bank Bangladesh**  
ICB Islamic Bank  
Arab Bangladesh (AB) Bank

#### PAKISTAN

**Meezan Bank**  
Dubai Islamic Bank Pakistan  
Al Baraka Islamic Bank

#### SRI LANKA

**Amana Bank**  
Muslim Commercial Bank- MCB Islamic Banking Division  
Bank of Ceylon (Shariah Unit: Al-Noor)

### MIDDLE EAST

#### BAHRAIN

**Bahrain Islamic Bank**  
Al Baraka Islamic  
Kuwait Finance House (Bahrain)

#### IRAN

**Bank Mellat**  
Bank Saderat Iran  
Bank Melli Iran

#### JORDAN

**Jordan Islamic Bank**  
Jordan Dubai Islamic Bank  
Islamic International Arab Bank

#### KUWAIT

**Kuwait Finance House**  
Kuwait International Bank  
Al Ahli Bank of Kuwait

#### LEBANON

**Al Baraka Lebanon**  
Bank of Beirut  
Arab Finance House

#### OMAN

**Meethaq Islamic Banking**  
Bank Nizwa  
Alizz Islamic Bank

#### PALESTINE

**Palestine Islamic Bank**  
Arab Islamic Bank  
Meezan Bank

#### QATAR

**Qatar Islamic Bank**  
Qatar International Islamic Bank  
Barwa Bank

#### SAUDI ARABIA

**Al Rajhi Bank**  
National Commercial Bank  
Arab National Bank

#### SYRIA

**Syria International Islamic Bank**  
Albaraka Syria Bank  
Cham Bank

#### UAE

**Dubai Islamic Bank**  
Abu Dhabi Islamic Bank  
Noor Bank

#### YEMEN

**Islamic Bank of Yemen**  
Saba Islamic Bank  
Tadhamon International Islamic Bank

### AFRICA

#### EGYPT

**Al- Baraka Bank (Egypt)**  
ADIB (Egypt)  
Faisal Islamic Bank of Egypt

#### KENYA

**Dubai Bank (Kenya)**  
Standard Chartered Saadiq  
Gulf African Bank

#### SUDAN

**Al Baraka Bank Sudan**  
Faisal Islamic Bank (Sudan)  
Bank of Khartoum

#### SOUTH AFRICA

**Al Baraka Bank**  
Absa Islamic Bank  
FNB Islamic Finance

### SOUTHEAST ASIA

#### BRUNEI

**Bank Islam Brunei Darussalam**  
Maybank  
TAIB Bank

#### INDONESIA

**Bank Muamalat Indonesia**  
Maybank Syariah  
CIMB Niaga Syariah

#### MALAYSIA

**CIMB Islamic Bank**  
Maybank Islamic  
Bank Islam Malaysia

#### THAILAND

**Islamic Bank of Thailand**  
CIMB  
Bank for Agriculture

### ASIA PACIFIC

#### AUSTRALIA

**Amanah Islamic Finance Australia**  
Muslim Community Co-Operative Australia  
National Australia Bank

#### JAPAN

**Bank of Tokyo Mitsubishi UFJ**  
Sumitomo-Mitsui Banking Corporation  
Nomura

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

## Synergy and innovation driving Waqf assets optimization

Capable of mobilizing capital from the rich to the poor, Waqf is a tool for wealth generation and redistribution. The sector has the potential to address education, health care and other societal needs, especially in emerging economies. However, the potential remains largely untapped, mainly due to the lack of technical and financial resources of the stakeholders. Speaking to Bank Islam Malaysia's chief Shariah officer, Mohd Nazri Chik, NURUL ABD HALIM asks whether this could present an opportunity for Islamic banks to step up as a catalyst.

Traditionally in Malaysia, land and assets are endowed as Waqf by individuals and are managed solely by the state religious councils. As a Waqf institution is not profit-oriented, the Waqf assets are developed using income derived mostly from donations. However, the lack of legitimate sources of funding renders the collection incapable of meeting its target, thus hindering the development of its assets. According to data collected by Bank Islam, the total value of Waqf land in Malaysia in 2012 exceeded RM1.7 billion (US\$390.83 million) but only 7.2% of 11,000 hectares of land were developed. This implies that there is a need for a paradigm shift in the approach of Waqf management. "Islamic banks, as a business entity, should play a role in this initiative by engaging with these stakeholders," opined Nazri.

Recognizing the sector's potential in advancing the societal income and the creation of private wealth, Waqf assets can truly achieve its value propositions and developmental objectives via a strategic collaboration between the state

religious councils, as the stakeholders, and financial institutions, such as Islamic banks. With technical know-how and ample financial resources, Islamic banks are poised to not only play the advisory role in the development and optimization of Waqf assets, but can deepen their financial inclusion agenda too. Proactive engagement will also spur Islamic banks to innovate products and services, thus allowing more new legitimate fundraising channels for stakeholders to attract donations. "Waqf development requires a synergy between various institutions," concurred Nazri, who also sees that successful Waqf models, such as cash Waqf, Sukuk Waqf and corporate Waqf among others, should be replicated in order to intensify the growth of new Waqf assets.

From Menara Bank Islam (Menara Ijarah Waqf) and Taman Wakaf Seetee Aisah to cash Waqf collection among others, Bank Islam continues to expand its Waqf initiatives in partnership with various stakeholders. In August, Bank Islam collaborated with Yayasan Islam Perlis to promote a Waqf fund via its existing banking services for the construction of the first phase of Sekolah Menengah Agama (Perempuan) Al-Madrasah Al-Alawiyah Ad-Diniyah Yayasan Islam Perlis. The new school is expected to be ready in 2017. The bank is also conducting research to develop a new Waqf model, the Unit Trust Waqf, a collaboration with the state religious council and investment management company which is expected to be rolled out in the near future. Akin to ordinary unit trusts, the investment will be managed by the investment management company and the returns, either in total

funds or dividends, will be channeled toward the Waqf Fund.

Constantly looking to deliver comprehensive and inclusive financial solutions, the bank is also working together with the International Research Center for Islamic Finance in proposing the inception of Sadaqah House as a new Islamic banking product. A brainchild of Dr Abdul Halim Ismail, the founding managing director of Bank Islam Malaysia and the recipient of the Royal Award in Islamic Finance 2014, the institution is envisaged to practically revolutionize the process of Sadaqah collection. To be incorporated as a legal entity embedded in the Islamic banking system, Sadaqah House functions to cater to the financial requirements and demands of the bottom 40% of the community – the poor and the needy – by collecting and accepting funds, managing and investing funds, and disbursing funds. The efficient and systematic flow of these funds will be facilitated by Islamic banks by leveraging on its channels, resources and expertise.

Waqf is a charity that guarantees one's spiritual rewards and is also an economic tool that provides a flow of sustainable benefits, which can potentially address the education, healthcare and other welfare needs of society. The value proposition of Waqf can only be realized through a synergy from various stakeholders. The evolution of successful Waqf models is crucial and the success story of Waqf initiatives in partnership with Islamic banks should be endorsed so as to capture the attention of not only prospective donors, but also industry adopters. ☺



**IFN ONLINE DIRECTORY**

Over 6,599 individual companies directly involved in the Islamic finance industry

## Sovereign Sukuk: New year, new hopes

As markets gear up for what is expected to be a challenging year, one cannot help but hope that it would not be as tough as anticipated. Over the past few weeks, Pakistan and Bahrain have been steadfast in maintaining their regular issuances. Some countries have missed their projected deadlines, while others that intend to issue in 2016 move closer toward their target date. As usual, NABILAH ANNUAR provides a succinct rundown of the developments in the sovereign Sukuk space.

Toward the end of the year, the auction of the PKR100 billion (US\$942.59 million) three-year government of Pakistan Sukuk Ijarah held on the 15<sup>th</sup> December 2015 by the State Bank of Pakistan (SBP) received PKR273.3 billion (US\$2.58 billion) in bids, IFN learned. SBP, however, only accepted bids worth PKR117.7 billion (US\$1.11 billion), leaving ample liquidity in the market. The SBP subsequently announced on the 18<sup>th</sup> December 2015 the first rental coupon rate for the three-year government of Pakistan's PKR315 billion (US\$2.97 billion) Sukuk Ijarah (GIS-16), which was auctioned on the 15<sup>th</sup> December 2015, at 5.8946%. The payment of the coupon is due on the 18<sup>th</sup> June 2016.

Moving over to Bahrain, the government's monthly Sukuk Ijarah issuance was fully subscribed on the

Upcoming sovereign Sukuk		
Country	Amount	Expected date
Indonesia	IDR150 trillion	2016
Pakistan	TBA	Second quarter of 2016
Shandong Province	CNY30 billion	TBA
Egypt	TBA	2015/16 fiscal year
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
Luxembourg	TBA	TBA
Tunisia	US\$500 million	TBA
Jordan	JOD200-300 million	TBA
UAE	TBA	TBA

16<sup>th</sup> December 2015, according to a press release by the Central Bank of Bahrain. The BHD26 million

Three countries namely, Tunisia, Jordan and the UAE have missed their target to make an offering before the end of 2015. The market is yet to hear further updates on these upcoming issuances. Sovereigns that have announced intentions to issue an Islamic bond this year include: Indonesia, Pakistan, Egypt, Kazakhstan, Kenya and South Africa.

With industry players expecting a continuous flow of issuers tapping the Sukuk markets, some have suggested that Sukuk issuances for 2016 would surpass that of 2015 on the back of infrastructure projects and maturing corporate bonds. More sovereign and quasi sovereign Middle Eastern issuers are expected to tap the market this year, due to depressed oil prices and anticipated budget deficits. (2)

## Qatar reinforces regulations to secure regional standing

Effective the 1<sup>st</sup> January 2016, the Qatar Financial Center Regulatory Authority (QFCRA)'s new Islamic Banking Business Prudential Rules 2015 and a revised version of the Conduct of Business Rules 2007 came into force. NABILAH ANNUAR takes a closer look at Qatar's business and financial landscape amid the new rules.

Following public consultations and discussions with QFC firms, the regulator implemented the new guidelines to reinforce the current foundation of financial and business practices in the state as well as to ensure a steady growth of the sector in the coming years. The thorough discussions held with the financial sector and other stakeholders were conducted to ascertain important developments in international best practice over the last few years.

The new Islamic Banking Business Prudential Rules 2015 are applicable

to authorized Islamic banks or Islamic investment firms, replacing the previous rules governing activities related to Islamic banking that were contained in the Banking Business Prudential Rules 2014. Separately, the revised Conduct of Business Rules 2007 were amended on three aspects: The definition of the business customer, re-classifying customers and the customer dispute resolution scheme.

"The changes to our Islamic finance and conduct rules provide a solid platform for [the] future growth of financial services in the QFC," Michael Ryan, CEO of the QFCRA said. These initiatives are believed to support the QFCRA's commitment to meeting high international regulatory standards, as well as the continued development of the QFC as a financial and business center in the region.

Testament to these positive developments, Moody's has recently

estimated that Qatar's average real GDP growth to remain at around 5% until 2017, driven by growth in the non-hydrocarbon sector and the Barzan gas project coming on stream. Steffen Dyck, a vice-president-senior analyst at Moody's, observed: "However, we expect low oil prices to lower the government's revenue streams. Qatar Petroleum ('Aa2/Stable')'s profits, which accounted for 33% of total government revenues in 2014, will likely decline, although they will remain at fairly high levels."

The rating agency also expects that the government's fiscal surplus will decline to 6.4% of GDP in 2015, from 16.7% in 2014 and will turn into a small deficit of 2.4% of GDP in 2016, based on its Brent crude oil price projections of an average US\$55 per barrel in 2015 and US\$53 in 2016 and assumptions regarding spending growth. Qatar's debt-to-GDP ratio is projected to reach about 35% in 2016. (3)

## New horizons for Islamic finance: Will Australia and Canada join the club?

2015 was a challenging year for the global industry, but opportunities continue to emerge and new sectors and jurisdictions are ever-evolving as its influence spreads and its advantages become increasingly apparent. LAUREN MCAUGHTRY looks at some of the regions to watch in 2016 as they recognize the appeal of Islamic finance.

The classic strongholds of Malaysia and the Middle East have long dominated the Islamic finance landscape, while other major Islamic or Muslim-majority jurisdictions such as Indonesia, Africa, Pakistan, Central Asia and Turkey have also developed into key players for obvious reasons – captive market, latent demand and a need for Shariah compliant products. But as the industry has evolved and its advantages become ever-more apparent in terms of liquidity, assets and investment opportunities, interest has developed over a wider geographical spread: with everyone from the UK and continental Europe to Russia, Japan, the US and China dipping a varying number of toes in the water.

As successes such as the UK and Luxembourg's sovereign Sukuk in 2014, the new KT Bank venture in Germany or China's recent corporate forays into the Shariah compliant capital markets are noticed and recorded, the ripples of Islamic finance spread a little wider and reach a little further. So where are the latest hotspots to watch for 2016? Oceania and Canada line up as the latest to join the party.

Australia is an obvious choice – close to Asia, and with strong links to Japan and China (both of which have made their interest in Islamic finance clear), the country has been slow to get its industry off the ground and struggled both with public sentiment, limited domestic demand and a taxation system that penalizes Islamic transactions. However, the recent multi-million dollar real estate acquisitions by Malaysia's Tabung Haji fund, one of the largest Islamic financial institutions in Malaysia, have opened up the nation's eyes to the opportunities inherent in Islamic inward investment – which could go a long way toward promoting a more rapid development of a domestic framework, financial infrastructure and much-needed

regulatory reform. The signing of the China-Australia Free Trade Agreement earlier this year could be another stimulus, with China focusing on Islamic funding opportunities as a pillar to develop its proposed Silk Road through Asia to Europe.

**“ The Australian market is becoming increasingly internationalized so there will be many more options available as the sector ”**

In July, the Australian Prudential Authority signed an MoU with the Dubai Financial Services Authority while in August, National Australia Bank and Crescent Wealth funded a US\$14 million real estate purchase in Melbourne. TH Properties, the property development arm of Malaysia's Tabung Haji, is reported to have a pipeline of developments in Sydney worth over AU\$800 million (US\$577.26 million).

“I definitely think we will see more transactions like this in the future,” commented Jamie Ng of Ashurt in Australia. “We are already advising a different client on a major real estate transaction, which should come out in Q2 of 2016; as well as working with an Australian bank on a new Shariah compliant off-the-shelf product. The Australian market is becoming increasingly internationalized so there will be many more options available as the sector develops.”

Over in New Zealand, and while there has been less activity here than in Australia, there are increasing signs that interest is growing and attention is building toward Islamic finance.

Earlier this year, Sara Jawadi from South Auckland made the news for lobbying New Zealand banks to provide Shariah compliant mortgages for Muslims such as herself, claiming to have approached Kiwibank, ANZ, BNZ and Westpac with no success. However, a new option from New Zealand firm Amanah Ethical has already been launched to offer this option. Amanah's KiwiSaver offers an interest-free Islamic investment opportunity that includes a purification payment to cleanse any Haram investment income.

Although New Zealand only has a population of around 43,000 Muslims, their strong economic position combined with a healthy banking industry and promising economic environment could create a desirable (if small) opportunity for growth.

Finally, and perhaps most excitingly, in recent months we have also seen Canada hit the headlines for its growing interest in Islamic finance. Compared to its southern sister, which has seen limited domestic development, Canada has the potential to be a pioneer for the industry in North America. A study released at the end of 2015 by the Toronto Financial Services Alliance (TFSA) noted a number of key advantages including a large and growing Muslim population, a stable banking system and a welcoming regulatory environment.

“Islamic finance is one of the fastest-growing kinds of finance in the world,” said Janet Ecker, the president and CEO of the TFSA, speaking to the media at the launch of the report. “There are opportunities here which should be explored. Toronto is an international financial center. This is another way to keep our reputation and our capabilities growing.” With a new Liberal government in power and recent developments including an office in the DIFC opened by Canaccord Genuity Group (Canada's largest independent investment dealer) and a new Canadian financial advisory firm, Avicenna Capital, formed in Toronto for the purpose of developing new Islamic financial products for Canadian corporate investors, the new year could well be the start of a new era for Islamic finance in North America. (2)

## Fintechs – opportunities for Islamic banks

From pure online banks to instant mobile money transfers, the financial industry is undergoing an unprecedented digital revolution driven by financial technology (fintech) companies which are essentially created with the goal of disrupting the market. The fast-rising stature of fintech start-ups poses a threat to the intermediary role of the traditional banking system but rather than buckle down, far-sighted industry players are finding opportunities from this disruption to their advantage. VINEETA TAN writes.

Instead of shunning fintech companies, an increasing number of banks are reaching out to them to capitalize on their set of expertise and technology to boost the banks' existing digital presence. "Many banks are looking to collaborate with fintechs," confirmed Rohan Krishnalingam, the COO of RHB Group. "Most innovations today are created in the fintech start-up community as they are more agile and take advantage of the latest technologies."

As part of its efforts to work closely with the start-up community, RHB partnered with Startupbootcamp to develop local fintech start-ups as well as advance innovative business models to further address the financial needs of consumers and support SMEs.

**“ The inability to adapt and adopt effective digital banking strategies could cost GCC consumer banks up to half their profits ”**

Krishnalingam, who sees opportunities to leverage on fintech innovations to improve banking services in general, highlighted how partnering with fintechs is even more pertinent to the Islamic banking community which generally does not have the capacity to reach out to a wide audience. "This will take Islamic banking beyond traditional banking services alone," said Krishnalingam. Utilizing innovative solutions provided for by these disruptors, Islamic banks would be able to diversify and extend services beyond brick-and-mortar and reach larger untapped markets, and equally as significant, stay relevant to their customers.

According to EY, the inability to adapt and adopt effective digital banking strategies could cost GCC consumer banks up to half their profits in a world that is increasingly being disrupted and altered by evolving digital innovation; in other words, it is even more imperative than ever for Islamic banks to realign their focus and strategy to leverage on the digital approach. (EY)

## GLOBAL INDUSTRY ONE PUBLICATION

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## Tajikistan to leverage Islamic finance to boost SME participation and stimulate economy

**The Islamic Corporation for the Development of the Private Sector (ICD) is mobilizing resources into Tajikistan to shore up the Republic's slowing economy by invigorating the country's SME segment. VINEETA TAN writes that this comes as the Central Asian nation faces a risk of undoing its poverty reduction success dragged on by a widening trade gap, a Russian recession and lower remittance.**

The ICD has agreed to extend a line of Shariah compliant financing facility via local financier Agroinvestbank to support SMEs in the industrial, communication, technology, health, construction and agricultural sectors – in a bid to buttress the country's fledgling private segment, an area crucial to meet the government's ambitious goals of doubling its GDP by 2020, driving down poverty to 20% from the current 32% and to expand the middle class. World Bank figures show that private investments only account for 3% of the country's GDP (and only

20% of total investments) with public investments four times that number.

The lack of adequate infrastructure (particularly in terms of energy), weak rule of law and administration continue to loom over domestic and foreign entrepreneurs, making it difficult for them to break into and sustain themselves in the less-than-conducive business environment of Tajikistan. In fact, the Republic's private investment levels are below par than that of Europe and its Central Asian developing-nation peers.

"The SMEs have a crucial role to play in a country's growth and development, and [the] ICD has big plans for them," said Khaled Al Aboodi, CEO of the ICD, in a statement. "The ICD is now focusing on this sector by extending lines of finance to local banks in addition to the establishment of ASR Leasing Company in Tajikistan."

The multilateral financier's latest initiatives build on its previous US\$11.5 million line of financing facility to the nation and form part of its US\$25 million country program allocation for the Central Asian republic and also represents the IDB unit's concerted drive to push for Shariah finance in the country.

Islamic banking is high on the Tajik government agenda as the Muslim-majority nation follows in the footsteps of its neighbors Kazakhstan, Azerbaijan and Kyrgyzstan as well as Russia whom Tajikistan is highly dependent on in terms of remittance, to tap the approximately US\$1.8 trillion Shariah finance industry. The Tajik parliament passed an Islamic banking law in 2014 and the nation is on track to welcome its first fully-fledged Shariah bank, Bonki Rushdi Tojikiston which, with the aid of the ICD, is converting its operations to comply with Islamic law. <sup>(2)</sup>

## IFN launches invaluable platform dedicated to women in Islamic finance

**The world is a very different place now as compared to the last few decades with the rising stature of women altering business and economic as well as social and political landscapes worldwide. The meteoric ascendancy of women in the education and work spheres is unprecedented as the chorus calling for equality and social justice grows louder, yet despite encouraging numbers, a closer look at different segments, particularly the finance industry, reveals that women in general, still face gender-based challenges preventing them from further enhancement and empowerment as well as access to equal opportunities as their male counterparts.**

The numbers are staggering: despite women accounting for a larger proportion of the labor force (almost half if not more) in most countries, female representation in core management positions and boardrooms is strikingly low. In Malaysia for example, it may boast a significant number of women leaders in the Islamic finance space yet studies show that women account for

only 6% of boardroom memberships in financial institutions, 7% in insurance firms and less than 9% in the top 100 domestic firms, listed entities and government-linked companies in 2013. Such trends are similar even in developed countries such as the UK where only 9% of directorships of FTSE banks and 1-2% of executive directorships are assumed by women, according to the Treasury Committee.

Governments worldwide want to change that – if not for social justice reasons, for commercial and economic purposes. The female population represents an enormous opportunity to compensate a shrinking labor force in ageing societies: Japan is a prime example mobilizing in that direction. In countries where gender inequality may be stark such as Saudi Arabia, a move to narrow that gap is underway as they recognize that women have a vital role to play in nation-building.

While progress has been made in increasing women participation in the workforce (for example: the female labor

workforce has more than tripled since 2003 to 47% and 51% in Dubai and Qatar respectively), but underrepresentation in key positions, gender pay gap due to occupational segregation based on gender and cultural barriers still remain for most women.

Recognizing both the immense contribution women can give to the Islamic finance industry and the prevailing glass ceiling, IFN is proud to launch 'Women in Islamic Finance', a dedicated weekly segment to highlight success stories of women leaders in the industry and tackle pertinent issues revolving around female participation in Islamic finance. Learn from women trailblazers both at the forefront and behind-the-scenes of the industry through our insightful interview series and follow us as we dissect thorny issues surrounding women in Islamic finance through incisive reports and columns. Through this invaluable platform, it is hoped that the gender equality agenda can be pushed further and women are given the due recognition they deserve. <sup>(2)</sup>

## PowerTalk: Angelia Chin-Sharpe

Her aspirations for Islamic finance may be sky high but her feet are firmly rooted to the ground. With a career as illustrious as her exuberant personality, Angelia Chin-Sharpe has indeed left a mark in the industry, bolstering the Islamic asset management capabilities of one of the world's largest bank. To kick off IFN's newly-launched Women in Islamic Finance segment, VINEETA TAN speaks to this power lady who shares her secrets to success and hopes for the industry.

Corporate banking was where it all started for Chin-Sharpe. Armed with an Australian degree in commerce, the young Malaysian went on to try her hand in a variety of fields including stockbroking, credit control and recovery, and institutional dealing before finding home in the asset management arena over 12 years ago.

Today, Chin-Sharpe is the CEO and country head of BNP Paribas Investment Partners Malaysia, part of the global network of French BNP Paribas Investment Partners which boasts EUR509 billion (US\$553.05 billion) in assets under management and advice. A conventional finance professional by training, Chin-Sharpe's eclectic job experience prepared her for the Islamic finance world, and she supplemented her hands-on experience with a Chartered Islamic Finance Certificate program. Needless to say it was her acute sense of business and deep understanding of the financial markets as well as familiarity of the Shariah financial terrain which helped her strengthen BNP Paribas Investment Partners's Islamic repertoire internationally in her capacity as its global head for Islamic business. But more crucial than anything else, Chin-Sharpe attributes such successes to two main elements: her team, and her being a mother.

