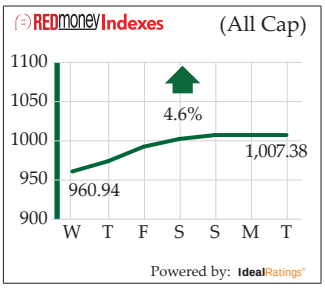
IFN Islamic Finance news

The World's Leading Islamic Finance News Provider



COVER STORY

5th July 2016 (*Volume 13 Issue 27*)

Cautious optimism: A silver lining for the GCC?

We have reached the end of the first half of 2016, and many markets in the Middle East are now closed as the Muslim world prepares for Eid celebrations. Now is the perfect time to take stock of the current environment, review the performance of the Islamic finance industry over the past six months, and look to what the coming year may bring. LAUREN MCAUGHTRY speaks to experts across the GCC to discover their expectations of regional growth – and the challenges that could curtail it.

Operating environment

"Business is holding up surprisingly well," said Bashar Al Natoor, the global head of Islamic finance for Fitch Ratings. "Yes there is pressure, but specific sectors and specific positions within those sectors are thriving. For example, prime real estate developers with high-quality tenants are still performing well. But it is about where you are placed within the industry. There are prime players who are holding up well, but lower down the ladder people might be struggling more."

However, there are still uncertainties especially across oil prices and geopolitical concerns that are placing downward pressure on the market. "In Islamic finance, given the market conditions globally, and given the current period of Ramadan and summer in the Middle East, there is a decent level of transactions," observed Jawad Ali, the managing partner of King & Spalding Middle East and the deputy head of the firm's Islamic finance practice. "However, if you are looking at the GCC overall, there is no doubt that business activity is down for the first six months of 2016, compared to last year."

While some high-margin businesses such as retail and technology are performing well, other sectors have struggled — especially and unsurprisingly in the hydrocarbon industry — and this has had an impact on the financial sector. "When it comes to the local banking system in the GCC (whether conventional or Islamic), our view in general is that growth will probably slow down compared to the last three years," Mohamad Damak, the global head of Islamic finance at S&P, told IFN.

In terms of profitability, liquidity and asset pressure, Islamic banks are feeling the strain. With governments and related entities contributing on average between 20-40% of the deposit base of GCC banks, the drop in oil price has seen this decline while non-performing loans have increased. On the profitability side, this lower liquidity means a higher cost of funds while non-performing loans mean higher provisioning needs — both of which exert negative pressure. However, the good news is that GCC banks are well-capitalized, which gives them some leeway to withstand the current deceleration in their operating environment, while their funding and liquidity profiles are also positive. "Overall for banks, I would say that things are deteriorating but they still have some capacity to resist," said Mohamad.

Positive trends

"From a liquidity perspective, there is still ample liquidity in the market, and all the banks have got adequate capital in place. It is not as bad as it was in the last quarter of 2015," agreed Naveed Ali, the head of corporate banking and financial institutions at Dubai Islamic Bank (DIB). However: "We are still cautious about where the market is," he warned. "The geopolitical situation might not affect us directly but it does have an impact on growth."

The UK's referendum result wiped

continued on page 3

Volume 13 Issue 27

DEALS

Indonesia raises IDR5.01 trillion (US$369.74 million) from Sukuk auction

Maxis Broadband to issue Sukuk Murabahah with an aggregate nominal value of up to RM10 billion (US$2.45 billion)

Oman issues US$500 million Sukuk via a private placement

Mohammed Al Barwani lists Sukuk facilities on **Muscat Securities Market**

Senegal launches XOF150 billion (US$249.88 million) 10-year Sukuk

Scientex Quatari to redeem Sukuk Murabahah

Iran introduces Shariah compliant mortgaged-back securities; **Bank Maskan** to issue IRR100 trillion (US$3.32 billion)-worth of MBS by end of fiscal year

IDB issues RM350 million (US$87.17 million) Sukuk Wakalah via **Tadamun Services**