"Leadership is not about ME but a team," emphasized Chin-Sharpe. "Working alongside my team has allowed me to

better understand them and how they could effectively contribute to the overall success of [the] BNP Paribas Investment Partners franchise."

Empathy and the ability to recognize individual strength and weaknesses of team members are key.

"As a working mother, I understand the challenges of work-life balance and the constant struggle to juggle between my family and career," shared Chin-Sharpe. "I am thankful that I have a team of talented, dynamic and committed individuals working with me – and always aspiring to take the success that we have achieved to even greater heights."

And the team did indeed reach great heights. Under the leadership of Chin-Sharpe, the award-winning BNP Paribas Investment Partners became the first global manager to launch a global Shariah equities exchange-traded fund – the EasyETF DJIM Titan 100 listed in France and Switzerland – and also became one of the few global asset managers to roll out a global Sukuk Fund – the BNP Paribas Hilal Income Fund in 2009. Currently in the works is a Luxembourg-registered UCITS III-compliant Islamic ASEAN equities fund to be managed from BNP Paribas Investment Partners Najmah Malaysia and BNP Paribas Investment Partners Hong Kong.



*Angelia Chin-Sharpe  
CEO and country head of BNP Paribas  
Investment Partners Malaysia*

So how has it been for a woman to climb up the ranks in a male-dominated industry?

"I am lucky and thankful that we do not face gender discrimination in the financial industry. In Malaysia, there are many female leaders across the industry, and our male counterparts have bestowed us equal respect and recognition for our contribution to the industry," said Chin-Sharpe.

Malaysia has always been supportive of women in finance, and in the case of Chin-Sharpe, so has her employer. "I think it is important for any given organization to create an environment that is fair and positive – which is also the reason why I have stayed on with BNP Paribas Investment Partners for close to a decade. Throughout my stay in the organization, I progressed through multiple increasingly challenging roles which have in turn helped determined what I am most passionate about," said Chin-Sharpe. ☺

## Women in Islamic Finance

A weekly look at women trailblazing the Islamic finance industry, featuring the insights and voices of market movers through Q&As and columns as well as incisive reports where we dissect thorny issues surrounding women in Islamic finance

# Singapore: Too little too late?

Singapore's prowess as a global financial hub is undeniable and while there have been efforts made to position itself in the Islamic financial markets, these have not translated into the success story many have hoped for. VINEETA TAN provides a breakdown of the Lion City's Islamic finance ecosystem.

## Regulatory environment

Singapore's approach differs from neighboring Malaysia in that it applies non-preferential treatment to create a level-playing field for both conventional and Islamic finance rather than providing tax advantages as practiced by the latter. Islamic finance and banking are governed under the same regulation, the Banking Act, which treats Shariah compliant finance within a secular legal structure, with no reference to Arabic names.

Nonetheless, like many other jurisdictions attempting to kickstart their Islamic finance industry, Singapore did make initial concessions to give the sector an advantage in its vastly conventional landscape. Several regulations were introduced between 2005 and 2009 legislating Shariah banking and financing instruments as well as amendments to tax regulations which removed additional tax obligations arising from the asset-based nature of Shariah transactions. In 2013 however, the central bank – Monetary Authority of Singapore (MAS) – allowed two Islamic finance tax incentives (rolled out in 2008) to expire; this led to doubts on MAS's commitment to Islamic finance and banking. Yet despite so, the regulator has consistently reaffirmed its Islamic finance dedication. On the 8<sup>th</sup> April 2015, a conditional provision for the remission of stamp duty to Islamic financial contracts was made via the Stamp Duties (Islamic Finance Arrangements) (Remission) Rules 2015.

In June 2015, the deputy managing director of MAS, Jacqueline Loh, confirmed that the apex bank is working in collaboration with industry participants and other government institutions to provide greater clarity in the regulatory and tax treatment for Sukuk including a potential pre-approved standardized template for common Sukuk structures.

## Banking and finance

Singapore's Islamic banking sector, however, was dealt a heavy blow as the country's sole fully-fledged Islamic bank – Islamic Bank of Asia (IB Asia) – in

September 2015 announced that it will be winding down its operations due to its failure in generating economies of scale. This is despite Shariah banking assets in Singapore growing 73% since 2010 and the number of banks involved in Islamic banking doubling to 15 over the five-year period since then. IB Asia's parent DBS Group Holdings, however, has said that it will maintain an Islamic portfolio. Other prominent Islamic banking service providers include Maybank and CIMB.

## Sukuk

Although Singapore has significantly deep and liquid capital markets (despite no real need to tap the debt capital markets, the country has been maintaining current account surpluses, averaging SG\$8.42 billion (US\$5.94 billion) from 1986-2015 according to Trading Economics), the same however cannot be said about the Islamic side. Government agencies have been active bond issuers in order to develop the nation's capital markets; however in the past five years (since 2015), there have only been 31 Sukuk issuances in the country, according to MAS. Total outstanding issuance reached a high of SG\$3.8 billion (US\$2.68 billion) in 2014, a rise from SG\$440 million (US\$310.48 million) in 2009, the year when Singapore launched a Sukuk facility to provide regulatory assets for banks in the Shariah space.

There seems to be a reservation, or rather disinterest, from other government agencies (and corporates) to issue Shariah compliant securities. This could perhaps be attributed to the pervasiveness of conventional finance in the system, and with no incentives to pursue Islamic debt, issuers do not see a need to diverge from mainstream market practices.

The latest Sukuk issuance in Singapore was by Malaysia's national mortgage company, Cagamas – a one-year Wakalah facility worth SG\$162.75 million (US\$114.84 million) that is part of the company's US\$2.5 billion multicurrency program.

## Asset management

While Singapore's Shariah banking and Sukuk segments may not be up to par, however Asia's Switzerland is well positioned to leverage its sophisticated wealth management expertise and the burgeoning wealth of Asia to develop a strong Islamic asset management repertoire. From 2010-15, Islamic assets under management in the nation – which is home to the world's largest Shariah compliant real estate investment trust, Sabana REIT – grew by 22%.

## Crowdfunding

There is also a rise of Islamic crowdfunding platforms in Singapore. The city state is home to at least two of such platforms: Club Ethis and Kapital Boost which are rising in stature and facilitating cross-border investments.

## Outlook

On paper, it seems that Singapore has the financial makings to be a premier Islamic financial center especially in terms of capital markets (Sukuk listings) and Islamic wealth management, but the lack of retail traction (due partly to a small Muslim population and the lack of product competitiveness) makes it challenging to build a substantial asset base for the (corporate) market to take off. This has not deterred interested parties from leveraging Singapore's prime position as a leading international financial center with Shariah expertise though: For example, Sichuan Development Holding Company in 2015 engaged Silk Routes Financial to advise its Islamic capital-raising exercise. The Singaporean firm in 2015 also entered into an MoU with Cathay Fund Management Company to establish a Shariah fund management platform in China.

A lack of regulatory support has often been cited as a main challenge for the industry, and for the island nation to capitalize on Islamic finance to deepen its trade ties with the GCC as well as tap into the lucrative infrastructure project opportunities in the region, there is, as ever, a crucial need for regulators and market players to work together to develop the segment. (2)

# Ratings: Criteria upgrades and rating downgrades

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

## Methodological developments

S&P early last year updated its criteria for Sukuk ratings which took into consideration the differences between Sukuk and their conventional counterparts, more specifically the additional risks assumed by Sukuk.

Moody's similarly updated several cross-sector, primary and secondary rating methodologies for structured finance securities, to incorporate a new counterparty risk assessment that it has introduced for banks as part of its revised bank rating methodology. The updates to the structured finance rating methodologies generally have a positive rating impact on structured finance transactions. The rating agency also improvised its methodology for the financial statement adjustments it uses in rating analysis for non-financial corporates globally. The main changes are revised standard adjustments for operating leases and refinement of the criteria for when adjustments are made for securitizations and factoring arrangements.

Malaysian rating agency RAM in May published a criteria and methodology paper highlighting the general guidelines for permitted investments that a project finance or structured finance transaction would have to observe. It opined that project finance and structured finance transactions typically revolve around a single cash flow-generating asset or a pool of receivables and are usually limited recourse in nature. As such, the credit assessment necessarily focuses on the underlying cash flows to support the interest/profit and principal obligations under the bond or Sukuk. Owing to the timing differences between when cash is collected and paid out to meet the issuer's financing obligations, there is typically a temporary mismatch of cash flow streams. Given the importance of prudent management of transaction cash flows, as part of its rating process, RAM assesses the quality of any permitted

investments made. The following month RAM updated its rating criteria for non-operating bank-holding companies, along with a group rating methodology for banks, and also developed a new Basel III rating criteria for banks and bank-holding companies. The new approaches help the firm in determining the starting point for the issue rating of the security and correspond with regulatory requirements in Malaysia.

In terms of investment managers, Malaysia's MARC last August published an exposure draft elaborating its proposed methodology for rating investment managers. The methodology will look at the context of the investment manager's size and complexity of its investment management activities. MARC's analysis of a Shariah compliant investment manager would also be driven by an evaluation of the same rating factors for its conventional counterpart, but with appropriate adaptations to incorporate commonly accepted components of sound Shariah governance and best practices. The rating agency has invited interested parties to comment on the proposed draft and will finalize it following its review from market participants' feedback.

Fitch Ratings in its criteria report titled 'Rating Sukuk' updated its Sukuk rating criteria (without affecting existing ratings). The report describes Fitch's approach to originator-backed (also called asset-based) Sukuk structures in which investors rely on the obligor for direct support features. Fitch's analysis is driven by the originator's rating, in addition to the clarity and strength of the contractual documentation binding the originator to the Sukuk. Without the necessary documentation, in line with Fitch criteria, Sukuk could be considered subordinated, or Fitch may choose not to rate the notes at all. The agency will monitor the evolution of Sukuk structures, particularly toward an increasing acceptance of originator-backed Sukuk, or toward an increased focus on asset-backed Sukuk with

greater reliance on underlying assets and cash flows.

## Global review

Sovereign ratings across the globe reflect uncertain global economic conditions. In Africa: S&P revised the outlook on Egypt to stable from positive. In Asia: RAM reaffirmed Malaysia's ratings at 'gA2'; Fitch affirmed China's long-term foreign and local currency issuer default ratings (IDRs) at 'A+' with a stable outlook and it affirmed Indonesia's long-term foreign and local currency IDRs and senior unsecured foreign and local currency bonds and Sukuk at 'BBB-'; Moody's changed its outlook on Pakistan's banking system to stable from negative and Turkey's unsolicited 'BB+/B' foreign currency long and short-term sovereign currency ratings and the 'BBB-/A-3' local currency long and short-term sovereign credit ratings have been affirmed by S&P with the outlook remaining negative.

In Europe: Fitch affirmed the UK's IDRs at 'AA+' with stable outlooks. In the Middle East: Moody's observed that GCC governments' fiscal and current account balances will remain under pressure with lower oil prices expected to stretch for longer; S&P has lowered its unsolicited long and short-term foreign and local currency sovereign credit ratings on the Kingdom of Saudi Arabia to 'A+/A-1' from 'AA-/A-1+' with the outlook remaining negative and it also maintained a negative outlook on Bahrain and its central bank reflecting uncertainties in the rating agency's fiscal forecast; RAM reaffirmed Qatar's respective global sovereign ratings of 'gAA3(pi)/Stable'; Moody's maintained a stable outlook on the UAE's banking system based on its expectation of resilient capital and liquidity buffers and bank creditworthiness; and S&P has lowered Oman's long-term local and foreign currency sovereign credit ratings to 'BBB+' from 'A-' with a negative outlook, similar to Moody's outlook on the country. (2)

# Cagamas invigorates Sukuk market via reopening initiative

Cagamas, on the 2<sup>nd</sup> November 2015, issued its maiden reopening of Islamic medium-term notes (IMTN) amounting to RM500 million (US\$114.95 million), aiming to encourage trading activity and promote secondary market liquidity of its papers. Speaking to Chung Chee Leong, the president and CEO of Cagamas, NURUL ABD HALIM provides a rundown of the exciting transaction.

Having considered the Sukuk Wakalah Bil Istithmar and Sukuk Al-Amanah Li Al-Istithmar structures, Cagamas opted for the Murabahah structure for the latest issuance as it is a widely acceptable Islamic concept among investors, it provides ease of execution on the operational level and has the ability to offer certainty in terms of return to investors and cost of funding to issuers.

**“ The success in the reopening exercise serves as [a] new benchmark for other corporate issuers with the smaller issue size, which could potentially tap a lower cost of funds for their subsequent issuances ”**

The Sukuk, having a tenor of three years, was facilitated by AmInvestment Bank as the lead manager, together with CIMB Investment Bank, HSBC Bank Malaysia and Maybank Investment Bank acting as the principal advisors. Proceeds from the Sukuk will be used to fund Islamic home financing from the financial system.

Issued within a three-week period, the limit constraint by local investors became one of the challenges facing the company in achieving a full subscription during the issuance. The growing expectations of a policy rate hike by the US Federal Reserve in December and a heavy pipeline of issuances in the same period also caused investors to be more price-sensitive and selective in their investment decision. Chung highlighted that through accurate timing of the book opening and also the close engagement with anchor investors, the company was able to obtain bids at competitive prices.

Representing the first Sukuk reopening under its RM40 billion (US\$9.2 billion) Islamic and conventional medium-term note programs, the aim of the Sukuk is to encourage trading activity and promote secondary market liquidity of its papers. By consolidating existing stocks with smaller issuance size into benchmark size for the inclusion in the widely followed bond indices, Cagamas would increase the visibility of its ringgit Sukuk to global investors. Chung also added: “The success in the reopening exercise serves as [a] new benchmark for other corporate issuers with the smaller issue size, which could potentially tap a lower cost of funds for their subsequent issuances.”

Rated ‘AAA’ and ‘AAAID’ by RAM and MARC respectively, the Sukuk will be expected to enhance the liquidity of its papers and provide an efficient exit platform for investors. Cagamas has three other Sukuk programs: the RM20 billion (US\$4.6 billion) Islamic/conventional commercial paper programs, the RM5 billion (US\$1.15 billion) Islamic commercial paper/IMTN Sukuk Al-Amanah Li Al-Istithmar and the fixed rate Singapore dollar Sukuk from the US\$2.5 billion multicurrency Sukuk issuance program. ☺



**Cagamas**  
**RM500 million (US\$114.95 million)**  
**Reopening**  
**Fixed Rate Sukuk**  
**Murabahah**



9<sup>th</sup> November 2015

<b>Issuer &amp; Obligor</b>	Cagamas
<b>Reopening amount</b>	RM500 million (US\$114.95 million)
<b>Final issue size</b>	RM520 million (US\$119.55 million)
<b>Mode of issue</b>	Bought deal
<b>Purpose</b>	Purchasing of Islamic house financing
<b>Tenor</b>	Three years
<b>Issuance price</b>	Discount
<b>Profit rate/YTM</b>	4.05%/4.19%
<b>Payment</b>	Semi-annual basis
<b>Currency</b>	RM
<b>Pricing date</b>	2 <sup>nd</sup> November 2015
<b>Maturity date</b>	20 <sup>th</sup> December 2018
<b>Lead manager(s)</b>	AmInvestment Bank
<b>Principal advisor(s)</b>	CIMB Investment Bank, HSBC Bank Malaysia and Maybank Investment Bank
<b>Governing law</b>	Law of Malaysia
<b>Legal advisor(s)/counsel</b>	Zaid Ibrahim & Co as legal counsel for the issuer. Wong & Partners as legal counsel for joint principal advisors (JPA) and joint lead arrangers (JLA)
<b>Listing</b>	Not listed on Bursa Malaysia Securities or any other stock exchanges
<b>Underlying assets</b>	Shariah compliant commodity
<b>Rating</b>	‘AAAID’ by MARC and ‘AAA’ by RAM
<b>Shariah advisor(s)</b>	CIMB Islamic Shariah Committee, Maybank Islamic Shariah Committee and HSBC Amanah Shariah Committee
<b>Structure</b>	Commodity Murabahah
<b>Tradability</b>	Yes
<b>Face value/minimum investment</b>	RM500 million

# The bare truth

By Dr Ken Baldwin

**Happy new year to all of the IFN readers and I hope and pray that 2016 brings everyone success.**

Well it is certainly interesting to wonder what the next 12 months will bring. I was in Kuala Lumpur in November to give a three-day course on asset liability management and risk-based pricing. While I was in KL, I had a chance to visit the Petronas Towers. Very impressive! I had a wonderful time and was sorry to leave Malaysia to return to the UK. It had actually been 25 years since my last visit and I could not recognize the place.

Having lived a long time in the GCC and seeing the development in Malaysia, and also in Indonesia, I am hoping that considerable responsibility was, and will continue to be, exercised concerning protecting the environment while adding



infrastructure to key cities. It was certainly disconcerting that the GCC countries I lived in gave almost no thought to environmental issues when reclaiming land from the sea to build real estate projects. Traveling around KL, I am running with a generalization that infrastructure development in Malaysia, and now more so in Indonesia, will be more mindful of the environment, and in particular the potential impact on ecosystems and the quality of living for people living nearby.

Fortunately for Indonesia and Malaysia, these countries are large, unlike Bahrain, for example, so if decisions taken do have an adverse environmental impact, then Insha Allah their impact on families would be felt less given the relatively large numbers of people living in rural areas. But I never say never, and just hope that the social responsibility aspect of Islamic finance is indeed respected fully.

This leads me to a final comment. When appraising finance projects, bank and consortium financing decisions

**“ I am sure that fund providers to Islamic banks would prefer to know whether their funds are used responsibly to build a future for generations to come. ”**

nearly always ignore environmental impact considerations. So a key question for me is whether we should, as a matter of necessity, require a positive assessment of environmental impact to be a prerequisite of financing decisions, particularly when Islamic banks provide the funding. I am sure that fund providers to Islamic banks would prefer to know whether their funds are used responsibly to build a future for generations to come. (2)

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- Provide clear examples of Islamic finance structures applied to pre-export finance, export finance, manufacturing and shipping guarantees
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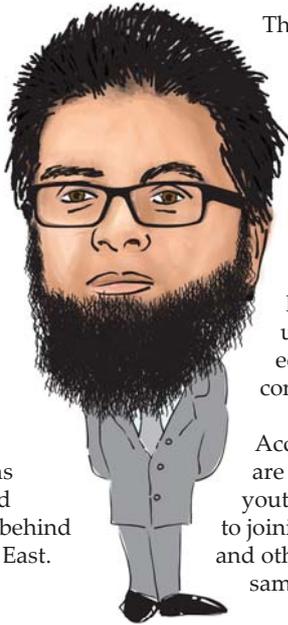
# Flip the script

By Mohammad Raafi Hossain

**Income inequality has started to emerge as a hot election issue in the US and likewise, the widening gap between rich and poor has been a staple topic among economic and political circles around the world.**

About a year ago, the release of Thomas Piketty's magnum opus, 'Capital in the Twenty-First Century' brought to the forefront a wealth of research and insights on why wealth inequality matters. The landmark treatise abruptly started a heated, but much needed debate on what the harms of inequality really are and what needs to be done to reverse the trend.

To add to this, a couple of months ago, Piketty brought up the fact that the Middle East is the world's most unequal region in terms of income disparity and cited inequality as a major driver behind the instability in the Middle East.



He supports this position by mentioning that the top 1% of the population in the Middle East holds 26% of the wealth, which is higher than the US and significantly higher than any other region in the world. Much of that has to do with oil wealth being very concentrated. Oil-rich countries in the Middle East only form about 16% of the population while disproportionately accounting for nearly 60% of the wealth.

The inequality is further exacerbated by the fact that the highest youth unemployment rate exists in the Middle East, a region that is home to one of the largest youth populations in the world.

So, what happens when labor markets drowned in unemployment collide with economies that have highly concentrated wealth?

According to Piketty, you are left with disenfranchised youth who are more vulnerable to joining terrorist organizations and other dangerous factions. The same terrorist factions that use

contemporary poor economic conditions and the growing gap between the poor and rich as some of their strongest recruitment tools.

Strangely enough, the Islamic finance industry could acquire younger clients through the same pitch and through it, play not only the role of a potential peacemaker, but also showcase its theoretical capabilities of reducing inequality and creating more real economy opportunities.

The pitch is rather simple: Disenfranchised youth are looking for a religiously legitimized solution toward unemployment and the lack of entrepreneurial opportunities. Meanwhile, governments are struggling to stem the rapid rise of income and wealth inequality that Piketty surmises is leading to instability in their respective economies.

Through using financial products that can and should increase start-up potential, spur real economy jobs and equalize the distribution of risk and reward, Islamic finance is well positioned to play the role of mediator and maybe even savior during these tumultuous times. (2)



## Bank of Maldives introduces Islamic deposit account



Maldives

By Aishath Muneeza

A new Islamic deposit account, the Wadiah Business Account, has been introduced by BML Islamic, the Islamic finance arm of the Bank of Maldives (BML) on the 7<sup>th</sup> December 2015. The tagline used in the introduction of this type of account is: "The Shariah compliant current account facility for your business." This newly introduced account is not merely an account with a current account facility but it provides added services such as instant and secure internet banking and professional support through the BML Islamic Advice Center for more advanced Islamic banking-related advisory services.

According to the official website of BML Islamic, other benefits of opening a Wadiah Business Account include: having the opportunity to use services from a dedicated business banking team; able to utilize Islamic banking advisory services; having options to have Shariah compliant trade finance solutions; having a checkbook; able to make payroll payments; having the liberty to

do transactional services such as foreign currency exchange, remittances, pay orders and standing instructions; having access to internet banking facilities like account statements; able to perform local and international fund transfers; having access to merchant services like point of sale (POS) and mobile POS terminals; and last but not the least, having access to the largest branch network in the country.

The option to open an account in Maldivian rufiyaa and US dollars is available and the procedure to open an account is not lengthy. At the moment, BML Islamic offers only the Wadiah Personal Account and the Wadiah Business Account. Apart from the deposit products, the only financing scheme offered is the Faseyha Madhadhu SME program that has been designed with the Ministry of Economic Development to disburse funds received to the government from the IDB to run the program. ☺

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### ASSET LIABILITY MANAGEMENT & RISK-BASED PRICING FOR ISLAMIC BANKS



11<sup>th</sup> - 13<sup>th</sup> April 2016  
LONDON

#### Highlights:

- Addressing Asset Liability Management within an Islamic Banking Context
- Solutions to Manage Key Risk and Liquidity Management Challenges with Islamic Banks
- Identifying Risks Unique to Islamic banks due to ALM Structures
- Understanding Risk-Based Pricing of Islamic Financial Instruments
- Pricing Islamic Financing Receivables and Sukuk Investments

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## Quiet end to 2015 for Qatari Islamic banking industry



**QATAR**

*By Amjad Hussain*

**Although it has been quiet toward the end of 2015 from a general banking transactions perspective, Islamic banks in Qatar have been involved in a number of transactions and have been recognized as leading financial institutions by numerous publications.**

Qatar International Islamic Bank announced that it will become the exclusive subscription manager of Islamic Holding Group Company, which will increase its capital through shares that will be available for eligible subscribers, who are either the owners of rights shareholders listed on the Qatar Stock Exchange on the 1<sup>st</sup> December 2015, or the owners of rights who had acquired that right through the Qatar Stock Exchange. Additionally, QIIB has recently signed a joint venture agreement with Moroccan lender Credit Immobilier et Hotelier to set up a lender in Morocco. The Qatari joint venture is part of QIIB's strategy to pursue overseas investments and diversify its portfolio. The agreement will see QIIB take a 40% stake in the new bank which is expected to launch in the coming months after necessary approvals.

Additionally, Qatar First Bank (QFB) recently announced that it plans to list its shares on the Qatar Stock Exchange as early as the first quarter of 2016. The bank has long been linked with a flotation, in what would be only the second new listing in Qatar since 2010, although QFB would only put its shares onto the bourse to trade and would raise no new money from the event. QInvest has been selected as 'Sukuk Manager of the Year' by Global Investor/ISF. Nasser Al Mahmoud, the managing director and head of strategic relations at QInvest, stated that the award is a testament to the continued leadership and innovation of QInvest in the investment banking industry and specifically the global Sukuk market. While the volume of Sukuk transactions has reduced, due to market volatility, QInvest's Sukuk franchise continues to generate international and regional interest in corporate and sovereign issuers.

Masraf Al Rayan was granted three performance awards at the 2015 World Islamic Banking Conference Performance Awards across all three categories: country, regional and global. Nasser Raeissi, the

assistant general manager of human resources and administration, said in a press statement that the three awards collectively reflect the strong financial performance of Masraf Al Rayan, its prudent strategy and its flexible business model. Al Rayan Investment (ARI) won the 2015 'Qatar Equities Manager of the Year' award from highly respected Global Investor/ISF which is a Euromoney publication covering the global asset management industry. ARI has been mandated by Masraf Al Rayan to be the fund manager of the upcoming Shariah compliant Qatar equity exchanged-traded fund which is currently under incorporation.

Qatar Islamic Bank (QIB) has been recognized for the first time as the 'Bank of the Year – Qatar 2015' by The Banker magazine – the world's longest-running international banking title and the leading monthly title of the Financial Times Group – as part of the magazine's Bank of the Year Awards 2015. The selection process was based, among other factors, on an institution's progress in the preceding year, and reflects QIB's outstanding growth and development. More importantly, QIB recently announced that it issued first-of-its-kind certificates of deposit for customers, individuals and businesses in the Qatari riyal and the US dollar, with different maturity dates of two, three and five years. The annual profit of deposit certificates in the Qatari riyal is expected to be 3.5% for five years, 3.25% for three years and 2.75% for two years, while certificates in the US dollar will generate profit of 2.75% for five years, 2.25% for three years and 1.75% for two years.

Elsewhere, Qatar National Bank recently announced that it has entered into a definitive agreement with the National Bank of Greece for the acquisition of its entire stake comprising 99.81% in Finansbank in Turkey for a total consideration of EUR2.7 billion (US\$2.93 billion). The transaction has been approved by the board of directors of both banks and the General Council of the Hellenic Financial Stability Fund. The closing of the transaction is subject to regulatory approvals and other customary closing conditions. The transaction is expected to close in the first half of 2016.<sup>(f)</sup>

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# Developments in Islamic finance and regulation

In recent years, the Shariah finance industry has expanded to include many individuals looking to invest not only based on Islamic principles, but also seeking a satisfactory return, and increasingly, non-Muslims looking to tap an attractive pool of investment resources. This development has led to calls for an increased regulation and standardization of Islamic products, with initiatives emerging from a number of authorities. MOHIEDDINE KRONFOL provides an overview of issues surrounding the development of Shariah compliance standards.



## ISLAMIC FINANCE AND REGULATION

By Mohieddine Kronfol

**The drive toward regulation and standardization should be treated with caution as prescriptive standards could stifle innovation, while the Islamic community's emphasis on individual understanding and the lack of a central authority mean that universally acceptable standards may be difficult to attain. Rather, there should be a development of principal standards that leave room for innovation, while increased transparency among individual practitioners enables market participants to make clear judgments about the acceptability of their products.**

### Challenges arising from international expansion

Neither the Quran, the ultimate source of Islamic law, nor the Sunnah, dwell at length on Shariah practices. The decision about whether a product or activity is Halal or Haram is usually reached through some combination of analogy, previous precedents, particularly the rulings of the first generation of Muslims, public interest, consensus and, frequently, local customs.

Different schools of Islamic thought place more emphasis on different secondary sources and all tend to ameliorate the impact of prohibitions with the enjoiner that actions should be used to promote social justice, balance the needs of the individual against that of society, avoid waste or destruction of resources, and promote comfort rather than hardship. If the main activity of an enterprise is seen as important and in the public interest, or if the unacceptable activity is common practice in the particular industry and difficult to avoid, some scholars would grant further leeway, though all would expect profit from Haram activity to be removed from cash flows through a process of purification.

Sukuk present its own challenges. Islam's proscription of interest and insistence that investment should involve risk-sharing and a clear link to real economic activity create tension with the desire of many investors for Shariah compliant products that nevertheless allow them to receive a predictable income with security of capital. A variety of strategies has evolved to create Shariah compliant structures with bond-like characteristics, some of which are more controversial than others.

In addition, the smooth operation of Sukuk funds can require other instruments that can themselves require careful construction if they are to conform to Islamic precepts. Satisfactory structures for foreign exchange forward contracts, and instruments such as profit-rate swaps that perform a similar function to conventional interest-rate swaps, have been created, with the successful promulgation of the Islamic Derivatives Master Agreement in 2010 an important milestone. Although onboarding the new structures can prove a lengthy process, we are seeing increasing confidence in their acceptability among large institutions and fund customers.

### Implications for international investors

As the number of centers of Islamic finance grows, questions around local interpretation could increase, though the difficulties sometimes appear overstated. Iran aside, local finance traditions in many Islamic countries differ somewhat. Non-Islamic majority countries, such as the UK and Hong Kong, present different issues. Although such countries naturally tend to avoid controversial interpretations of Shariah as they bid to establish themselves, the activities of sophisticated financial professionals can lead to the development of innovative products that can require interpretation.

The challenge for Islamic finance is to achieve a degree of uniformity in the

treatment of assets, providing comfort to international investors, when the underlying principles governing such treatments necessarily have local roots.

In practical terms, the universe of Shariah compliant equities is created by excluding businesses with either a preponderance of Haram activities or an unacceptable capital structure that would leave them as substantial payers or recipients of interest, among others.

A number of authorities have set up filtering mechanisms that automatically analyze companies, declare whether they are Shariah compliant overall, and even calculate the portion of income that is Haram. Their services are widely used by Shariah compliant equity funds, and we believe they generally work well, although issues can arise with businesses that are close to the limits of acceptability for one reason or another, often because of their balance sheet structures.

Such businesses can oscillate between compliant and non-compliant status from quarter to quarter. The situation with Sukuk is somewhat more complex as, although many products will share similar characteristics, all are to some degree bespoke, making automation of decision-making difficult and requiring due diligence from scholars both in the originating institution and the purchaser.

### Solutions to variations in the interpretation of Islamic precepts: Regulation and standardization?

For many Islamic finance practitioners, the solution to the issue of variability of interpretation is the establishment of detailed common standards. A number of countries with large Shariah compliant financial industries have moved to establish national Shariah boards to provide specific standards for products within their jurisdiction. Many commentators have called for global Shariah standards to be established.

*Continued*

Indeed, the Bahrain-based AAOIFI, intended to become a global authority, was set up as early as 1990.

Although national and international Shariah boards can provide solid guidance to originators and users of financial products, they come with their own problems. First, they cannot bind other jurisdictions. The issue of local customs in Islam could potentially render a decision by one national board inappropriate from the point of view of another board. Efforts to standardize can also restrict product development—a 2008 ruling by AAOIFI declared that a number of the Sukuk structures in use at that time should become inadmissible, temporarily stalling the market and creating repercussions that continue to influence policy today.

Second, certain Sukuk structures that had functioned well in meeting particular needs faded from use. The sale-and-leaseback-based Sukuk Ijarah, which was unaffected by the AAOIFI ruling, became the structure of choice for governments, such as the UK and Hong Kong, as they looked to issue Islamic bonds. Sukuk Ijarah, while an effective and clearly compliant product, has its own limitations, particularly the need for an existing physical asset of an appropriate value for the issuer and one capable of generating a cash flow stream.

Third and somewhat outside the Shariah mainstream, Iranian financial institutions utilize Salam, a deferred sale contract, in the creation of Sukuk, a strategy not acceptable in most other jurisdictions. A perception has persisted that Malaysian scholars tend to interpret Shariah principles in a more liberal fashion than their Gulf counterparts, an often-cited case in point being Sukuk Murabahah and Sukuk Bai Bithaman Ajil contracts, which were considered tradable in Malaysia for some time after Gulf scholars saw them as unacceptable or tradable only at par value. However, Malaysian and Gulf thinking has converged such that only limited differences with little practical impact remain.

Finally, a further issue with national and international boards is that detailed discussions and a search for consensus can be time-consuming. A standard for currency hedging took some seven to 10

years to be established, for example. With the Sukuk market developing quickly, a standard can become outdated with new product features simply not envisaged at the time of promulgation, creating an appearance of non-adherence. Faced with commercial pressures to issue products, banks will often go their own way rather than await guidance from the national board. They may rely on guidance from carrying out their own due diligence whether a national board has been involved or not. In addition, an issuer that has spent time and money on developing an innovative product might prefer not to involve a national standards body in the first instance since an approval by the higher body would effectively make the particular structure available to any other business that might wish to use it, thereby negating any first-user advantage.

### **An alternative approach: Principal standards and practitioner-driven solutions**

We agree that the development of accepted international standards is an important step required if Islamic finance is to fulfill its promise and become a truly global industry. As such, well-resourced and professionally supported Shariah boards have value in speeding up decision-making. However, we are uncertain whether moves toward highly prescriptive templates for financial products are an appropriate response; we believe that innovation remains crucial for the development of the industry, and that in attempting to set standards so rigorous that no one will object may be to seek the impossible given the nature of Islamic jurisprudence.

As an alternative, we would support the development of principal standards, clearly stating unacceptable practices, but otherwise leaving room for interpretation and development. The onus then falls on product originators to be as transparent as possible in laying down the nature of their products and their rationale in Islamic law. Potential buyers of the products can then clearly understand what is being offered and why. We note that the regulation of Shariah equity, based on a fairly clear series of prohibitions and effective market-derived maximum acceptable levels for Riba and other Haram activities, creates few issues, and in our opinion, a

similar approach could also work well for Sukuk products. As long as the legal theory underpinning particular products is clearly spelt out in the prospectus, the product can then prosper or fail according to its acceptability within the industry. Over time, a market-driven consensus on the structure of Islamic products should become clear.

We would note that universal acceptance of a particular product may not be necessary in any case. Many institutions that acquire Sukuk do so on a buy-and-hold basis so that, in effect, Shariah compliance requires only the agreement of the scholars of the issuer and the buyer. Other issues trade only over-the-counter, again limiting the range of parties needing to be in agreement. That said, Sukuk funds are growing in importance, and with them a need for deeper pools of tradable securities for the purpose of liquidity and price discovery. Widespread acceptance of particular standards is important, but strenuous efforts to accommodate small numbers of objectors do not appear necessary, in our opinion—such objectors have the right and duty not to participate in a product that they find objectionable, but they should not thereby hold a veto over its use.

### **Conclusion**

Although we understand the calls to supply definitive standards through the establishment of national and international Shariah boards, we would caution against over-prescriptive regulation. In our opinion, with the freedom to innovate and with sufficient transparency shown by product originators, the community of Islamic finance participants can evolve by consensus to produce satisfactory, market-based solutions so that the industry can become both a strong competitor to conventional finance and a source of unique investment options that can appeal both to Islamic and conventional investors.☺

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# Islamic banking: The regulatory challenge

2011 saw the beginnings of a new era in banking in Europe. Some questioned the resiliency of the conventional banking model while others felt it was time to explore alternative models for future stability. The global financial crisis and the eurozone sovereign debt crisis could be attributed to an increased awareness of Islamic banking. DR YUSUF ABDUL-JOBBAR takes a look at Islamic banking in Europe and Germany and the associated regulatory challenges.



## REGULATORY ISSUES

By Dr Yusuf Abdul-Jobbar

### Islamic banking in Europe

Overall, Islamic banking in EU countries is still in its infancy with huge potential. Banks offering Islamic financial products and services in the EU are only a small number. The majority of them are located in the UK which is regarded as the European hub of Islamic finance. The UK has a renowned reputation for having one of the world's most developed and exquisite banking and financial services sectors with many institutions carrying over a century of experience.

With the launch of the UK's first fully Shariah compliant retail bank in 2004, the UK today is considered to be a leader in Islamic finance within the western world. With over 20 banks currently offering Islamic financial products/services, the government's own Islamic Finance Task Force and approximately 25 law firms specializing in legal services required for Islamic finance, the UK has one of the most developed Islamic financial markets in the west. Despite the UK taking a lead in Islamic finance, other eurozone countries are joining the race. Luxembourg is no stranger to the world of banking and finance. The Grand Duchy today has around 143 banks from 27 different countries. Its success in private banking is not built on banking secrecy, but rather on the quality of its services and the high level of cross-border expertise it has to offer.

Toward the end of 2014, the first fully-fledged Islamic bank in the eurozone, Eurisbank, was established in Luxembourg. It was initially launched with a capital of EUR60 million (US\$65.21 million). The bank offers a mix of retail, corporate and private banking services. Outside its home territory, Eurisbank has plans to open branches in France, Belgium, the Netherlands and Germany. The following year, we saw another big announcement, this time from neighboring Germany.



With over four million Muslims in Germany holding an estimated wealth of approximately EUR25 billion (US\$27.17 billion), the appetite for Islamic finance is huge. In July 2015, KT Bank became the first fully Shariah compliant retail bank to operate in Germany.

### Islamic banking in Germany

Germany, home to the European Central Bank, is a formidable player in the European banking scene. The German economy is the largest and strongest economy within the EU. After France, the 2<sup>nd</sup> largest European Muslim population live in Germany; although this may be the case, Germany remains somewhat reluctant to embrace Islamic finance within its legal and tax systems.

Germany's venture into Islamic finance can be traced back to as early as 2004 when the government was involved in issuing a Stichting Sachsen-Anhalt Trust Sukuk Ijarah. However, the momentum for Islamic banking really started during 2009 when Kuvveyt Türk Beteiligungsbank was issued a limited banking license by the Federal Financial Services Authority (BaFin), effectively making it the first stand-alone bank in Germany to operate under Islamic banking principles. Kuvveyt Türk is

majority-owned (62%) by Kuwait Finance House (Kuwait-based), one of the largest Islamic banks in the world in terms of capital and assets.

Also in 2009, BaFin hosted its first-ever conference on Islamic finance which was well received by the press. The conference was instrumental and can be regarded as the initial steps toward building up a regulatory framework for Islamic banking in Germany. During the conference, on more than one occasion, BaFin officials indicated their eagerness in supporting Islamic banking. BaFin is a federal institution governed by public law that belongs to the portfolio of the federal Ministry of Finance. BaFin supervises an estimated 2,000 banks, 650 financial services institutions and around 630 insurance undertakings. BaFin is a single regulator and thus is a supervisory structure that is capable of equality in regulatory treatment hence establishing a level-playing field.

### Regulatory challenges

In Islamic countries the development of Islamic finance and Islamic law have somewhat been parallel, as both aspects have evolved based on the directives of the Quran (the sacred book for Muslims) and Sunnah (traditions of the Prophet Muhammad, peace be upon

*Continued*

him). However, in the case of European countries (those pursuing Islamic finance), the fundamentals of Islamic finance had to be laid down within the framework of an already established legal system based on different religious, cultural and historical foundations. The challenge of regulating Islamic banking products in Germany has a number of fronts. In particular, there are five key areas as follows:

- concerns regarding the safety of deposits
- Islamic banking products and German law
- the German Banking Act and crucial Islamic banking principles
- German accounting, reporting, auditing and monitoring techniques, and
- Islamic banking standards and Shariah supervisory boards.

First, there are serious concerns regarding the safety of deposits. If the profit and loss-sharing principle is applied to 'deposits' in investment accounts with Islamic banks, there is no guarantee for the full repayment of the deposited amount. The German Banking Act in compliance with the EC directive compels credit institutions that do not participate in any deposit protection scheme to clearly inform their customers about this. This has been resolved in the UK by Islamic banks offering full repayment of the investment but informing the customer how much should be repayable to comply with the risk-sharing formulation. This allows customers to choose not to accept full repayment if their religious convictions dictate otherwise.

Second, let's look at a couple of Islamic products with respect to German law. The classification of *Istisnah* and its modes under the German legal system is very surprising. *Istisnah* mirrors the standard type of contract *Werkvertrag* (contract for work and services). Parallel *Istisnah* is simply identical to the German *Generalunternehmenschaft*, which is mainly used for construction projects of all sizes. The customer enters into a *Werkvertrag* with the *Generalunternehmer* (general contractor) who agrees to carry out the construction.

Thereafter, the *Generalunternehmer* then subcontracts the work to the

actual manufacturers also using *Werkvertrag*. This arrangement can easily be transferred to the case where a financial institution acts as the *Generalunternehmer*; however, the bank would be referred to as the *Generalubernehmer* as it does not undertake any construction work itself. By contrast, classifying *Murabahah* financing products under German law is not straightforward but requires some thinking. The product under German law should reflect the different stages a *Murabahah* is divided into and the different agreements it is subject to (ie exchange of promise, the sales contract, etc).

Third, there appears to be some conflicts between the German Banking Act and crucial Islamic banking principles. For instance, the German Banking Act mandates that the cumulative book value of investments in shares and claims resulting from capital contributions as a silent partner and in profit-participation rights (plus some other types of investment) may not surpass the bank's liable equity capital. This is problematic, therefore there needs to be a way to deal with this.

Fourth, Islamic banks deviate substantially from the German accounting, reporting, auditing and monitoring techniques for financial institutions. As an example, *Murabahah* transactions are legally trading transactions and thus are 'off balance sheet' items for a conventional bank; however, for Islamic banks they are the core of trade financing and must be 'on balance sheet' for a correct assessment of their financial position and exposure. The appropriate recording of such transactions is important, therefore this also needs to be addressed.

Fifth, BaFin has to consider the role of Shariah supervisory boards (SSB) that are established as part of Islamic banks. The key objective of SSB scholars is to ensure that an Islamic bank's products and transactions are Shariah compliant. However, in what capacity is BaFin qualified or capable of assessing the suitability of the scholars consulted by Islamic firms? This in itself is another challenge to regulation.

Related to this is the countrywide harmonization of Islamic banking

standards. In Europe just like the rest of the world, there is no consensus which Islamic banking standards body should be adhered to. The institutions from the Gulf region usually comply with Bahrain-based standards organization AAOIFI while in Southeast Asia, Malaysia-based standards organization IFSB is more popular. In the eurozone, France is more inclined toward AAOIFI standards while Luxembourg opted for IFSB standards. Eventually, Germany will also have to make a choice as to which standards organization to follow.

## Summary

Germany's participation in Islamic banking does not necessarily mean that new products have to be developed or new solutions must be found. On the contrary, quite often, there are already standard modes of financing (as explained earlier) in the German banking system that actually conform to the guidelines of Shariah hence can be mapped onto Islamic products and classified as Shariah compliant. Other Islamic financial products can be transformed into Shariah compliant products by altering or adding new clauses. This needs some work and cooperation from the Islamic side (ie Shariah scholars) for their endorsement and approval. For this to take place at the legislative level, it is recommended that BaFin (the regulator) works closely with either AAOIFI or the IFSB, depending on their preference.

Furthermore, the German legal system provides enough flexibility to transfer pretty much any of the common Islamic banking products into an agreement that is enforceable in a German court and that still reflects the Shariah principles set out in the original product. In this sense, with regards to conflicts between customers and the bank, there is no need to subject any disputes arising under the contract to arbitration, where the outcome may be less predictable. Finally, with further support from the government in addressing legal and tax implications of Islamic finance products, Germany has great potential to be a leading player in Islamic finance in the years ahead despite the perceived regulatory challenges.<sup>(2)</sup>

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# Sarawak: A model for SRI Sukuk issuance?

Socially responsible investment (SRI) has been around for a while. In the west, its following is growing as investors are becoming more conscientious and asking harder questions of their managers. HASIF MURAD and TAI LI-YIAN explore.



**SOCIALLY RESPONSIBLE INVESTMENT**

By Hasif Murad and Tai Li-Yian

## An important first step for SRI Sukuk

SRI speaks as much of good intentions as hard rules. There are no pre-determined SRI criteria; it is more a case of adhering to financial return objectives within an ethical framework. Typically, this framework will include environmental, social and governance aspects (ESG). This introduces another potentially confusing acronym.

Still, investors should not be deterred. In Malaysia, the Securities Commission (SC) has recognized that SRI principles are not so dissimilar from Sukuk ones. In August 2014, the SC outlined a framework for combining their approaches. Subsequently in June 2015, Khazanah's first tranche of Sukuk Ihsan became the first SRI Sukuk issuance in the country.

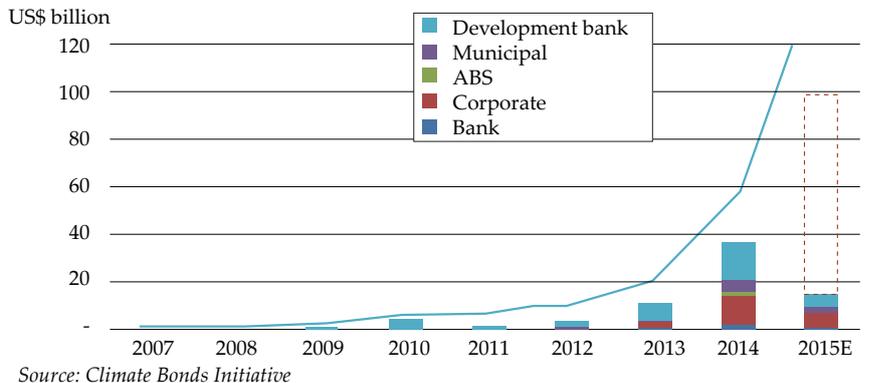
With the concept established, can it take off?

## Future of SRI Sukuk lies in renewable energy projects – akin to 'green bonds'

The answer to the aforementioned question is yes, we think so, but there are potential downsides. The Sukuk Ihsan's proceeds were directed toward a worthy cause (funds channeled to trust schools). They also enjoyed Khazanah's 'AAA' rating from RAM Ratings. Still, the issuance hardly wowed investors. The big stumbling block was a step-down mechanism (ie reduced coupon and principal) upon achievement of certain KPIs. This meant the issuance was difficult to digest for lenders with specific return targets to meet.

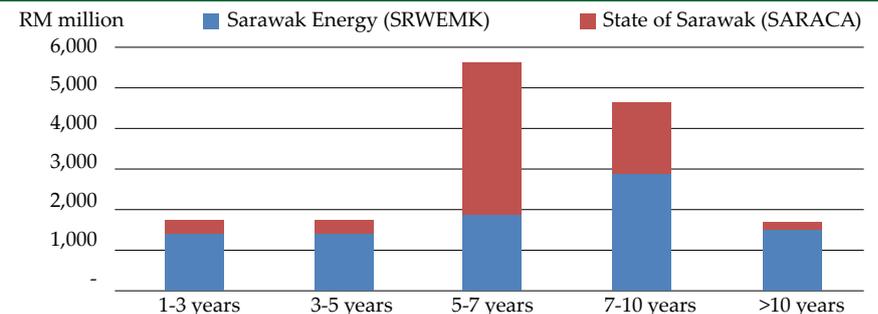
But the step-down feature is unusual, and it would be wrong to think of SRI Sukuk as charitable lending in all but name. The SRI Sukuk structure is a natural fit for energy and infrastructure

Chart 1: Green bond market growing rapidly



Source: Climate Bonds Initiative

Chart 2: Sizeable debt maturing within next three years



Source: Bloomberg

projects that have sustainability at their core. As public opinion turns against carbon energy, renewables and energy efficiency are becoming more mainstream.

Demand for so-called 'green bonds' has seen tremendous growth particularly since 2013, and will be spurred further given the likes of BlackRock, HSBC, Barclays and Credit Suisse have committed to increasing investments in this area. SRI Sukuk borrowers could naturally tap into support from this investor base, where proceeds go toward environmentally-friendly projects.

Multilateral and government agencies are already active sponsors of green bonds, working to identify sustainable projects and then using their strong credit ratings to issue at reasonable rates. Institutions such as the US government's Overseas Private Investment Corp, Indian Import-Export Bank and most recently the

state-owned IDBI Bank, have all pushed this market. Transnationally, Malaysia recently set up a joint working group on renewable energy with India.

## Sarawak well-placed to become a leading issuer of SRI Sukuk

The Malaysian state with the most to gain from these developments is perhaps Sarawak. The two main actors here are the Sarawak Corridor of Renewable Energy (SCORE), which focuses on developing the state's energy sector, and Sarawak Energy (SEB), one of the main operators of hydroelectric and renewable energy projects.

SEB is a frequent issuer in the domestic market, with RM9.2 billion (US\$2.13 billion) of outstanding debt at present, of which RM1.4 billion (US\$323.48 million) is due to expire within the next three years. Its familiarity to investors should

Continued

give it an advantage in creating demand for a first renewable energy SRI Sukuk for example and aid price discovery of the pioneer renewable energy SRI Sukuk.

The state of Sarawak itself also has strong access to capital markets, with multiple issuances denominated in ringgit and US dollars (RM1.4 billion and US\$1.2 billion outstanding respectively). It has a credit rating on par with the Malaysian sovereign ratings ('A3/A-'), thanks in part to sound budgetary management.

While its existing borrowing profile offers a benchmark for any future SRI Sukuk issuance, just as important is that projects within SCORE typically expect to secure backing from the state and federal government. They may help lower participants' borrowing costs.

### A challenging but exciting opportunity

If all this sounds encouraging, the biggest challenge to SRI Sukuk may be one of perception. While investors (like consumers) may publicly say they want to 'go green', they do not want it to be a soft touch. Where choice is limited, idiosyncratic risks rise. Projects that expect to attract SRI Sukuk financing have to prove they are both above board and will pay a sensible return.

The SC's SRI Sukuk framework goes some way to encouraging issuance. The government's proposed tax exemptions for SRI Sukuk, as announced in the recent federal budget, are also a positive incentive (particularly since previous exemptions for Mudarabah, Musharakah and Murabahah structures will be expiring in 2015). The distinction between SRI Sukuk and conventional green bonds is thus blurring.

The opportunity exists, therefore, for Sarawak to take a lead in tapping this new form of finance, one that could provide flexibility at an attractive cost. But the quid pro quo is that it must put its sometimes chequered history of power and environmentally-sensitive projects behind it. ☺

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# Rating agencies and guaranteeing in the Iranian capital market

Rating agencies play an important role in the securities issuance process. In today's complex financial markets, they are institutions that guide investors where to invest. They enable investors to know more some risks associated with specific financial instruments. They strengthen risk analysis power for different organs in the fundraising process. Rating agencies do their role by assigning specific rates to specific financial instruments and through this clarification procedure, investors would find a more reliable way for their portfolio-making strategy. MAJID PIREH delves further.



## RATINGS

By Majid Pireh

However, a lack of rating agencies in the Iranian capital market has directed the market regulator to substitute alternatives that are able to play some of the rating agencies' roles. Considering protection of investors as an important aspect of rating agencies, the Iranian capital market regulator has tried, in some areas, to substitute guarantors with rating agencies. In other words, in order to protect investors' rights and provide a reliable structure for financial assets valuation, issuers should provide a guaranteeing mechanism for profit and principals.

This mechanism applies for those securities whose investors would expect a predetermined rate of return. Sukuk Ijarah and Sukuk Murabahah are among those securities. Units of some specific mutual funds require the same protection mechanism. Since currently in the Iranian capital market, fixed income funds absorb investors' monies and they expect a fixed rate of return, guarantors can assure investors that the principal and the predetermined profit rate shall be paid to them.

The lack of rating agencies places guaranteeing as a key element in fixed income Sukuk issuance in Iran. In the capital market, originators should announce a bank (commercial investment) as the guarantor if they are looking for fundraising through Sukuk Ijarah or Sukuk Murabahah. The guarantor receives some fees for the service that it provides.

Typically, they expect different fees in relation to the originator's risk profile. In any case, the originator should accept guarantor's fees. What is important in this regard relates to capital requirements

Table 1: Same guaranteeing structure in different fixed income Sukuk

Sukuk type	Issue Date	Originator	Issuer	Value (Million IRR)	Rate (%)	Maturity (Years)
Sukuk Ijarah	12-Jan-14	Rightel	Ordibehesht (I) SPV Corporation	3,000,000	20	4
	15-Mar-14	Dana Petro rig	Day SPV Corporation	775,000	20	4
	18-May-14	Ghaed Basir Co	Mehr (I) SPV Corporation	500,000	20	4
	25-Jun-14	Butane Group	Tir (I) SPV Corporation	928,600	20	4
	19-Aug-14	Persepolis Tile	Azar (I) SPV Corporation	300,000	20	4
	22-Sep-14	Kaveh Company	Aban (I) SPV Corporation	2,000,000	20	4
	11-Jan-15	Petro Omid Asia	Day(I) SPV Corporation	529,184	20	4
	19-Mar-15	2 Rightel	Ordibehesht (II) SPV Corporation	3,000,000	22	4
	13-Jul-15	Mokhaberat Company	Tir (II) SPV Corporation	4,500,000	21	4
Sukuk Murabahah	16-Mar-14	Golkozan	Khordad (I) SPV Corporation	200,000	20	2
	12-Jan-15	Megamotor	Farvardin (II) SPV Corporation	1,000,000	20	2
	15-Jun-15	Banagostar Karaneh Co	Esfand (I)	500,000	21	2

\* In 2014 and 2015, each US dollar on average would be around IRR27,000.

Source: Author's own

for the guarantors for the amount they guarantee.

The guaranteeing procedure has resulted in a kind of similarity in risk profiles of many originators in the Sukuk issuance process. As a result of this similarity, in the Iranian capital market, investors expect the same rate of return for many fixed income Sukuk.

As shown in Table 1, different fixed income Sukuk have the same guaranteeing structure in the same year

and carry a close rate of returns for their investors.

As shown in Table 1, the similarity of profit rates in different Sukuk was a result of the guaranteeing process. It is a capital market regulator policy to ask originators to bring a bank as a guarantor if the rating agencies have not assigned specific rates to their Sukuk. .(3)

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## Investment environment in Iran

Iran, with abundant natural resources and a strategic geosition in the Middle East, makes foreign investors interested in untapped potentials of this country. Now by lifting sanctions, the new positive international prospect has led the country to a point in which investors around the world are competing to be well positioned in this emerging market. Amid this fact, Iranian financial players like investment and commercial bankers and portfolio managers believe that financing opportunities in Iran are huge and there is a great capacity for foreign investments. MASOUD GHOLAMPOUR writes.



IRAN

By Masoud Gholampour

**With an enriched background originating mainly from the 1960s, the establishment of the Tehran Stock Exchange (TSE) and key financial intermediaries along with the global financial modernization, the asset management sector in Iran has been flourishing. Notwithstanding the revolution in 1978, the war from 1980 to 1987 and the sanctions imposed on the country, the financial sector improved with more infrastructures and clarification.**

The ratification of the Securities Market Act in 2004 and the development of financial instruments in 2009 opened a new era and a specific reform for the financial system which culminated in a position that in 2015 included nine investment banks, 107 brokers, 32 holdings, 166 undertakings for collective investments in transferable securities, 13 advisories, five data processing and eight portfolio management firms that are active in the Iranian market. These are key players in Iran's capital market supervised mainly by the Securities & Exchange High Council through the Securities and Exchange Organization of Iran (SEO) and the three exchanges specifically the TSE, the over-the-counter exchange (Farabourse) and the Iran Mercantile Exchange, and helped to bring the total stock market capitalization to EUR106 billion (US\$115.92 billion) with EUR10 billion (US\$10.94 billion) in mutual funds.

Moreover, Iran's capital market includes different types of mutual funds which have brought good and satisfying returns to their investors and the breakdown of the categories are as follows: 36 fixed income, 17 hybrid, 96 stock and 18 index funds and exchange-traded funds – a total of 167. In addition, market-making funds, pension funds and construction funds would be accommodated in the category of mutual funds whether

hybrid or fixed income or stock funds. These investment vehicles are in place alongside Islamic financial instruments such as Musharakah, Murabahah, Ijarah, Salam and Istisnah.

Despite the small size of the corporate bond market with a total of around EUR3 billion (US\$3.28 billion), innovation of government treasury notes and Salam has caused the market to open the space for new financial instruments. The foreign exchange together with the energy exchange would also facilitate the development of risk management vehicles like futures, options, swaps on stocks, commodities and interest rates. The auction-pricing on some types of Sukuk and delivering fixed income securities in terms of discount prices have provided the fundamentals for launching the interest rate market and facilitating money pricing in the market based on Shariah and the supply and demand factors.

Iran's capital market is rapidly expanding. The two-year bear market that has reigned on equities has redoubled the conviction of the SEO to expedite the process of introducing newer financial products so much so that according to recent reports, the capital market raised IRR292 trillion (US\$9.76 billion) in the 2013-14 fiscal year – 7.6% of total financing – through capital increases, IPOs and the sale of Islamic corporate bonds (including Musharakah, Murabahah, Ijarah and Istisnah). To gain market share from banks in Iran, the exchanges are offering financial instruments that provide versatility to investors and companies looking for funding or risk management tools.

Sukuk Ijarah in addition to Murabahah and Musharakah have been traded for a few years now and Novin Investment Bank in Iran has been the pioneer in launching the first issues of these Islamic financial instruments including Ijarah, Murabahah and recently Istisnah. In 2015, stock futures also were legalized,



along with stock options, though they have not yet been put up for trading.

Reviewing the key players of the capital market, investment banks with a minimum capital of US\$70 million are the most important facilitator for financing companies, the government and municipalities by means of capital market instruments. Iran's financial system has been designed such that the commercial banks are completely under the supervision of the Central Bank of Iran and investment banks are under the authorization and supervision of the SEO, both of which are under the Ministry of Finance.

In other words, the Ministry of Finance is the responsible body for organizing and supervising monetary policies through its arm in the Money and Credit Council and the council identifies and announces monetary policies to the banks. This arrangement builds up total liquidity to EUR300 billion (US\$328.09 billion) which is about 70% of total GDP. The current decreasing inflation rate to 15% and the consistent and somewhat declining interest rate to 25% have made the monetary policies somehow contractionary adding to the stagnation in the overall economy due to the global market shrinkage in oil and commodity prices. ☺

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## DEALS

### Bahrain's sovereign Sukuk fully subscribed

**BAHRAIN:** The Bahraini government's monthly Sukuk Ijarah issuance has been fully subscribed, according to a press release by the Central Bank of Bahrain. The BHD26 million (US\$68.48 million) facility will mature on the 16<sup>th</sup> June 2016 with an expected return of 1.8%.

Separately, the monthly issue of Sukuk Salam for BHD43 million (US\$113.21million) has also been 100% subscribed. The 91-day security, which will mature on the 23<sup>rd</sup> March 2016, carries an expected return rate of 1.6%.<sup>(f)</sup>

### TNB plans global Sukuk issuance program

**MALAYSIA:** Tenaga Nasional (TNB) is setting up a US\$3 billion Sukuk issuance program and has requested bankers to submit proposals for the planned sale, according to Bloomberg. Proceeds from the issuance will be used to fund overseas investments including the purchase of a 30% stake in Gama Enerji for US\$243 million.<sup>(f)</sup>

### GIS-16's rental coupon rate announced

**PAKISTAN:** IFN learned that the State Bank of Pakistan announced on the 18<sup>th</sup> December 2015 the first rental coupon rate for the three-year government of Pakistan's PKR315 billion (US\$2.96 billion) Sukuk Ijarah (GIS-16), which was auctioned on the 15<sup>th</sup> December 2015, at 5.8946%. The payment of the coupon is due on the 18<sup>th</sup> June 2016.<sup>(f)</sup>

### NCB concludes Sukuk sale

**SAUDI ARABIA:** National Commercial Bank (NCB) announced in a statement that it completed the issuance of a subordinated additional Tier 1 capital Sukuk on the 23<sup>rd</sup> December 2015. According to a statement, the SAR2.7 billion (US\$719.38 million) facility was

privately-placed in Saudi Arabia, with NCB Capital Company acting as the sole lead manager. The Sukuk are perpetual securities with no fixed redemption date. However, NCB has the right to call the Sukuk on a predefined date.<sup>(f)</sup>

### SOLC's Sukuk Istithmar delisted

**SAUDI ARABIA:** The Saudi Stock Exchange announced in a statement that it delisted the first issue of Saudi Orix Leasing Company (SOLC)'s Sukuk on the 24<sup>th</sup> December 2015 following an earlier announcement by SOLC of the redemption of its Sukuk Istithmar certificates on the 26<sup>th</sup> December 2015.<sup>(f)</sup>

### JAFZ makes early repayment of Islamic facility

**UAE:** Jebel Ali Free Zone (JAFZ) announced in statement that it made an early repayment of its AED2 billion (US\$544.39 million) Islamic financing facility to banks on the 21<sup>st</sup> December 2015, ahead of scheduled maturity in June 2020. The Islamic facility was arranged in June 2012 to partly refinance its maturing Sukuk issued earlier in 2007. Following the repayment, JAFZ will have only one external debt of US\$650 million due under Sukuk maturing in June 2019.<sup>(f)</sup>

### Bank Islam issues Tier 2 Sukuk

**MALAYSIA:** Bank Islam on the 15<sup>th</sup> December issued the second tranche of its subordinated Sukuk Murabahah program of up to RM1 billion (US\$231.24 million) in nominal value. Worth RM400 million (US\$92.5 million), the 10-year non-callable five-year tranche follows a RM300 million (US\$69.37 million) issuance in April, and will be used to fund the bank's activities, working capital requirements and other corporate purposes, according to a bourse filing. The Tier 2 issuance is rated 'A1/Stable' by RAM Ratings.<sup>(f)</sup>

### AEON makes Sukuk payment

**MALAYSIA:** AEON Credit Service has

made the periodic distribution of its Series 1 RM400 million (US\$92.5 million) in nominal value subordinated Islamic perpetual notes under the Musharakah and Musawamah perpetual Sukuk program for the stock code: PZ140062 on the 30<sup>th</sup> December 2015, according to an announcement on Bank Negara Malaysia's website.<sup>(f)</sup>

### BGSM delays Sukuk payments

**MALAYSIA:** There was no payment of the periodic and cumulated distributions of Binariang GSM (BGSM)'s RM3.02 billion (US\$698.34 million) cumulative non-convertible Islamic junior Sukuk on the 28<sup>th</sup> December 2015 as it has been postponed until the subsequent periodic distribution date of the 28<sup>th</sup> June 2016 pursuant to the Distribution Limitation Notice dated the 9<sup>th</sup> December, according to an announcement on Bank Negara Malaysia's website.<sup>(f)</sup>

### RVOS to issue Sukuk

**SAUDI ARABIA:** Vallianz Holding, through its subsidiary Rawabi Vallianz Offshore Services (RVOS), is set to issue Sukuk to refinance RVOS's bank loans amounting to SAR1.1 billion (US\$293.09 million) and has appointed authorized Saudi Arabian banks to lead and manage the issuance. According to The Business Times, the refinancing exercise will involve the transfer of the vessels by RVOS to Rawabi Vallianz International Company, a joint venture SPV newly formed between Vallianz and Rawabi Company Holding, for a total of US\$410 million.<sup>(f)</sup>

### DP World Sukuk to disburse Sukuk profit

**UAE:** DP World Sukuk announced in a filing to NASDAQ Dubai that it made a periodic distribution for a total amount of US\$46.88 million at a profit rate of 6.25% on the 4<sup>th</sup> January 2016. The profit is for the period of the 1<sup>st</sup> July 2015 to the 31<sup>st</sup> December 2015 for its US\$1.5 billion trust certificates due 2017.<sup>(f)</sup>

#### DEAL TRACKER

Full Deal Tracker on page 54

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Tenaga Nasional	US\$3 billion	Sukuk	5 <sup>th</sup> January 2016
Dec-15	Government of Pakistan	PKR300 billion	Sukuk Ijarah	10 <sup>th</sup> December 2015
First quarter of 2016	Government of Egypt	TBA	Sukuk	7 <sup>th</sup> December 2015
TBA	Ahmad Zaki Resources	RM1 billion	Sukuk Murabahah	7 <sup>th</sup> December 2015
TBA	Scientex	TBA	Sukuk Murabahah	3 <sup>rd</sup> December 2015

## ASIA

### BI and IDB to enhance social finance

**INDONESIA:** Zakat and Waqf are areas of priority for Bank Indonesia (BI) and the IDB as part of their joint commitment to continue to improve the economy and promote the role of Islamic finance in Indonesia. The central bank said in a statement that this is in light of their focus to strengthen capacity-building and social governance of the financial sector (social finance).<sup>(2)</sup>

### SKTMC inks Islamic facility deal

**MALAYSIA:** SapuraKencana TMC (SKTMC) has inked a US\$2.1 billion equivalent Murabahah term financing facility deal with a consortium of Malaysian, regional and international banks with Maybank Investment Bank acting as the coordinating bank, bookrunner and arranger. The wholly-owned subsidiary of SapuraKencana Petroleum noted in a statement that the proceeds from the six-year multicurrency Islamic facility will be utilized, inter alia, to refinance its existing short-term Islamic facility due in 2016.<sup>(2)</sup>

### FBR urged to clarify Islamic banking taxation issues

**PAKISTAN:** A chartered accountant firm has urged the Federal Board of Revenue (FBR) to issue a clarification that no special treatment (positive or negative) would be given to Islamic banking vis-a-vis conventional banking for taxation purposes. According to the Business Recorder, the firm requested finance minister Ishaq Dar to look into the matter and to issue necessary directions for an amicable resolution as it purports that there has been misinterpretation of the tax law.<sup>(2)</sup>

### MCB Bank demerges its Islamic banking group

**PAKISTAN:** MCB Bank will segregate and demerge operations, assets and liabilities of its Islamic banking group, according to The News International. The bank has finalized the sales of its entire Islamic banking operation to its subsidiary, MCB Islamic Bank (MCBIBL), for PKR7.95 billion (US\$74.93 million) and also approved the scheme of compromises, arrangements and

reconstruction between MCB Bank and MCBIBL.<sup>(2)</sup>

### OJK to revise REIT tax incentive

**INDONESIA:** Otoritas Jasa Keuangan (OJK) is expected to revise the new incentive for REITs to make it more appealing for investors and companies to make more issuances in the local REIT market, according to The Jakarta Post. The new regulation, which was signed in October as part of the government's fifth stimulus package, removes double taxation on portfolio investors who invest in REIT by using the collective investment contract system.<sup>(2)</sup>

### Rayani Air commences operations

**MALAYSIA:** Shariah compliant Rayani Air launched its operations on the 20<sup>th</sup> December 2015, according to The Edge Markets quoting the airline operator's newly appointed managing director, Jaafar Zamhari. The airline is said to be considering all fundraising options including an IPO to support its expansion plan, which include expanding into Umrah and Hajj flights. Operating as a full service carrier, the airline is targeting a passenger load factor of 75%, above its break-even load factor of 65%.<sup>(2)</sup>

### Islamic finance for Pakistani power project

**PAKISTAN:** Sindh Engro Coal Mining Company (SECMC) and Engro Powergen Thar (EPTL) have contracted financing agreements with local and foreign financial institutions amounting to US\$1.5 billion for the Thar Coal Project, according to APP. Under the agreement, a syndicate of local Islamic and conventional banks — led by Habib Bank, United Bank, Bank Alfalah, and Faysal Bank — will provide PKR52 billion (US\$491.94 million) for the mining project being undertaken by SECMC and PKR22 billion (US\$208.12 million) for associate power plant being established by ETPL. The foreign syndicate, providing a loan amounting to US\$820 million, consists of China Development Bank, Construction Bank of China and Industrial & Commercial Bank of China.<sup>(2)</sup>

### OCBC Al Amin expands branch network

**MALAYSIA:** OCBC Al Amin has

inaugurated a new branch in Sibul, Sarawak, which also features its first Islamic premier banking center in East Malaysia, the bank noted in a statement.

Separately, the bank also opened its first branch in Sandakan, Sabah, bringing its branch network nationwide to 13, according to a statement.<sup>(2)</sup>

### KSE re-composes Shariah compliant index

**PAKISTAN:** Four new constituents — DG Khan Cement, Nishat Mills, Millat Tractors and Treet Corporation — have been added to the Karachi Stock Exchange (KSE) Meezan-30 Index following the re-composition exercise carried out by the KSE on the Shariah compliant index, according to a statement. The re-composed index took effect from the 28<sup>th</sup> December 2015.<sup>(2)</sup>

### PIDM and Cagamas collaborate

**MALAYSIA:** Perbadanan Insurans Deposit Malaysia (PIDM) is set to enhance its operational readiness plan through the signing of an agreement with Cagamas. PIDM noted in a statement that the collaboration will ensure the corporation have access to readily available funds from Cagamas, which will be sourced from its debt securities issuance to the capital market, should there be a need for it.<sup>(2)</sup>

### Turkey forms Islamic Finance Coordination Committee

**TURKEY:** Turkish prime minister Ahmet Davutoglu on the 15<sup>th</sup> December 2015 issued a circular on the formation of the Islamic Finance Coordination Committee with the minister responsible for the Undersecretariat of Treasury as the chairperson. According to Esin Attorney Partnership, the committee will also include financial markets regulators from the Ministry of Development, the Ministry of Finance, the Central Bank, the Banking Regulation and Supervision Authority, the Capital Markets Board, Borsa Istanbul and the Islamic Banks Association of Turkey.<sup>(2)</sup>

### First Shariah bank for OJK's financial inclusion program

**INDONESIA:** Otoritas Jasa Keuangan (OJK) has inaugurated the first Shariah Laku Pandai program at BRI Syariah,

a rural bank in Mataram, as part of its branchless banking program for financial inclusion, according to a statement. Concurrently, BRI Syariah also signed two agreements in conjunction with the inauguration: an MoU with Sumber Alfa Trijaya as a partner for the Laku Pandai network of agents in the modern retail sector and also a cooperation agreement on SimPel iB Islamic savings account with five schools in West Nusa Tenggara. (f)

### IBBL opens new branches

**BANGLADESH:** Islami Bank Bangladesh (IBBL) announced in separate statements that it has expanded its banking presence via the opening of new branches at Singair of Manikganj and Kalapara of Patuakhali. (f)

### Malaysia could surpass Sukuk issuance target

**MALAYSIA:** RAM Ratings projects that Sukuk issuance in Malaysia could surpass the earlier indicated range of RM35-40 billion (US\$8.15-9.31 billion), taking into consideration Sukuk sales by infrastructure projects and corporate issuers in the last quarter of 2015. The rating agency noted in a statement that the amount of total Islamic private debt securities issued, as at November 2015, rose to RM34.3 billion (US\$7.98 billion), demonstrating a positive month-over-month volume of issuance. With a market share of 50.9% of global Sukuk issuance as at November 2015, Malaysia remains the largest Sukuk issuer worldwide followed by the GCC at 28.8%. (f)

### Banks seek extension on merger discussion

**MALAYSIA:** Malaysia Building Society (MBSB) and Bank Muamalat Malaysia, according to separate filings to Bursa Malaysia, submitted an application to Bank Negara Malaysia (BNM) for an extension from the 30<sup>th</sup> December 2015 until the 2<sup>nd</sup> February 2016 to conclude the negotiations for their proposed merger talks. DRB-Hicom and Khazanah Nasional also made similar applications to BNM. (f)

### Al Meezan opens 5<sup>th</sup> branch in Karachi

**PAKISTAN:** Al Meezan Investment Management (Al Meezan), on the 31<sup>st</sup> December 2015, opened its 5<sup>th</sup> branch in Karachi at DHA Phase IV, according to a statement. (f)

### Bank Asya fined for unpaid taxes

**TURKEY:** Bank Asya has been fined TRY15 million (US\$5.13 million) for unpaid taxes by the tax authority following an examination carried out on the bank's accounts for 2010, 2011 and 2012, according to Daily Sabah with Anadolu Agency. The Banking Regulation and Supervision Agency had reported that the bank's profits and capital base had collapsed, and on the 29<sup>th</sup> May 2015 ruled for the complete takeover of all shares of Bank Asya by the Savings Deposit Insurance Fund due to the bank's failure to fulfill its obligations. (f)

### Meezan Bank enters corporate partnership

**PAKISTAN:** Meezan Bank has entered into a corporate partnership agreement with Karandaaz Pakistan and Pak Suzuki Motor Company to provide financial access to SMEs in the automotive industry, according to a statement. The tripartite agreement forms part of the US\$50 million corporate vendor and distributor finance program launched recently by Karandaaz Pakistan and Meezan Bank. (f)

### Indian Islamic banking window permitted

**INDIA:** The RBI Committee on Medium term Path for Financial Inclusion has released its report and recommendations to increase financial inclusion in India which saw the committee permitting the opening of interest-free windows in existing conventional banks, according to a statement. On the 16<sup>th</sup> September 2015, the Indian Center for Islamic Finance had submitted a detailed memo to the committee which included the introduction of interest-free windows in banking for the financial inclusion of the minorities and the marginalized which was accepted by the committee. (f)

### Bank Muamalat's 2016 plans

**INDONESIA:** Bank Muamalat Indonesia is looking to raise capital to support the expansion of credit and adjust the country's economic conditions, according to Kontan.co.id. The bank is awaiting a decision from its major shareholder, the IDB, for the planned capital-increase exercise, which is already on the Bank Business Plan in 2016. Separately, the bank will launch a branchless banking service (Smart Code) in the first quarter of 2016 with West Java as its target market. (f)

### Separate Islamic units for Indonesian banks by 2024

**INDONESIA:** Otoritas Jasa Keuangan is preparing a new regulation requiring conventional banks, those that generate at least 50% of their capital via Islamic finance, to spin off their Islamic units before the 17<sup>th</sup> October 2024, according to Indonesia Investments. The regulator also proposes two spinning-off strategies: either by establishing a new Islamic bank or transferring all rights and obligations to existing Islamic banks. A dispensation will be given to banks that complete the exercise before 2018. It is still being discussed whether conventional financial institutions are allowed to offer Islamic banking products of the new independent entity after the spin-off. (f)

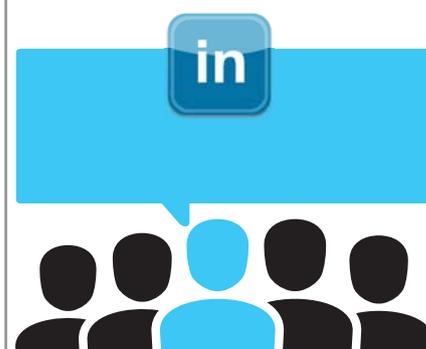
### Meezan Bank inaugurates PMC branch

**PAKISTAN:** Meezan Bank has inaugurated its PMC branch in Faisalabad, bringing its banking network in the city to 24. According to Business Recorder, another branch would also be opened soon in Dhuddiwala. (f)

### Microlink and SAP collaborate

**MALAYSIA:** Banking technology solutions provider Microlink Solutions has inked a services agreement with SAP and joined its PartnerEdge program to deliver a next-generation Islamic banking solution, according to a statement. (f)

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## AFRICA

### First Shariah compliant financing for SAIB

**EGYPT:** Societe Arabe Internationale de Banque (SAIB) is set to ink its first Shariah compliant agreement with Egypt-based Social Fund for Development by early 2016, according to Amwal Al Ghad. The Musharakah facility will be utilized to fund small projects in Egypt. SAIB will secure an initial EGP30 million (US\$3.81 million) with the possibility of increasing the funding volume in the coming period, Nevine Gamea, the head of SFD's Central Sector for Small Enterprise Finance, was quoted as saying. (2)

## AMERICAS

### Halal home financing for Canadian Muslims

**CANADA:** Zero Mortgage Canada has partnered with True North Mortgage, a retail store-based mortgage brokerage, to offer Canadian Muslims Halal home financing products which are licensed for use in Canada through Dubai-based Zero Global, at competitive rates and on par with conventional mortgages. According to a statement, the Halal home financing has been approved by the industry's leading international scholars. (2)

## EUROPE

### BLME announces capital reduction

**UK:** The Bank of London and The Middle East (BLME) has reduced its share premium account by GBP25 million (US\$37.34 million) with the resulting credit balance being transferred into retained earnings, according to a filing to NASDAQ Dubai. Conducted by way of a special resolution of BLME, the process became effective on the 16<sup>th</sup> December and the transaction has no impact on the issued share capital of BLME Holdings. (2)

### Gatehouse sells data center

**UK:** Gatehouse Bank in December sold a data center in Southeast of England

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## GLOBAL

### Egypt captures lion's share of ITFC's finances

**GLOBAL:** Egypt has obtained funding programs of up to US\$4 billion in eight years from the International Islamic Trade Finance Corporation (ITFC), according to Amwal Al Ghad quoting the ITFC's CEO Waleed Abdulmohsen Al-Wohaib. (2)

### ADIB and IBM join forces

**GLOBAL:** Abu Dhabi Islamic Bank (ADIB) has partnered with IBM to build a digital studio on the back of the bank's efforts to innovate and digitize its products and services to enhance customer experience. According to a press release, the studio will be staffed by a multi-disciplinary digital team comprising experts from IBM Design and IBM Interactive Experience. The project also includes new IBM MobileFirst for iOS banking apps supported by IBM Cloud. (2)

### IDB and NPCA join forces

**GLOBAL:** The IDB and NEPAD Planning and Coordinating Agency (NPCA) have inked an MoU to strengthen regional integration and cooperation, according to a press release. NPCA, as the development agency of the African Union, will be working closely with the IDB in its new orientation to become a technical advisory and fund management agency of the African states and community. (2)

### Iran and Algeria strengthen bilateral banking ties

**GLOBAL:** Iran and Algeria are beefing up banking cooperation with a slew of initiatives announced during the visit by Algerian delegation to Tehran, according to Financial Tribune. Referring to an MoU signed in September which entails the cooperation between the two countries' central banks serving as correspondent banks for each other, Central Bank of Iran's governor Valiollah Seif was quoted as saying that the establishment of a joint bank was proposed and a proposal for establishing a joint account for settling collateral issues encountered by Iranian contractors in the country was tabled. A joint committee was formed to accelerate the re-linking of Iranian and Algerian lenders. (2)

### Agri-tech firm looks to Islamic leasing solutions

**US:** FreshBox Farm, a US-based entrepreneur providing digitally-controlled farming innovations, is looking to offer Shariah compliant leasing investment solutions for the Middle Eastern and Asian markets. According to a statement, the agri-tech firm has appointed Shariyah Review Bureau to advise and manage the Shariah compliance of its leasing and investment plans. (2)

acquired in 2011 to clients of AXA Investment Managers – Real Estate for GBP28.1 million (US\$41.87 million) as the asset. The transaction was advised by DTZ. (2)

### More PRS investment for Gatehouse

**UK:** Sigma Capital acquired the final phase of the Norris Green Village regeneration scheme for GBP1.92 million (US\$2.86 million) in cash, which will see the company delivering 269 new homes, which include 69 private rented sector (PRS) units under its joint venture with Gatehouse Bank. The acquisition will bring the total number of new homes in Norris Green Village to 829 units of which 221 are PRS units. (2)

## Iran and Azerbaijan join forces in banking

**GLOBAL:** Iran and Azerbaijan have signed agreements to initiate a correspondent banking relationship by the end of January, according to banker.ir quoting Iran's Minister of Communication and IT Mahmoud Vaezi, adding that the prospects for a currency swap agreement are also being discussed. (2)

## Iran and Russia to boost banking ties

**GLOBAL:** Iran is seeking to boost banking cooperation with Russia in order to expand trade relations between the two countries, according to Mehr News Agency. The governor of the Central Bank of Iran, Valiollah Seif, has urged the formation of a panel consisting of the countries' commercial banks to investigate venues for expansion of banking relations and also the creation of a technical committee to determine the mechanisms of action to operationalize the credit lines between the two countries. (2)

## Iran and IDB to harmonize Islamic banking principles

**GLOBAL:** Iran is looking to collaborate with the IDB to harmonize Islamic banking principles between the country's Shia jurisprudence and the Sunni jurisprudence of IDB member countries, according to Mehr News Agency.

The Central Bank of Iran's governor, Valiollah Seif, has proposed that experts from both sides use commonalities as a basis for equal Islamic banking principles. (2)

## IDB approves financing for development projects

**GLOBAL:** Four member countries – Kazakhstan, Lebanon, Pakistan and Turkey – will receive US\$466 million in financing from the IDB for development projects.

The multilateral Islamic bank noted in a statement that it also plans to open special accounts for a US\$176 million 'Jeddah Declaration' project. For the IDB Waqf Fund, four special assistance grants were also approved, which will go toward education and healthcare projects for Muslim communities in Canada, Ethiopia, the UK and Zimbabwe. (2)

## IDB to commit funds for Sinai development projects

**GLOBAL:** The development projects in the Sinai region are expected to receive contributions from Arab funds, namely Arab Fund for Economic and Social Development, Abu Dhabi Investment Authority, the Saudi Fund for Development, and the Kuwait Fund for Arab Economic Development totalling US\$1.5 billion with each fund providing US\$300 million. The IDB and the OPEC Fund for International Development (OFID) will provide the remaining US\$300 million. According to Amwal Al Ghad quoting sources from the Egyptian Ministry of International Cooperation, officials from the IDB and the OFID are set to visit Egypt in early January to resume discussions to finance the Sinai development schemes. (2)

## QIIB and CIH Bank join forces

**GLOBAL:** A joint venture agreement for the establishment of a bank in the Kingdom of Morocco has been signed between Qatar International Islamic Bank (QIIB) and CIH Bank. According to a bourse filing, QIIB will have a 40% stake in the proposed bank, which is to be expected to be launched in the upcoming

months, once all the necessary regulatory approvals have been obtained. (2)

## Warba Bank acquires equipment leasing portfolio

**GLOBAL:** Warba Bank has acquired the equipment leasing portfolio of US-based ATEL Capital Group. According to a statement, the Kuwaiti Islamic bank has initially invested US\$8.2 million in ATEL's diversified portfolio of operating leases. The acquisition will enable the bank to provide Shariah compliant financing solutions to ATEL's customers. (2)

## IDB to finance Turkish exporters

**GLOBAL:** The IDB is set to provide US\$270 million in financing to Turkish Eximbank, according to Anadolu Agency. The facility will be guaranteed by the treasury and is aimed to help Turkish exporters in expanding their businesses. The facility, marking the IDB's first intervention in Turkey, will also be used to finance infrastructure and industrial projects in other IDB member countries, which will be realized by Turkish contractors. (2)

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## MIDDLE EAST

### Muzn in Nizwa

OMAN: The National Bank of Oman has inaugurated an Islamic banking branch in Nizwa, bringing the number of Muzn branches in the country to six, according to the Times of Oman. Islamic banking revenues for the bank reached OMR2.4 million (US\$6.21 million) in the first nine months of 2015, a 117% year-on-year increase. (2)

### Tougher for Saudi banks

SAUDI ARABIA: Stand-alone bank ratings in Saudi Arabia will face pressure as a result of tougher economic conditions in Saudi Arabia expected to persist for at least two years, said Fitch who added that this could act as a cap on these ratings.

The rating agency said in a statement that while performance and financial metrics of Saudi banks were sound in the first half of 2015, lower oil prices will impact government spending affecting the economy. Fitch expects real GDP growth to moderate to 3.5% in 2015 and 2.4% in 2016 and 2017 from 3.6% in 2014. Credit growth is forecasted to remain at 7-8% in 2016. (2)

### DIB launches family banking package

UAE: Dubai Islamic Bank has launched a new range of Emirati Family Banking services to both new and existing customers, a package which allows individuals to bring multiple family members under a joint plan, according to a statement. (2)

### Saudi Electricity Company procures Murabahah facility

SAUDI ARABIA: According to a bourse filing, Saudi Electricity Company has signed a Murabahah credit facility of up to SAR2.5 billion (US\$666.16 million) with the riyal-denominated tranche having a tenor of three years. (2)

### Iran considering WTO membership

IRAN: Iran is keen to boost cooperation with the European Union and, following the removal of sanctions in the near future, is expected to promote ties with the world, according to IRNA. The country is also ready to join the World Trade Organization (WTO) and cooperate with the international body's member countries

in fields of economy, industry and new energies. The appointment of the British ambassador in Tehran will help enhance economic ties between the two countries in the facilitation of banking exchanges with the potential for cooperation in the field of petrochemicals. (2)

### Bank Albilad provides financing to Al-Khodari

SAUDI ARABIA: An Islamic credit facilities agreement of SAR274.01 million (US\$72.99 million), consisting of renewal of existing outstanding limits, has been signed between Bank Albilad and Abdullah AM Al-Khodari Sons Company (Al-Khodari), according to a bourse filing. To be used to finance Al-Khodari's working capital and capex requirements, 27% of the facilities, secured by a promissory note and assignment of the contract proceeds of the financed projects, will be funded via the Murabahah mode of financing, whereas 73% are for multipurpose bonds. (2)

### Structure of foreign exchange derivatives bourse defined

IRAN: The Securities and Exchange Organization (SEO) has defined rial-denominated bonds as the basis for transactions in the soon-to-be-launched foreign exchange derivatives market, according to the Financial Tribune quoting the head of SEO, Muhammad Fetanat who added that if the currency rates can be unified in the short run, the bourse will be launched immediately after sanctions are lifted. Five Islamic scholars in the Islamic Jurisprudence Committee in the SEO will supervise the compliance of capital market instruments with Islamic principles in both the Sukuk and forex derivatives markets.

Muhammad was also quoted as saying that developing a debt market and launching Islamic contracts are two solutions for funding projects and recommended the government to include the two alternatives in next year's budget (March 2016-17) as well as in the next five-year development plan (2016-21). (2)

### GMS secures Islamic syndicated facility

UAE: Gulf Marine Services (GMS) has secured a US\$620 million syndicated debt facility combining Islamic and conventional financing, according to a statement. The six-year term facility will replace its existing funding facilities with

no changes to the previous borrowing covenants and comprises a US\$375 million term loan, a US\$175 million committed capex facility and US\$70 million for general working capital purposes; a further US\$300 million uncommitted facility has also been agreed.

According to Gulf News, Abu Dhabi Islamic Bank acted as the initial mandated lead arranger, global coordinator and sole bookrunner of the deal along with Abu Dhabi Commercial Bank as the initial mandated lead arranger and intercreditor agent, National Bank of Abu Dhabi and HSBC Bank Middle East as the mandated lead arrangers whereas National Bank of Kuwait, ABC Islamic Bank and First Gulf Bank acted as the lead arrangers. (2)

### QIB introduces new savings product

QATAR: Qatar Islamic Bank (QIB) has launched its maiden series of Shariah compliant certificate of deposit (CD) for individual and corporate customers. To be available in Qatari riyal and US dollar for a tenor of two, three and five years, the minimum subscription in the CD is QAR100,000 or US \$25,000 respectively, with no maximum amount. The bank noted in a statement that the first series is for a limited period and may issue other series in the future. (2)

### Al Salam Bank-Bahrain and Eskan Bank collaborate

BAHRAIN: Al Salam Bank-Bahrain, according to a statement, has inked an agreement with Eskan Bank to facilitate a joint property financing program and is set to provide Shariah compliant financing solutions to Bahraini citizens seeking to obtain property financing. The program, inaugurated by Eskan Bank, allows the opportunities for financial services and private sectors to support the beneficiaries of government housing scheme. (2)

### Bank Nizwa launches Islamic credit card

OMAN: Bank Nizwa, in partnership with MasterCard, has launched a full suite of Shariah compliant credit cards, according to a statement. The four new cards – Basic, Standard, Gold, and Platinum – were developed in line with the concept of Qard Hasan, whereby a fixed monthly subscription fee will be charged to customers rather than a percentage against their outstanding balances. (2)

## New prudential rules for Islamic banking issued

**QATAR:** Following public consultation and dialogue with Qatar Financial Center firms, the Qatar Financial Center Regulatory Authority has issued new Islamic Banking Business Prudential Rules 2015 and a revised Conduct of Business Rules 2007, according to a press release. The rules took effect on the 1<sup>st</sup> January 2016. (2)

## GFH reconsiders KSE delisting

**BAHRAIN:** Recent amendments to the Implementing Regulations of the Capital Markets Authority of Kuwait have prompted GFH Financial Group to reconsider delisting from Kuwait Stock Exchange. The group noted in a statement that its board of directors has been presented with a paper with a recommendation to discuss the matter on the 29<sup>th</sup> December 2015. (2)

## SASCO inks Islamic facility deals

**SAUDI ARABIA:** Saudi Automotive Services Company (SASCO) has completed the signing of Islamic facility agreements against a signed promissory note with local banks on the 21<sup>st</sup> December 2015. According to a bourse filing, the agreements are with Saudi Hollandi Bank for a SAR150 million (US\$39.94 million) facility comprising a medium-term loan of SAR100 million (US\$26.63 million) and letters of guarantee amounting to SAR50 million (US\$13.31 million); and Riyadh Bank's letters of guarantee amounting to SAR50 million. The facilities are intended to finance working capital requirements among others. (2)

## Bank Nizwa collaborates with Al Mouj Muscat

**OMAN:** Bank Nizwa has entered into a cooperation agreement with Al Mouj Muscat to offer the latter's prospective homebuyers with Shariah compliant home financing facilities for the first time, according to a statement. (2)

## Bidaya licensed to provide home financing

**SAUDI ARABIA:** Bidaya, a venture between the IDB's Islamic Corporation for the Development of the Private Sector and the Public Investment Fund of the Ministry of Finance, has been granted a license with SAR900 million (US\$239.66 million)

in capital by the Saudi Arabian Monetary Agency to provide financing for home ownership in the Kingdom. According to Reuters, Bidaya is the first Saudi home finance company to be awarded the license since the new mortgage regulations were adopted last November. (2)

## Warba Bank launches new branch

**KUWAIT:** Warba Bank on the 29<sup>th</sup> December 2015 inaugurated its ninth branch in Al-Egalia at the Al Arabiya Commercial Complex, according to a press release. (2)

## Alizz to finance The Pearl Muscat

**OMAN:** A financing agreement based on forward Ijarah has been signed between Alizz Islamic Bank and Al Osool Properties for the development of the latter's premium ITC project, The Pearl Muscat, according to a statement. (2)

## First Shariah compliant aircraft finance in Oman

**OMAN:** Meethaq has closed the long-term financing facility based on a diminishing

Musharakah structure to Oman Air for the acquisition of its second Boeing 787 Dreamliner, according to a statement. The facility is Oman's first and only Shariah compliant aircraft finance extended to the national carrier. (2)

## Medgulf Takaful and Copart join forces

**BAHRAIN:** Medgulf Takaful announced in a statement that it has entered into an agreement with Copart Bahrain – an online auto auction company – aiming to streamline the salvage sales process and achieve higher returns and improvements in its motor portfolio. (2)

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## ASSET MANAGEMENT

### Islamic pension fund debuts in the UK

**UK:** Al Rayan Bank and Pointon York have launched the first Shariah compliant pension fund in the UK, allowing investors to save and self-invest in a range of Shariah compliant assets including cash, funds and property, according to the Weekly Union. (📌)

### Maybank Islamic Custody Services increases AUM

**MALAYSIA:** Incepted earlier this year, Maybank Islamic Custody Services has grown its assets under management (AUM) to RM9 billion (US\$2.08 billion) in less than a year. The bank noted in a statement that its AUM is expected to reach a total of RM13 billion (US\$3 billion) as more new clients, mainly from the financial institutions and non-bank

financial institutions, are coming on board by the end of this year. Continuing to target these firms, the bank is also eyeing government-linked and fund management companies. (📌)

### PMB Investment lowers 2016 AUM target

**MALAYSIA:** PMB Investment has revised its assets under management (AUM) target to RM1.6 billion (US\$369.69 million) from RM2 billion (US\$462.11 million) in 2016 on the back of the current challenging economic environment, according to Bernama. The fund manager achieved RM1.2 billion (US\$277.27 million) in AUM as of the 30th November 2015, driven by its encouraging investment position in the Shariah compliant unit trust investment funds.

In a statement, PMB declared income distributions for three Shariah funds: PMB Shariah Balanced Fund for the financial year ended the 30th November 2015 and monthly income distributions

for PMB Shariah Cash Management Fund and PMB Shariah Wholesale Income Fund 1 for November 2015. (📌)

### Rasmala's series of alternative funds in pipeline

**GLOBAL:** Rasmala, previously EIIB-Rasmala, is planning to launch further series of new alternative funds in the first half of 2016 as the company is now looking to accelerate products and markets expansion, according to a press release. (📌)

### Sabana REIT proposes property divestment

**SINGAPORE:** Shariah compliant Sabana Real Estate Investment Trust (Sabana REIT) has entered into a conditional sale and purchase agreement for the proposed divestment of 200 Pandan Loop, Pantech 21, Singapore 128388 as it is looking to optimize portfolio returns for unitholders which is part of the rationale for the transaction, according to a statement. (📌)

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## TAKAFUL

### KQIC introduces online portal

**KUWAIT:** Kuwait Qatar Insurance Company (KQIC), a premier insurer offering both conventional insurance and Takaful products, has launched its online retail platform, according to TradeArabia News. <sup>(2)</sup>

### METLICO commences operations in Egypt

**EGYPT:** Misr Emirates Takaful Life Insurance (METLICO), a subsidiary of Islamic Arab Insurance Co (SALAMA), has commenced operations in Egypt and will launch eight products comprising individual and corporate life insurance in the Egyptian market, according to Amwal Al Ghad. METLICO is a joint venture between SALAMA (80.1%), Egypt Saudi Insurance House (9.95%) and Faisal Islamic Bank of Egypt (9.95%), with issued capital amounting to EGP100 million (US\$12.73 million) whereas authorized and paid-up capital are valued at EGP60 million (US\$7.64 million) and EGP30 million (US\$3.82 million) respectively. <sup>(2)</sup>

### PIDM (Amendment) Bill to be tabled

**MALAYSIA:** The PIDM (Amendment) Bill 2015 which enhances Malaysia Deposit Insurance Corporation, or Perbadanan Insurans Deposit Malaysia (PIDM)'s resolution powers as well as aligns certain provisions with the Financial Services Act 2013 and the Islamic Financial Services Act 2013, has been approved by the House of Representatives at a recent parliamentary sitting. PIDM confirmed in a statement that the bill will be tabled at the Senate soon.

The enhancements to PIDM's resolution toolkit will soon include share transfer powers to address non-viable member institutions (MIs) promptly and effectively. Specifically, the share transfer tool will empower the corporation to compel the sale of shares by shareholders of a non-viable MI to a willing private sector buyer in certain circumstances, and subject to the requisite approval of the finance minister. <sup>(2)</sup>

### MCIS Insurance keen in Takaful business

**MALAYSIA:** MCIS Insurance is keen on entering the Takaful market but there has been no proposals on the table yet, its CEO Kevin Jones was quoted by SunBiz as saying. The company, formerly MCIS Zurich Malaysia, was reportedly scanning for opportunities in the Takaful business, including entering into joint venture partnerships with existing operators. <sup>(2)</sup>

### Takaful Emarat's rights issue oversubscribed

**UAE:** The rights issue launched by Takaful Emarat on the 1<sup>st</sup> November until the 12<sup>th</sup> December was 36.51% oversubscribed with AED68.25 million (US\$18.57 million) shares fully subscribed. According to a press release, the company raised AED50 million (US\$13.61 million) during the first tradable rights issue. Al Tamimi & Company led the first rights issue on the Dubai Financial Market and National Bank of Abu Dhabi acted as the lead financial advisor for the company. <sup>(2)</sup>

### Faysal Bank and EFU collaborate

**PAKISTAN:** Faysal Bank and EFU Life Assurance have entered into a

distribution alliance for the latter's window Family Takaful products under the Hemayah brand, according to a statement. <sup>(2)</sup>

### Meezan Bank and EFU join hands on Takaful coverage

**PAKISTAN:** Meezan Bank has partnered with EFU General Insurance in an alliance that will see the latter, via EFU Takaful, providing Takaful coverage to vehicles leased by Meezan Bank through its Shariah compliant car financing service Car Ijarah, according to a statement. <sup>(2)</sup>

### Solidarity renews insurance ties with SAMBA

**SAUDI ARABIA:** Solidarity Saudi Takaful Company (Solidarity) has, on the 27<sup>th</sup> December 2015, renewed its insurance coverage agreement with Samba Financial Group (SAMBA) which will commence from the 1<sup>st</sup> January 2016 until the 31<sup>st</sup> December 2016. <sup>(2)</sup>

### Tokio Marine's non-life to launch new products

**EGYPT:** Tokio Marine Egypt General Takaful will be launching three new products in the Egyptian market. According to Amwal Al Ghad quoting the company's managing director Satoshi Furuya, the three new products include coverage for storage and distribution risks, shippers' liability and trade credit risks. <sup>(2)</sup>

### EGTAK wins insurance policy bid

**EGYPT:** Egyptian Takaful Property and Liability Insurance (EGTAK) has won a EGP700 million (US\$88.97 million) insurance policy bid launched by the General Authority for Investment and Free Zones, according to Amwal Al Ghad. <sup>(2)</sup>

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## RATINGS

### Fitch affirms the UK at 'AA+'

**UK:** Fitch has affirmed the UK's long-term foreign and local currency issuer default ratings (IDRs) at 'AA+' with stable outlooks, according to a statement. The country ceiling has been affirmed at 'AAA' and the short-term foreign currency IDR at 'F1+'. The ratings benefit from a high-income, diversified and flexible economy with a credible monetary and fiscal policy framework and the sterling's international reserve currency status further supports the ratings. <sup>(2)</sup>

### JIB's ratings affirmed

**JORDAN:** Jordan Islamic Bank (JIB)'s long and short-term foreign currency ratings have been affirmed at 'BB-' and 'B' respectively by Capital Intelligence, with a stable outlook. The rating agency said in a statement that the bank's ratings are constrained by Jordan's sovereign ratings ('BB-/B/Stable'), reflecting the Islamic bank's base of operations in the country and its exposure to the sovereign in the form of balances at the Central Bank of Jordan. <sup>(2)</sup>

### RAM reaffirms Malaysia's ratings

**MALAYSIA:** Despite deteriorating external resilience parameters on the back of declining commodity prices and forex reserves, Malaysia is still able to maintain its 'gA2' global and 'seaAAA' ASEAN-scale sovereign ratings, according to RAM. "Ongoing fiscal consolidation and a robust banking system bolster our view," said the rating agency in a statement. The country's economy is forecast to grow 4.4% in 2016, a slight drop from 5% in 2015. <sup>(2)</sup>

### Wethaq affirmed at 'BB'

**KUWAIT:** S&P has affirmed the 'BB' counterparty credit and financial strength ratings on Kuwait-based Wethaq Takaful Insurance (Wethaq) with a stable outlook. According to a statement, the outlook reflects the rating agency's expectation that Wethaq will maintain very strong capital adequacy ratios, despite its exposure to high-risk assets. Underwriting performance is expected to stabilize and investment income is expected to provide a positive and prospectively less volatile contribution to earnings. <sup>(2)</sup>

### CGRE's IMTN facility rated 'AA3(s)/Stable'

**MALAYSIA:** RAM has assigned a final rating of 'AA3(s)/Stable' to Country Garden Real Estate (CGRE)'s proposed Islamic medium-term note (IMTN) program of RM1.5 billion (US\$347.26 million), reflecting unconditional and irrevocable corporate guarantees extended by Country Garden Holdings Company, Bright Start Group and Top Favour Holdings, on a joint and several basis. According to a statement, the rating also reflects the credit linkage to Country Garden (as the strongest obligor) and the credit fundamentals of the group. <sup>(2)</sup>

### PETRONAS's Sukuk rating affirmed at 'A1'

**MALAYSIA:** Moody's has affirmed the rating on Petroleum Nasional (PETRONAS)'s Sukuk, issued via PETRONAS Global Sukuk, as well as the company's issuer and senior unsecured ratings at 'A1' with a stable outlook.

In a statement by the rating agency, the ratings action follows the sharp reduction in Moody's oil price assumptions in light of continuing oversupply in the global oil markets. <sup>(2)</sup>

### RAM maintains ratings on PASB's Sukuk

**MALAYSIA:** RAM has reaffirmed Pengurusan Air SPV (PASB)'s RM20 billion (US\$4.62 billion) Sukuk comprising an Islamic medium-term note program (2009/2039) and an Islamic commercial paper program (2009/2016) at 'AAA/Stable/P1', according to a statement. The ratings reflect the strategic importance of Pengurusan Aset Air, which is owned by the government of Malaysia via the Minister of Finance Incorporated. <sup>(2)</sup>

### RAM rates Samalaju's proposed Sukuk

**MALAYSIA:** Samalaju Industrial Port (Samalaju)'s proposed Sukuk Murabahah program of up to RM950 million (US\$219.5 million) has been assigned an 'AA1(s)/Stable' rating by RAM, reflecting an unconditional and irrevocable corporate guarantee extended by Bintulu Port Holdings ('AA1/Stable/P1'), according to a statement. <sup>(2)</sup>

### RAM maintains GIC's Sukuk rating

**KUWAIT:** RAM has, according to a statement, reaffirmed the 'AAA/Stable' rating on Gulf Investment Corporation (GIC)'s RM3.5 billion (US\$810.28 million) Sukuk Wakalah Bi Istithmar program (2011/2031) and concurrently its financial institution ratings of 'AAA/Stable/P1' have also been reaffirmed. <sup>(2)</sup>

### RAM reaffirms Malaysia Airports's Sukuk ratings

**MALAYSIA:** RAM announced in a statement that it has reaffirmed the ratings on Malaysia Airports Holdings (MAHB)'s RM2.5 billion (US\$577.64 million) Sukuk program (2013/2033) and RM2.5 billion perpetual subordinated Sukuk program at 'AAA/Stable' and 'AA2/Stable' respectively.

The 'AAA(s)/Stable' rating of its RM3.1 billion (US\$716.27 million) Islamic medium-term note program (2010/2025) and the 'P1(s)' rating of its RM1 billion (US\$231.06 million) Islamic commercial paper program (2010/2017), issued via its wholly-owned subsidiary Malaysia Airports Capital (MACB), have also been reaffirmed. The reaffirmation of the ratings is based on MAHB's strong business position as a near-monopoly airport operator in Malaysia. <sup>(2)</sup>

### RAM reaffirms Suria KLCC's Sukuk ratings

**MALAYSIA:** The 'AAA/Stable/P1' ratings on Suria KLCC's Sukuk Murabahah program of up to RM600 million (US\$138.63 million) have been reaffirmed by RAM. According to a statement, the ratings reflect the company's resilient earnings and financial metrics that remain within the rating agency's expectations despite lackluster retail sentiment, driven by the mall's superior asset quality and the management's prudent capital management. <sup>(2)</sup>

### RAM reaffirms Gamuda's issue ratings

**MALAYSIA:** RAM has reaffirmed the 'AA3/Stable/P1' ratings on all Gamuda Islamic debt programs which include: an RM800 million (US\$185.84 million) Islamic medium-term notes (IMTN) program (2008/2028) and RM100 million (US\$23.23 million) Islamic commercial papers (ICP) program

(2008/2015), RM800 million IMTN program (2013/2038) and RM100 million ICP program (2013/2020) and RM5 billion (US\$1.16 billion) IMTN program (2015/2045) and RM2 billion (US\$464.62 million) ICP program (2015/2022) with a combined limit of RM5 billion.

Its wholly-owned subsidiary Bandar Serai Development's IMTN program of up to RM1 billion (US\$232.31 million) (2014/2024) and its seven-year ICP program of up to RM500 million (US\$116.15 million) have also been reaffirmed at 'AA3(S)/Stable/P1(S)', according to a statement. <sup>(f)</sup>

### ICD's Sukuk obtain '(P)Aa3' ratings

**GLOBAL:** Moody's has assigned a provisional '(P)Aa3' senior unsecured medium-term note rating to the Trust Certificate Issuance of Hilal Services, an SPV incorporated in the Cayman Islands by the Islamic Corporation for the Development of the Private Sector (ICD). According to a statement, the assigned rating on the Sukuk is parallel to the long-term issuer rating of the ICD. <sup>(f)</sup>

### RHB Islamic's ratings reaffirmed

**MALAYSIA:** RAM announced in a statement that it has reaffirmed the 'AA2/Stable/P1' ratings of RHB Islamic Bank and concurrently reaffirmed the 'AA3/Stable' ratings on the bank's subordinated Sukuk Murabahah program of up to RM1 billion (2014/2024). <sup>(f)</sup>

### UniTapah's Sukuk rating reaffirmed

**MALAYSIA:** The 'AA2/Stable' rating of UniTapah's Sukuk Murabahah of up to RM600 million (US\$139.38 million) (2014/2035) has been reaffirmed by RAM, supported by a predictable stream of monthly concession payments from a strong counterparty, the government of Malaysia, according to a statement. <sup>(f)</sup>

### AM Best downgrades ratings on reTakaful operators

**GLOBAL:** AM Best has downgraded the financial strength rating of ACR ReTakaful MEA (Bahrain) and ACR ReTakaful (Malaysia) to 'B++' from 'A-' while their issuer credit ratings (ICR) have been revised to 'bbb+' from 'bb+'. These revisions take into consideration the limited progress made in establishing

their standalone business profiles and in building their own commercially sustainable underwriting portfolios. Consequently, the rating agency also lowered the ICR of ACR ReTakaful Holdings to 'bb+' from 'bbb' following the standard notching of holding company ratings of its major operating insurance entities (ACR ReTakaful MEA and ACR ReTakaful). The outlook for all ratings is stable, according to a statement. <sup>(f)</sup>

### Toyota Capital's issue ratings reaffirmed

**MALAYSIA:** Toyota Capital Malaysia (Toyota Capital)'s proposed Islamic and conventional commercial paper/medium-term note programs with a combined limit of up to RM2.5 billion (US\$580.77 million) in nominal value have been reaffirmed at 'AAA(S)/P1(S)' by RAM.

The rating agency noted in a statement that the ratings reflect the credit strength of an irrevocable and unconditional guarantee extended Toyota Motor Finance (Netherlands), a fully-owned subsidiary of Toyota Financial Services Corporation. The ultimate support from Toyota Motor Group also enhances the credit profiles of the debt facilities beyond Toyota Capital's stand-alone credit strength. <sup>(f)</sup>

### Bank Pembangunan's ratings maintained

**MALAYSIA:** The financial institution ratings of Bank Pembangunan Malaysia have been reaffirmed at 'AAA/Stable/P1' by RAM, which also reaffirmed the 'AAA/Stable' rating of its RM7 billion (US\$1.62 billion) Islamic Murabahah medium-term note (MTN) program (2006/2036) and/or conventional MTN. According to a statement, the reaffirmation reflects the strong likelihood of government support in times of need, given the bank's strategic and crucial role in the socio-economic development of Malaysia. <sup>(f)</sup>

### Egypt affirmed at 'B'

**EGYPT:** The long-term foreign and local currency issuer default ratings (IDR) of Egypt have been affirmed at 'B' by Fitch, with a stable outlook. According to a statement, the country's senior unsecured foreign and local currency bonds, country ceiling and short-term foreign currency IDR have also been affirmed at 'B'. <sup>(f)</sup>

### Fitch affirms Republic Of Tatarstan at 'BBB-'

**RUSSIA:** Fitch in a statement announced that the Russian Republic of Tatarstan's long-term foreign and local currency issuer default ratings (IDR) have been affirmed at 'BBB-' with a negative outlook. The Republic's short-term foreign currency IDR was affirmed at 'F3' whereas its national long-term rating at 'AAA(rus)' with a stable outlook. The ratings are constrained by those of the Russian sovereign ('BBB-/Negative'). <sup>(f)</sup>

### IIRA reaffirmed KTPB's ratings

**TURKEY:** The International Islamic Rating Agency (IIRA) has reaffirmed Kuveyt Turk Participation Bank (KTPB)'s national scale ratings at 'AA(tr)/A1+(tr)' whereas its international scale foreign and local currency ratings have also been reaffirmed at 'BBB-/A3' and 'BBB/A3' respectively. All ratings carry a stable outlook. According to a statement, the ratings consider KTPB's sound financial risk profile, against the backdrop of continued business expansion. Strong institutional ownership and historical financial support extended by sponsors (sovereign-owned entities) also underpinned the ratings. <sup>(f)</sup>

### Maybank Islamic maintains top ratings

**MALAYSIA:** RAM announced in a statement that it has reaffirmed the 'AAA/Stable/P1' financial institution ratings of Maybank Islamic and also the 'AA1/Stable' rating of the financier's subordinated Sukuk Murabahah program of up to RM10 billion (US\$2.32 billion) (2014/2034). The ratings are a reflection of Maybank Islamic's strategic importance as the Islamic banking arm of Maybank, which is rated 'AAA/Stable/P1'. <sup>(f)</sup>

### S&P affirms Thailand at 'BBB+/A-2'

**THAILAND:** Supported by a strong external profile, low government debt and monetary policy credibility, Thailand's long and short-term foreign currency sovereign credit ratings have been affirmed at 'BBB+' and 'A-2' respectively by S&P. The rating agency also confirmed in a statement the affirmation of the Kingdom's long and short-term local currency ratings at 'A-' and 'A-2' respectively and its long and

short-term ASEAN regional scale ratings at 'axAA/axA-1'. The long-term ratings carry a stable outlook. (f)

### AM Best affirms Arig's ratings

**BAHRAIN:** Arab Insurance Group (Arig)'s financial strength rating and issuer credit rating have been affirmed by AM Best at 'B++' and 'bbb+' respectively with the outlook for both ratings remaining positive. According to a statement, the ratings reflect Arig's solid risk-adjusted capitalization and strong business profile; however, an offsetting rating factor is its weak technical profitability, which has been negatively impacted by the continued poor performance of its subsidiary, Takaful Re. (f)

### Aspion's Sukuk ratings withdrawn

**MALAYSIA:** RAM has withdrawn the 'AAA(bg)/Stable/P1(bg)' ratings on Aspion's RM150 million (US\$34.93 million) Islamic commercial paper/ Islamic medium-term note programs (2012/2018), which were fully redeemed and canceled on the 22<sup>nd</sup> December 2015, according to a statement. (f)

### Axiata's Sukuk rating affirmed

**MALAYSIA:** Moody's has affirmed the 'Baa2' rating on Axiata SPV2's US\$500 million Sukuk notes and the provisional '(P)Baa2' rating on its Sukuk issuance program, according to a statement. Concurrently, the rating agency has also affirmed Axiata Group's issuer rating at 'Baa2'. (f)

### RAM reaffirms Mydin's IMTN rating

**MALAYSIA:** The 'AAA(fg)/Stable' rating on Mydin Mohamed Holdings's RM350 million (US\$81.49 million) Danajamin-guaranteed Islamic medium-term note (IMTN) program (2011/2024) has been reaffirmed by RAM. The rating agency

noted in a statement that the rating reflects the irrevocable and unconditional financial guarantee extended by Danajamin Nasional ('AAA/Stable/P1'), which enhances the credit profile of the IMTN beyond Mydin Holdings' stand-alone credit risk. (f)

### RAM downgrades MRCB's Sukuk ratings

**MALAYSIA:** RAM has downgraded the ratings of MRCB Southern Link's RM199 million (US\$46.34 million) junior Sukuk from 'C3' to 'D', according to a statement. The 'D' rating reflects the deferment of the profit payments on the instrument, and the rating agency views the deferment as a default although payments are deferrable and cumulative under the terms of the trust deeds. RAM will also maintain surveillance on the company's RM845 million (US\$196.76 million) senior Sukuk which was previously rated 'BB3' with a negative outlook. (f)

### Bank AlJazira's ratings reaffirmed

**SAUDI ARABIA:** The Islamic International Rating Agency has reaffirmed Bank AlJazira's ratings of 'A-/A2' on the international scale and 'A+(sa)/A1(sa)' on the national scale with stable outlooks. According to a statement, the bank's fiduciary score has also been reassessed in the range of '71-75'. (f)

### RAM reaffirms Cendana Sejati's Sukuk rating

**MALAYSIA:** RAM has reaffirmed the rating of 'AA1/Stable' on Cendana Sejati's RM360 million (US\$83.83 million) senior Sukuk Murabahah medium-term note program, according to a statement. The reaffirmation of the rating is premised on the available collateral cover supporting the Sukuk under an 'AA1' stress scenario together with the rating agency's expectation that the transaction's liquidity shortfall in ensuring timely

repayment of the outstanding senior Sukuk will be remedied within the next year, through additional senior and junior Sukuk issuances. (f)

### MARC withdraws Tradewinds's Sukuk ratings

**MALAYSIA:** The 'AAA(IS)' and 'AA+(IS)' ratings on Tradewinds Plantation Capital (Tradewinds)'s RM180 million (US\$41.91 million) Class A and RM30 million (US\$6.99 million) Class B asset-backed Sukuk Ijarah respectively have been withdrawn by MARC following the full redemption of the outstanding Class A and Class B Sukuk Ijarah and the subsequent cancellation of the programs on the 18<sup>th</sup> December 2015, according to a statement. (f)

### RAM affirms Kesturi's Sukuk rating

**MALAYSIA:** RAM announced in a statement that it has affirmed the 'AA-IS' rating on Konsortium Lebuhraya Utara-Timur (KL) (Kesturi)'s RM2.3 billion (US\$535.57 million) Sukuk Musharakah with a stable outlook. The rating reflects the satisfactory traffic performance of Kesturi's 18-kilometer open-toll Duta-Ulu Kelang Expressway (DUKE) and also considers its adequate progress on the construction of the 16-kilometer DUKE Phase 2 and the manageable debt maturity profile. (f)

### RAM maintains AmBank Islamic's Sukuk ratings

**MALAYSIA:** RAM has reaffirmed the rating on AmBank Islamic's RM3 billion (US\$689.69 million) senior Sukuk Musharakah program at 'AA2/Stable' and its RM2 billion (US\$459.79 million) subordinated Sukuk Musharakah and RM3 billion subordinated Sukuk Murabahah programs at 'AA3/Stable', according to a statement. Concurrently, the bank's financial institution ratings have been reaffirmed at 'AA2/Stable/P1'. (f)

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## MOVES

### Gulf Finance Saudi Arabia

**SAUDI ARABIA:** Thamer A Jan, according to a media release, has been appointed as the chairman of the board of directors of Gulf Finance Corporation Saudi Arabia, a provider of Islamic financing to SMEs. (2)

### Syarikat Takaful Malaysia

**MALAYSIA:** Following the expiry of his contract on the 15<sup>th</sup> December, **Ismeem Ismail** is no longer the chairman of Syarikat Takaful Malaysia, the operator confirmed in a bourse filing. No replacement has been announced yet for Ismeem, who is also the group managing director and CEO of the nation's pilgrim fund, Lembaga Tabung Haji. (2)

### Turkiye Finans

**TURKEY:** Saeed Mohammed A Alghamdi, the CEO of National Commercial Bank (NCB), has been appointed as the chairman of the board of directors at Türkiye Finans, taking over from **Mustafa Boydak** who will continue his role at Türkiye Finans as the vice-chairman. According to a statement, Saeed will also continue to carry out his duty as the board member and CEO of NCB. (2)

### StanChart

**UK:** **Simon Cooper** has been appointed as the CEO of corporate and institutional banking at Standard Chartered (StanChart). The bank noted in a statement that Cooper, who is currently

the group managing director and CEO of global commercial banking at HSBC, will join StanChart in April 2016, subject to final regulatory approval. (2)

### Khazanah Nasional

**MALAYSIA:** The employment contract of **Azman Mokhtar**, the managing director of Khazanah Nasional, the strategic investment fund of the government of Malaysia, has been renewed for another three-year term effective from the 1<sup>st</sup> June 2016 until the 31<sup>st</sup> May 2019, according to a statement. (2)

### BiSB

**BAHRAIN:** Bahrain Islamic Bank (BiSB) has appointed **Fahim Ahmed** as the new chief risk officer effective from the 1<sup>st</sup> December 2015, according to a press release. Prior to joining BiSB, Fahim was recently the chief risk officer at Standard Chartered Bank Bahrain. (2)

### Banque Saudi Fransi

**SAUDI ARABIA:** Banque Saudi Fransi announced in a filing to Tadawul the appointment of **Suliman Abdulrahman Al Gwaiz** as the chairman of the board of directors, effective from the 1<sup>st</sup> January 2016 until the end of the term of the board on the 31<sup>st</sup> December 2018. (2)

### NASDAQ

**GLOBAL:** NASDAQ has appointed its president **Adena T Friedman** as COO effective from the 16<sup>th</sup> December 2015, according to a statement. Friedman, as president and COO, will oversee the company's global business operations

and will continue to report to CEO Bob Greifeld. (2)

### Bank AlJazira

**SAUDI ARABIA:** Bank AlJazira has appointed **Tarek Othman Abdullah Alkasabi** as the chairman of the board of directors for the new term effective from the 1<sup>st</sup> January 2016 until the 31<sup>st</sup> December 2018, according to a bourse filing. (2)

### Bank Muscat

**OMAN:** Bank Muscat has unveiled a new organizational structure which sees the appointment of new executive management: **Abdul Razak Ali Issa** as the CEO, **Ahmed Al Abri** as the COO, **Waleed Al Hashar** as the deputy CEO, **Sulaiman Al Harthy** as the deputy CEO of Islamic banking and **K Gopakumar** as the deputy COO, according to a statement. (2)

### Asian Finance Bank

**MALAYSIA:** **Mohamed Azahari Mohamed Kamil**, the CEO of Shariah compliant Asian Finance Bank, has retired effective from the 1<sup>st</sup> January 2016, according to The Star. (2)

### PMB Investment

**MALAYSIA:** PMB Investment has appointed **Professor Dr Mohamed Aslam Haneef** as an independent member of its investment committee for a term of two years commencing the 1<sup>st</sup> January 2016 to the 31<sup>st</sup> December 2017, according to a statement. (2)



**REDmoney Ideal Ratings Indexes**

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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.

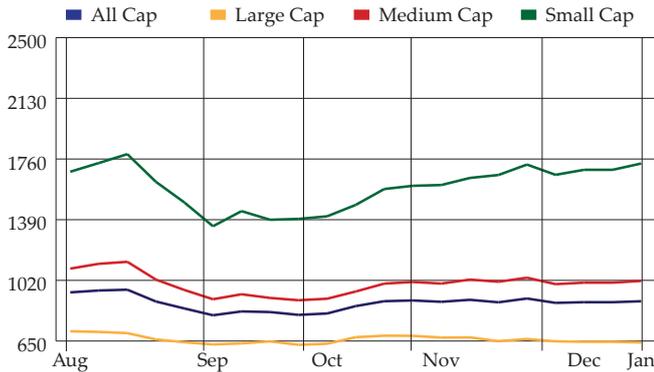
# DEAL TRACKER

Expected date	Company's name	Size	Structure	Announcement Date
TBA	Tenaga Nasional	US\$3 billion	Sukuk	5 <sup>th</sup> January 2016
Dec-15	Government of Pakistan	PKR300 billion	Sukuk Ijarah	10 <sup>th</sup> December 2015
First quarter of 2016	Government of Egypt	TBA	Sukuk	7 <sup>th</sup> December 2015
TBA	Ahmad Zaki Resources	RM1 billion	Sukuk Murabahah	7 <sup>th</sup> December 2015
TBA	Scientex	TBA	Sukuk Murabahah	3 <sup>rd</sup> December 2015
TBA	Barwa Bank	US\$2 billion	Sukuk	27 <sup>th</sup> November 2015
TBA	Sime Darby	up to RM3 billion	Sukuk	27 <sup>th</sup> November 2015
TBA	Samalaju Industrial Port	up to RM950 million	Sukuk Murabahah	27 <sup>th</sup> November 2015
Dec-15	Government of Kuwait	TBA	Sukuk	30 <sup>th</sup> November 2015
TBA	WAPDA	PKR144 billion	Sukuk	26 <sup>th</sup> November 2015
TBA	WAPDA	PKR100 billion	Sukuk	26 <sup>th</sup> November 2015
Dec-15	Government of Ivory Coast	XOF150 billion	Sukuk	23 <sup>rd</sup> November 2015
TBA	Kuveyt Turk	US\$400 million	Sukuk	13 <sup>th</sup> November 2015
TBA	Widad Capital	RM120 million	Sukuk Murabahah	13 <sup>th</sup> November 2015
TBA	Oman Telecommunications	OMR50 million	Sukuk	10 <sup>th</sup> November 2015
TBA	Hascol Petroleum	PKR2 billion	Sukuk	9 <sup>th</sup> November 2015
TBA	Emirates Airline	US\$500 million-US\$1 billion	Sukuk	9 <sup>th</sup> November 2015
TBA	CIMB Islamic	RM5 billion	Sukuk	6 <sup>th</sup> November 2015
2016	Government of Indonesia	IDR150 trillion	Sukuk	9 <sup>th</sup> October 2015
TBA	MMC Corporation	RM1.5 billion	Sukuk Murabahah	13 <sup>th</sup> October 2015
TBA	Country Garden Real Estate	RM1.5 billion	Sukuk Murabahah	6 <sup>th</sup> October 2015
First quarter of 2016	National Home Mortgage Finance Corp	PHP2 billion	Sukuk	29 <sup>th</sup> September 2015
By end of 2015	HNA Group	US\$150 million	Sukuk	11 <sup>th</sup> September 2015
TBA	Government of Jordan	JOD200-300 million	Sukuk	4 <sup>th</sup> September 2015
TBA	Saudi Electricity Company	US\$1.5 billion	Sukuk	1 <sup>st</sup> September 2015
TBA	Turkiye Finans	TRY1.5 billion	Sukuk	1 <sup>st</sup> September 2015
2016	Government of Indonesia	IDR12.2 trillion	Sukuk	1 <sup>st</sup> September 2015
By 2017	KT Bank	EUR100 million	Sukuk	11 <sup>th</sup> June 2015
TBA	TIME dotCom	UP to RM1 billion	Sukuk	19 <sup>th</sup> August 2015
2016	Government of South Africa	TBA	Sukuk	13 <sup>th</sup> February 2015
TBA	Government of Niger	XOF150 billion	Sukuk	26 <sup>th</sup> February 2015
Third quarter of 2015	Government of Tunisia	US\$500 million	Sukuk	13 <sup>th</sup> January 2015
2016	Al Baraka Bank (Egypt)	US\$100 million	Sukuk	12 <sup>th</sup> August 2015
2016	Jordan Islamic Bank	US\$100 million	Sukuk	12 <sup>th</sup> August 2015
2016	Al Baraka Bank (South Africa)	US\$50 million	Sukuk	12 <sup>th</sup> August 2015
2015	Government of UAE	TBA	Green energy Sukuk	12 <sup>th</sup> March 2015
TBA	Turkiye Finans	US\$400 million	Sukuk	20 <sup>th</sup> July 2015
TBA	Eskom	TBA	Sukuk	25 <sup>th</sup> June 2015
Fourth quarter of 2015	Republic of Turkey	TBA	Sukuk	25 <sup>th</sup> June 2015
TBA	1Malaysia Development	RM5 billion	Sukuk	18 <sup>th</sup> June 2015
TBA	Toyota Capital Malaysia	TBA	Sukuk	17 <sup>th</sup> June 2015
TBA	Sindh Province	US\$200 million	Sukuk	15 <sup>th</sup> June 2015
TBA	Grand Sepadu	RM210 million	Sukuk Murabahah	5 <sup>th</sup> June 2015
TBA	Abu Dhabi Islamic Bank	US\$3 billion	Sukuk	29 <sup>th</sup> May 2015
2015	Government of Oman	US\$1 billion	Waqf Sukuk	26 <sup>th</sup> May 2015
TBA	Masraf Al Rayan	TBA	Sukuk	14 <sup>th</sup> May 2015
TBA	AEON Credit	RM1 billion	Sukuk Murabahah	13 <sup>th</sup> May 2015

# SHARIAH INDEXES

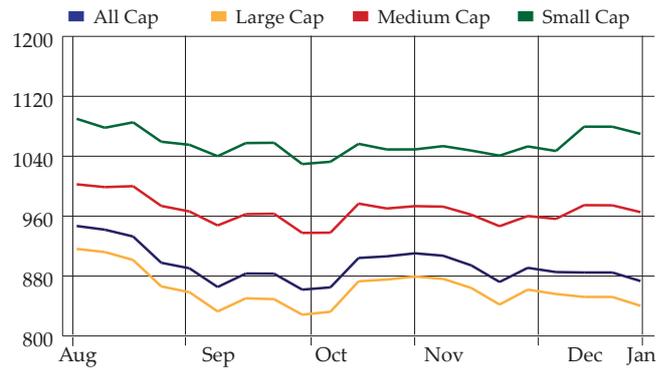
REDmoney Asia ex. Japan

6 Months



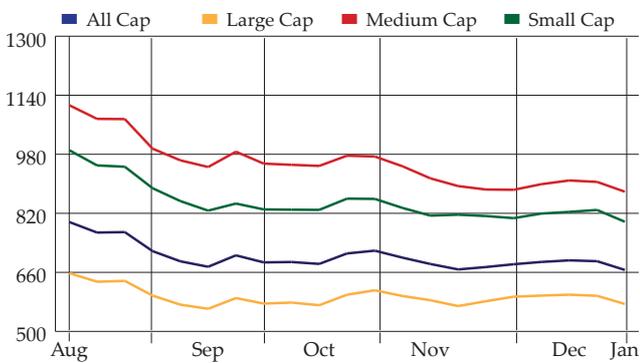
REDmoney Europe

6 Months



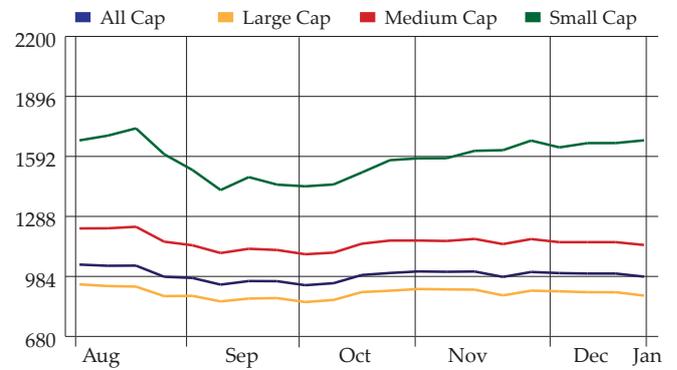
REDmoney GCC

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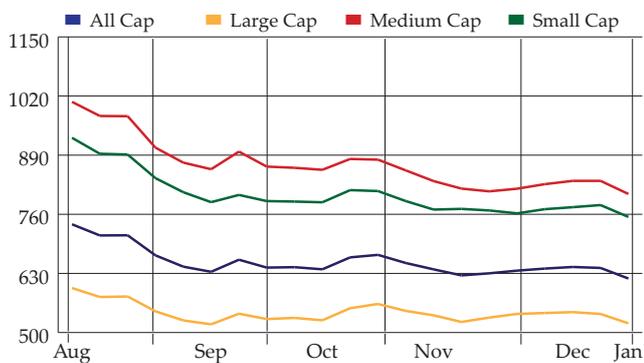
REDmoney Global

6 Months



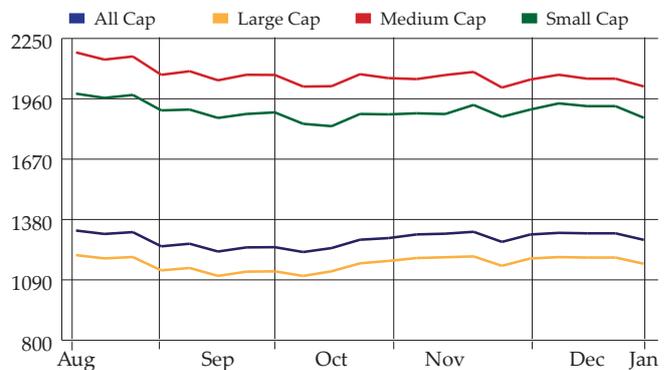
REDmoney MENA

6 Months



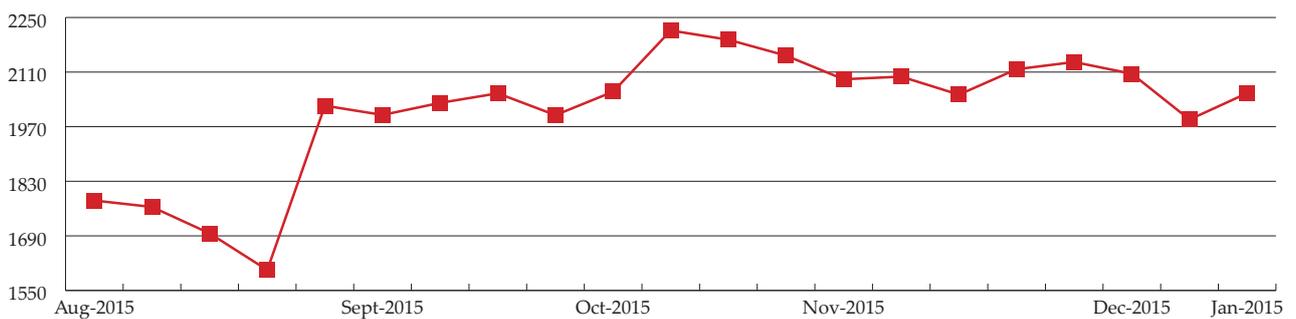
REDmoney US

6 Months



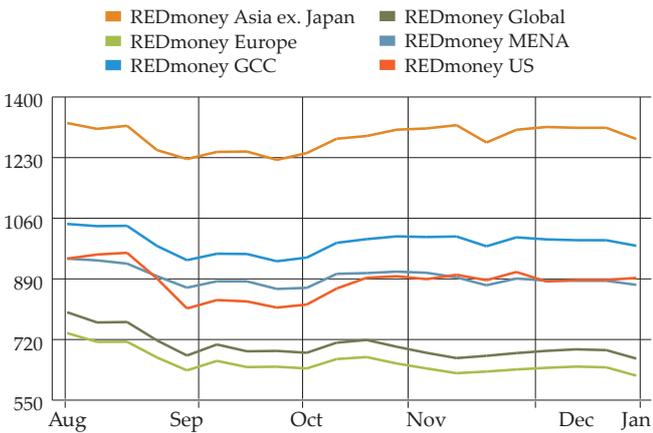
SAMI Halal Food Participation (All Cap)

6 months

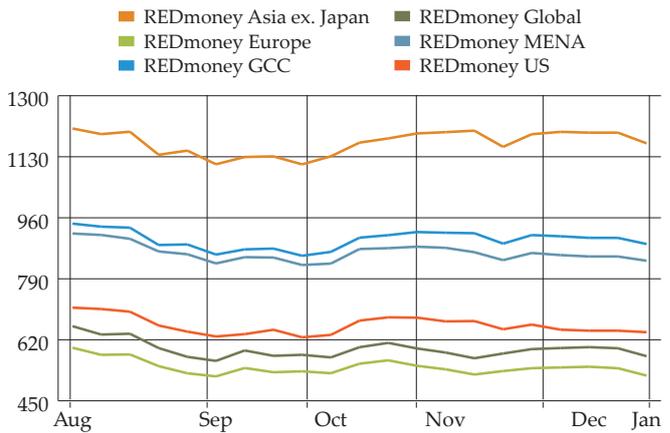


# SHARIAH INDEXES

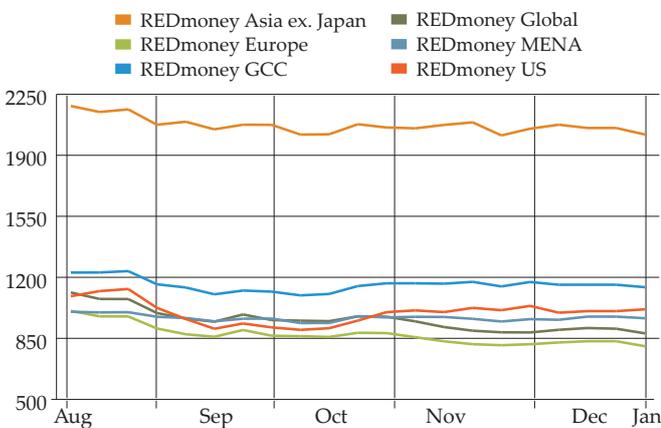
**REDmoney Global Shariah Index Series (All Cap) 6 Months**



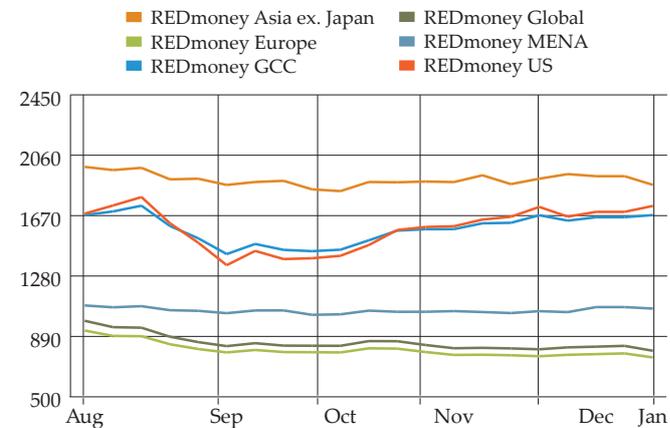
**REDmoney Global Shariah Index Series (Large Cap) 6 Months**



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



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



## REDmoney Global Shariah

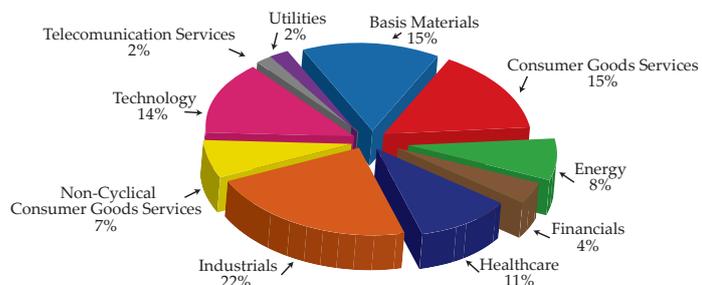
Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

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

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

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

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



## REDmoney Global Shariah Index Series

**REDmoney Indexes** **IdealRatings®**

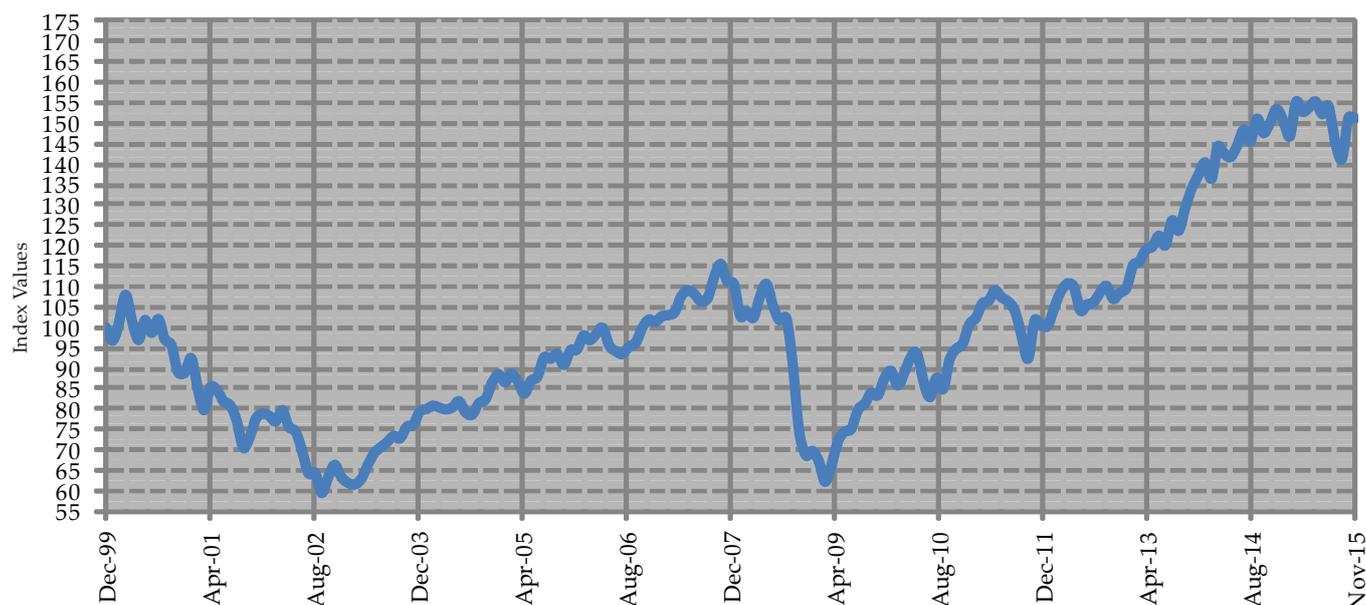
For further information regarding REDmoney Indexes contact:

Andrew Morgan  
Managing Director, REDmoney Group

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

# FUNDS TABLES

## Eurekahedge North America Islamic Fund Index



### Top 10 Yield-to-Date Returns for ALL Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Eastspring Investments Asia Pacific Shariah Equity	Eastspring Investments	32.21	Malaysia
2 Eastspring Investments Dinasti Equity	Eastspring Investments	22.04	Malaysia
3 Public Asia Ittikal	Public Mutual	18.25	Malaysia
4 CIMB Islamic Greater China Equity	CIMB-Principal Asset Management	18.06	Malaysia
5 PB Islamic Asia Equity	Public Mutual	17.62	Malaysia
6 Public Islamic Asia Tactical Allocation (PIATAF)	Public Mutual	15.52	Malaysia
7 PB Islamic Asia Strategic Sector	Public Mutual	13.89	Malaysia
8 Public Islamic Opportunities	Public Mutual	13.42	Malaysia
9 Public Islamic Select Treasures	Public Mutual	12.89	Malaysia
10 CIMB Islamic Asia Pacific Equity - MYR	UOB Asset Management	12.78	Malaysia
<b>Eurekahedge Islamic Fund Index</b>		<b>(1.38)</b>	

Based on 85.77% of funds which have reported November 2015 returns as at the 4<sup>th</sup> January 2016

### Top 10 Sharpe Ratio for ALL Funds since Inception

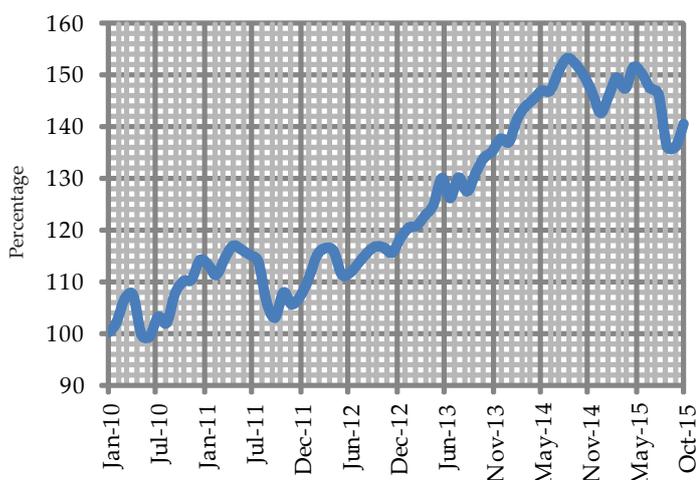
Fund	Fund Manager	Performance Measure	Fund Domicile
1 Public Islamic Money Market	Public Mutual	20.33	Malaysia
2 PB Islamic Cash Management	Public Mutual	17.38	Malaysia
3 Boubyan KWD Money Market	Boubyan Bank	16.63	Cayman Islands
4 Boubyan USD Liquidity	Boubyan Capital Investment Company	12.51	Kuwait
5 PB Islamic Cash Plus	Public Mutual	11.81	Malaysia
6 Meezan Tahaffuz Pension - Money Market Sub	Al Meezan Investment Management	10.60	Pakistan
7 Atlas Pension Islamic - Debt Sub	Atlas Asset Management	6.58	Pakistan
8 Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	6.52	Pakistan
9 Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	6.43	Saudi Arabia
10 FALCOM SAR Murabaha	FALCOM Financial Services	5.61	Saudi Arabia
<b>Eurekahedge Islamic Fund Index</b>		<b>0.11</b>	

Taking into account funds that have at least 12 months of returns as at the 4<sup>th</sup> January 2016

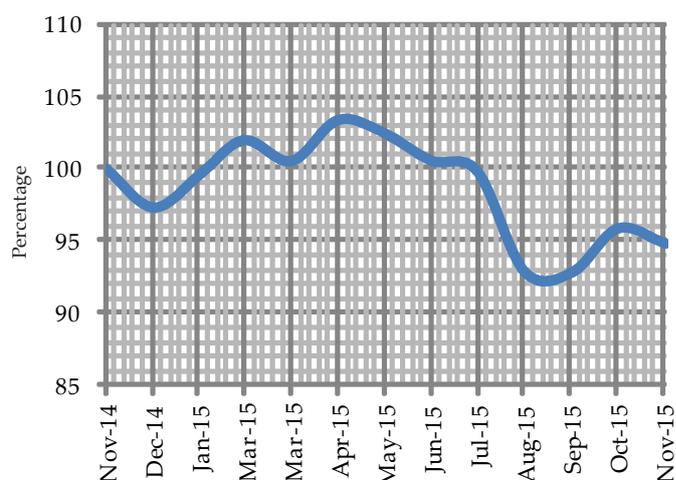
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity,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

# FUNDS TABLES

Eurekahedge Islamic Fund Equity Index over the last 5 years



Eurekahedge Islamic Fund Equity Index over the last 1 year



Top 10 Islamic Global Equity Funds by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 CIMB Islamic Small Cap	CIMB-Principal Asset Management	12.76	Malaysia
2 Libra Amanah Saham Wanita (ASNITA)	Libra Invest	10.61	Malaysia
3 CIMB Islamic Equity Aggressive	CIMB-Principal Asset Management	9.97	Malaysia
4 Pheim Asia Ex-Japan Islamic	PHEIM Unit Trusts	9.26	Malaysia
5 WSF Asian Pacific - USD I	Cogent Asset Management	9.26	Guernsey
6 AMB Dana Yakin	Amanah Mutual	9.08	Malaysia
7 Eastspring Investments Dana al-Ilham	Eastspring Investments	8.95	Malaysia
8 Public Islamic Select Treasures	Public Mutual	8.77	Malaysia
9 Manulife Investment Syariah Index	MAAKL Mutual	8.71	Malaysia
10 Public Islamic Opportunities	Public Mutual	8.38	Malaysia
<b>Eurekahedge Islamic Fund Index</b>		<b>(2.56)</b>	

Based on 82.46% of funds which have reported November 2015 returns as at the 4<sup>th</sup> January 2016

Top 10 Globally Investing Funds from ALL Funds by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 WSF Global Equity - USD I	Cogent Asset Management	7.92	Guernsey
2 Pacific Dana Dividen	Pacific Mutual Fund	6.69	Malaysia
3 QInvest GAM Sharia'a	GAM International Management	6.30	Cayman Islands
4 AlAhli Global Trading Equity	The National Commercial Bank	4.70	Saudi Arabia
5 QInvest JOHCM Sharia'a	J O Hambro Capital Management	3.91	Cayman Islands
6 Al Rajhi Global Equity	UBS	3.67	Saudi Arabia
7 Emirates Islamic Global Balanced - Class A USD	Emirates NBD Asset Management	3.59	Jersey
8 Oasis Crescent Global Equity	Oasis Global Management Company (Ireland)	3.42	Ireland
9 CIMB Islamic Greater China Equity	CIMB-Principal Asset Management	2.30	Malaysia
10 Oasis Crescent Balanced Stable Fund of Funds	Oasis Crescent Management Company	2.04	South Africa
<b>Eurekahedge Islamic Fund Index</b>		<b>(1.41)</b>	

Based on 75.76% of funds which have reported November 2015 returns as at the 4<sup>th</sup> January 2016

## Contact Eurekahedge

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

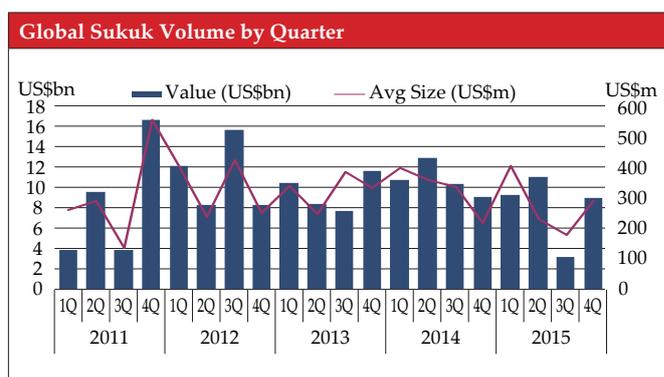
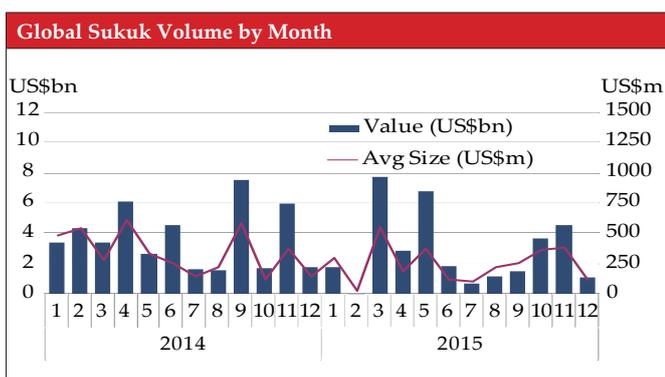


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# LEAGUE TABLES

Most Recent Global Sukuk						
Priced	Issuer	Nationality	Instrument	Market	US\$ (mln)	Managers
21 <sup>st</sup> Dec 2015	Cagamas	Malaysia	Sukuk	Domestic market public issue	101	Maybank
15 <sup>th</sup> Dec 2015	Samalaju Industrial Port	Malaysia	Sukuk	Domestic market public issue	161	CIMB Group
14 <sup>th</sup> Dec 2015	Perodua Global Manufacturing	Malaysia	Sukuk	Domestic market public issue	162	Maybank
3 <sup>rd</sup> Dec 2015	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	459	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group, AmInvestment Bank
26 <sup>th</sup> Nov 2015	Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	238	RHB Capital
24 <sup>th</sup> Nov 2015	Albaraka Turk Katilim Bankasi	Turkey	Sukuk	Euro market public issue	250	Standard Chartered Bank, Nomura, Dubai Islamic Bank, Emirates NBD, QInvest, Barwa Bank, Noor Bank
23 <sup>rd</sup> Nov 2015	Jimah East Power	Malaysia	Sukuk	Domestic market public issue	2,100	HSBC, Maybank, CIMB Group
13 <sup>th</sup> Nov 2015	Cagamas	Malaysia	Sukuk	Domestic market public issue	114	CIMB Group
12 <sup>th</sup> Nov 2015	Axiata SPV2	Malaysia	Sukuk	Euro market public issue	500	Deutsche Bank, CIMB Group
3 <sup>rd</sup> Nov 2015	MMC Corporation	Malaysia	Sukuk	Domestic market public issue	279	RHB Capital
2 <sup>nd</sup> Nov 2015	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	727	HSBC, RHB Capital, Maybank, CIMB Group, AmInvestment Bank
27 <sup>th</sup> Oct 2015	Majid Al Futtaim Properties	UAE	Sukuk	Euro market public issue	500	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank
26 <sup>th</sup> Oct 2015	Sultanate of Oman	Oman	Sukuk	Euro market public issue	649	Bank Muscat
20 <sup>th</sup> Oct 2015	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank
19 <sup>th</sup> 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
13 <sup>th</sup> Oct 2015	Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	217	RHB Capital
13 <sup>th</sup> Oct 2015	Jana Kapital	Malaysia	Sukuk	Domestic market public issue	217	RHB Capital
8 <sup>th</sup> Oct 2015	Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	358	CIMB Group, AmInvestment Bank
5 <sup>th</sup> Oct 2015	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	336	Natixis
18 <sup>th</sup> 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

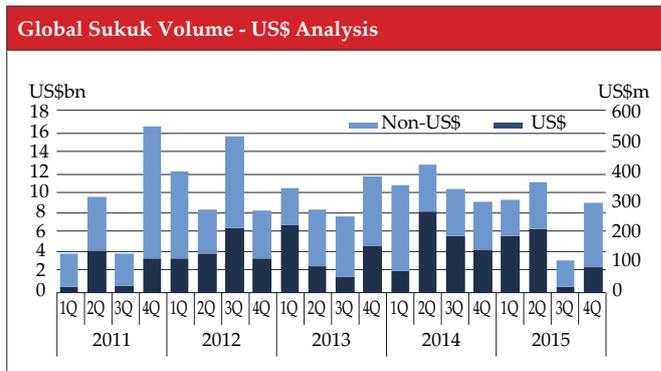
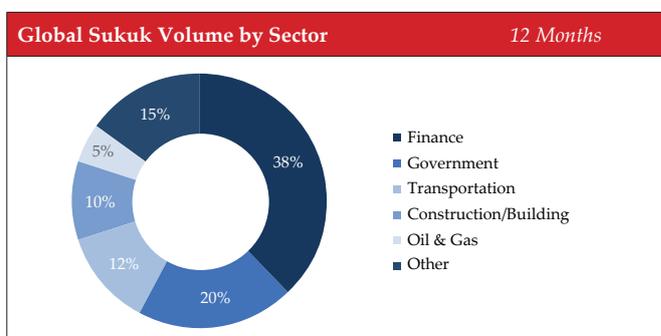
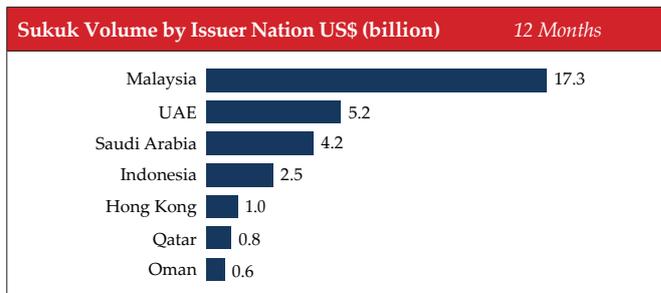
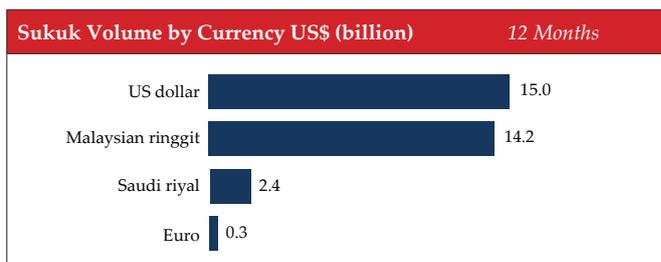


# LEAGUE TABLES

Top 30 Issuers of Global Sukuk							12 Months
Issuer	Nationality	Instrument	Market	US\$ (mln)	Iss (%)	Managers	
1 Jimah East Power	Malaysia	Sukuk	Domestic market public issue	2,100	6.4	HSBC, Maybank, CIMB Group	
2 Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,000	6.1	JPMorgan, HSBC, Dubai Islamic Bank, CIMB Group	
3 Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,750	5.3	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank, First Gulf Bank, Maybank	
4 DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,670	5.1	RHB Capital, Maybank, CIMB Group, Affin Investment Bank, AmInvestment Bank, HSBC	
5 Malaysia Sovereign Sukuk	Malaysia	Sukuk	Euro market public issue	1,500	4.6	Standard Chartered Bank, HSBC, CIMB Group	
6 IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	1,336	4.1	Saudi National Commercial Bank, Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, RHB Capital, Dubai Islamic Bank, Gulf International Bank, Natixis, CIMB Group	
7 Petronas Global Sukuk	Malaysia	Sukuk	Euro market public issue	1,250	3.8	JPMorgan, Deutsche Bank, Morgan Stanley, HSBC, Maybank, Mitsubishi UFJ Financial Group, CIMB Group, Citigroup, Bank of America Merrill Lynch	
8 National Shipping Co of Saudi Arabia	Saudi Arabia	Sukuk	Domestic market public issue	1,040	3.2	JPMorgan, HSBC, Samba Capital	
9 Hong Kong Sukuk 2015	Hong Kong	Sukuk	Euro market public issue	1,000	3.1	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, CIMB Group	
9 Government of Ras Al Khaimah	UAE	Sukuk	Euro market public issue	1,000	3.1	JPMorgan, National Bank of Abu Dhabi, Citigroup, Al Hilal Bank	
11 Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	999	3.1	RHB Capital, Kenanga Investment Bank, CIMB Group, Affin Investment Bank, AmInvestment Bank, MayBank	
12 Danga Capital	Malaysia	Sukuk	Domestic market public issue	992	3.0	RHB Capital, CIMB Group	
13 Khadrawy	UAE	Sukuk	Euro market public issue	913	2.8	Standard Chartered Bank, JPMorgan, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Citigroup, Emirates NBD	
14 Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	2.3	Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank	
15 Sultanate of Oman	Oman	Sukuk	Euro market public issue	649	2.0	Bank Muscat	
16 Jana Kapital	Malaysia	Sukuk	Domestic market public issue	622	1.9	RHB Capital	
17 Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	595	1.8	CIMB Group, AmInvestment Bank, RHB Capital	
18 Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	560	1.7	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank	
19 Arab National Bank	Saudi Arabia	Sukuk	Domestic market public issue	533	1.6	JPMorgan, Deutsche Bank, HSBC, Arab National Bank	
20 Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	525	1.6	Maybank, Bank Islam Malaysia, CIMB Group	
21 Sharjah Islamic Bank	UAE	Sukuk	Euro market public issue	500	1.5	Standard Chartered Bank, HSBC, Kuwait Finance House, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank	
21 Noor Bank	UAE	Sukuk	Euro market public issue	500	1.5	Standard Chartered Bank, Dubai Islamic Bank, South Indian Bank, Citigroup, Emirates NBD, Al Hilal Bank, QInvest, Barwa Bank	
21 Axiata SPV2	Malaysia	Sukuk	Euro market public issue	500	1.5	Deutsche Bank, CIMB Group	
21 Arab Petroleum Investments	Saudi Arabia	Sukuk	Euro market public issue	500	1.5	Saudi National Commercial Bank, Standard Chartered Bank, Goldman Sachs, First Gulf Bank, Emirates NBD, Noor Bank	
25 Majid Al Futtaim Properties	UAE	Sukuk	Euro market public issue	499	1.5	Standard Chartered Bank, HSBC, National Bank of Abu Dhabi, Dubai Islamic Bank, Abu Dhabi Islamic Bank	
26 Garuda Indonesia Global Sukuk	Indonesia	Sukuk	Euro market public issue	496	1.5	Standard Chartered Bank, Deutsche Bank, ANZ, National Bank of Abu Dhabi, First Gulf Bank, Maybank, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD, Al Hilal Bank, Warba Bank, Noor Bank	
27 Malaysia Building Society	Malaysia	Sukuk	Domestic market public issue	452	1.4	RHB Capital	
28 Almarai	Saudi Arabia	Sukuk	Domestic market public issue	427	1.3	HSBC, Samba Capital	
29 SABB	Saudi Arabia	Sukuk	Domestic market private placement	400	1.2	HSBC	
30 Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	386	1.2	RHB Capital, Kenanga Investment Bank, AmInvestment Bank	
<b>Total</b>				<b>32,762</b>	<b>100</b>		

# LEAGUE TABLES

Top Managers of Sukuk		12 Months		
Manager	US\$ (mln)	Iss	%	
1	CIMB Group	5,148	44	15.7
2	HSBC	4,279	23	13.1
3	RHB Capital	4,121	33	12.6
4	Maybank	3,224	29	9.8
5	Standard Chartered Bank	1,931	19	5.9
6	AmInvestment Bank	1,774	20	5.4
7	JPMorgan	1,483	6	4.5
8	Dubai Islamic Bank	1,302	11	4.0
9	National Bank of Abu Dhabi	1,181	10	3.6
10	Citigroup	691	5	2.1
11	Bank Muscat	649	1	2.0
12	Emirates NBD	565	8	1.7
13	Deutsche Bank	564	4	1.7
14	Samba Capital	560	2	1.7
15	Al Hilal Bank	541	5	1.7
16	Kenanga Investment Bank	512	14	1.6
17	Noor Bank	473	6	1.4
18	Natixis	447	2	1.4
19	Affin Investment Bank	358	4	1.1
20	Abu Dhabi Islamic Bank	276	3	0.8
21	First Gulf Bank	250	3	0.8
22	Hong Leong Financial Group	248	4	0.8
23	QInvest	223	3	0.7
23	Barwa Bank	223	3	0.7
25	Saudi National Commercial Bank	194	2	0.6
26	Sharjah Islamic Bank	166	2	0.5
27	Bank Islam Malaysia	157	3	0.5
28	Morgan Stanley	139	1	0.4
28	Mitsubishi UFJ Financial Group	139	1	0.4
28	Bank of America Merrill Lynch	139	1	0.4
<b>Total</b>		<b>32,762</b>	<b>120</b>	<b>100</b>



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	25.2
2	HSBC	750	3	13.9
3	Riyad Bank	417	1	7.8
4	Mitsubishi UFJ Financial Group	354	1	6.6
4	Mizuho Financial Group	354	1	6.6
6	Banque Saudi Fransi	346	2	6.4
7	Mashreqbank	224	2	4.2
7	Union National Bank	224	2	4.2
9	First Gulf Bank	210	1	3.9
10	BNP Paribas	104	1	1.9
10	Citigroup	104	1	1.9
10	Credit Agricole Corporate & Investment Bank	104	1	1.9
10	Norinchukin Bank	104	1	1.9
10	Sumitomo Mitsui Trust Holdings	104	1	1.9

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	34.9
2	Milbank Tweed Hadley & McCloy	2,704	1	28.3
2	White & Case	2,704	1	28.3
4	Allen & Overy	411	2	4.3
5	Linklaters	311	1	3.3
6	Baker & McKenzie	100	1	1.0

# LEAGUE TABLES

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

Ranking	Mandated Lead Arranger	US\$ (mln)	No	%
1	First Gulf Bank	1,350	17	6.3
2	HSBC	1,178	10	5.5
3	Banque Saudi Fransi	1,119	5	5.2
4	Saudi National Commercial Bank	971	6	4.5
5	Samba Capital	940	6	4.4
6	Mashreqbank	831	12	3.9
7	Abu Dhabi Islamic Bank	830	11	3.9
8	Emirates NBD	702	10	3.3
9	Standard Chartered Bank	668	8	3.1
10	Maybank	585	3	2.7
11	Noor Bank	567	8	2.6
12	CIMB Group	553	2	2.6
13	Dubai Islamic Bank	553	8	2.6
14	Abu Dhabi Commercial Bank	550	6	2.6
15	National Bank of Abu Dhabi	507	6	2.4
16	Alinma Bank	490	2	2.3
17	Sumitomo Mitsui Financial Group	489	4	2.3
18	Riyad Bank	485	2	2.3
19	Arab Banking Corporation	371	6	1.7
20	Gulf International Bank	347	4	1.6
21	Barwa Bank	340	5	1.6
22	RHB Capital	322	3	1.5
23	Union National Bank	310	6	1.5
24	SG Corporate & Investment Banking	274	3	1.3
25	ING	269	2	1.3
26	Citigroup	255	5	1.2
27	AmInvestment Bank	247	2	1.2
28	Kuwait Finance House	241	2	1.1
29	Qatar Islamic Bank	222	4	1.0
30	Mizuho	221	2	1.0
30	Mitsubishi UFJ Financial Group	221	2	1.0

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

Ranking	Bookrunner	US\$ (mln)	No	%
1	Maybank	2,577	2	20.9
2	Mashreqbank	1,606	8	13.0
3	Noor Bank	1,013	5	8.2
4	Saudi National Commercial Bank	666	1	5.4
4	Riyad Bank	666	1	5.4
4	Alinma Bank	666	1	5.4
7	Abu Dhabi Islamic Bank	521	4	4.2
8	Emirates NBD	519	4	4.2
9	Dubai Islamic Bank	376	2	3.0
10	Standard Chartered Bank	354	3	2.9

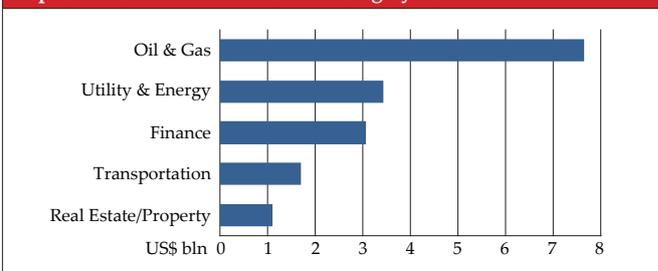
## Top Islamic Finance Related Financing Deal List 12 Months

Credit Date	Borrower	Nationality	US\$ (mln)
30 <sup>th</sup> Mar 2015	Saudi Aramco	Saudi Arabia	9,999
16 <sup>th</sup> Mar 2015	Rabigh Refining & Petrochemical	Saudi Arabia	2,870
15 <sup>th</sup> Jan 2015	SapuraKencana TMC	Malaysia	2,239
24 <sup>th</sup> Jun 2015	Jazan Gas Projects	Saudi Arabia	1,790
18 <sup>th</sup> Jun 2015	Emirates National Oil	UAE	1,500
10 <sup>th</sup> Mar 2015	Port & Free Zone World	UAE	1,100
17 <sup>th</sup> Apr 2015	Turkiye Vakiflar Bankasi	Turkey	1,021
28 <sup>th</sup> Jul 2015	GEMS Education	UAE	817
16 <sup>th</sup> Aug 2015	ACWA Power International	Saudi Arabia	769
11 <sup>th</sup> Dec 2015	Cititower	Malaysia	751

## Top Islamic Finance Related Financing by Country 12 Months

Ranking	Nationality	US\$ (mln)	No	%
1	United Arab Emirates	7,498	21	35.0
2	Saudi Arabia	5,769	5	26.9
3	Malaysia	3,086	4	14.4
4	Turkey	1,912	4	8.9
5	Qatar	1,200	3	5.6
6	Pakistan	456	3	2.1
7	Egypt	382	2	1.8
8	Kuwait	362	2	1.7
9	Cayman Islands	325	1	1.5
10	Jordan	275	1	1.3

## Top Islamic Finance Related Financing by Sector 12 Months



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



### Are your deals listed here?

If you feel that the information within these tables is inaccurate, you may contact the following directly: Shireen Farhana (Media Relations)  
Email: shireen.farhana@dealogic.com

Tel: +852 2804 1223

**dealogic**

# EVENTS DIARY

REDmoney events		
<b>MARCH 2016</b>		
15 <sup>th</sup>	<b>IFN CIS &amp; Russia Forum</b>	Moscow, Kazakhstan
22 <sup>nd</sup>	<b>IFN China Forum</b>	Beijing, China
<b>APRIL 2016</b>		
6 <sup>th</sup> – 7 <sup>th</sup>	<b>IFN Asia Forum</b>	Jakarta, Indonesia
21 <sup>st</sup>	<b>IFN Europe Forum</b>	Luxembourg
<b>MAY 2016</b>		
May	<b>IFN Iran Forum</b>	Tehran, Iran
24 <sup>th</sup>	<b>IFN Project &amp; Infrastructure Finance Forum</b>	Dubai, UAE
<b>SEPTEMBER 2016</b>		
6 <sup>th</sup>	<b>IFN Investor Forum</b>	Kuala Lumpur, Malaysia
28 <sup>th</sup>	<b>IFN Turkey Forum</b>	Istanbul, Turkey
<b>OCTOBER 2016</b>		
17 <sup>th</sup> – 18 <sup>th</sup>	<b>Africa Islamic Finance Forum</b>	Abidjan, Côte d'Ivoire
24 <sup>th</sup>	<b>IFN Kuwait Forum</b>	Kuwait City, Kuwait
<b>NOVEMBER 2016</b>		
28 <sup>th</sup>	<b>IFN Saudi Arabia Forum</b>	Jeddah, Saudi Arabia

REDmoney training		
<b>JANUARY 2016</b>		
26 <sup>th</sup> – 28 <sup>th</sup>	<b>Islamic Finance Qualification</b>	Jakarta, Indonesia
27 <sup>th</sup>	<b>Shariah Risk &amp; Governance for Islamic Financial Institutions</b>	Kuala Lumpur, Malaysia
28 <sup>th</sup>	<b>Legal &amp; Operational Impact of Regulatory &amp; Shariah Standards for Islamic Banking Products</b>	Kuala Lumpur, Malaysia
<b>FEBRUARY 2016</b>		
2 <sup>nd</sup> – 4 <sup>th</sup>	<b>Advanced Asset &amp; Liability Management for Financial Institutions</b>	Kuala Lumpur, Malaysia
21 <sup>st</sup> – 23 <sup>rd</sup>	<b>Structuring Sukuk &amp; Islamic Capital Markets Products</b>	Dubai, UAE
24 <sup>th</sup> – 25 <sup>th</sup>	<b>Islamic Trade Financing Products: Key Shariah, Structuring &amp; Legal Issues</b>	Kuala Lumpur, Malaysia
28 <sup>th</sup> – 29 <sup>th</sup>	<b>Islamic Financial Products: Best Practices &amp; Applications</b>	Muscat, Oman
<b>MARCH 2016</b>		
15 <sup>th</sup> – 17 <sup>th</sup>	<b>Islamic Investment Products &amp; Investment Strategies</b>	Kuala Lumpur, Malaysia

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