EIB Sukuk Company to make periodic distributions of two Sukuk stocks

Kuwait to borrow up to KWD5 billion (US$16.53 billion) from domestic and international Sukuk and bond markets to finance budget deficit

NEWS

ISFIN partners with Malian firm **EGCC International**

First Moroccan Islamic financial institution to be launched before end of 2016

Sierra Leone ratifies Murabahah financing agreement signed with the **International Islamic Trade Finance Corporation**

State Bank of Pakistan highlights stable performance of Islamic banks in stability review

Anti Corruption Commission arrests **Agrani Bank** executives

Pakistan Stock Exchange recomposes Karachi Meezan-30 Index

Pakistani federal minister for commerce urges banks to build ties with Iranian banks

ASSET MANAGEMENT

Securities and Investment Company announces seed investors of Bahrain Liquidity Fund

Mashreq and **Arady Properties** tie up to launch Islamic fund – UAE's first Qualified Investment Real Estate Fund

Eastspring Investments announces income distribution for four unit trust funds including Islamic funds

National Investment Trust expands Islamic portfolio with new Shariah compliant income fund

Manulife Indonesia to set up dedicated Shariah business unit to capture larger market share

Public Mutual declares distributions for five Islamic funds

TAKAFUL

Zurich Insurance Company completes acquisition of **MAA Takaful**

RATINGS

Fitch downgrades Bahrain's ratings to 'BB+' with a stable outlook

Sarawak Hidro's proposed Sukuk Murabahah rated 'AAA/Stable' on the back of federal government's irrevocable and unconditional support

Mashreq Bank's financial strength maintained at 'A-' with stable outlook

Capital Intelligence affirms **First Gulf Bank** at 'A+' with a stable outlook

Pakistan Credit Rating Agency assigns 'AA+' and 'A1+' ratings to **Askari Bank**

MARC affirms 'AAA-IS' rating on **TNB Northern Energy**'s Sukuk with a stable outlook

S&P withdraws **Sabana REIT**'s rating upon request following amendment to Code on Collective Investment Schemes

RAM reaffirms **Kuala Lumpur Kepong**'s Islamic facilities at 'AA1'

Al Baraka Bank Pakistan maintains 'A/A-1' ratings

Capital Intelligence affirms **Union National Bank**'s ratings with stable outlook

Warba Bank receives 'A+' rating

Dubai Islamic Bank Pakistan rated 'A+/A-1' with stable outlook

Arab National Bank maintains 'A+' financial strength rating

MOVES

Turkish government appoints Islamic banker as head of treasury

Lembaga Tabung Haji appoints Johan Abdullah as group managing director

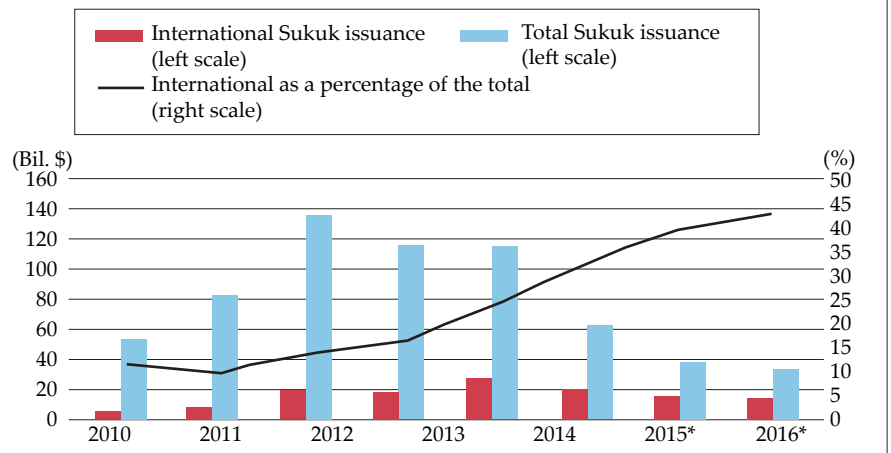
Iranian finance minister removes top bank executives due to remuneration controversy

Cautious optimism: A silver lining for the GCC?

Continued from page 1

out around US$11.5 billion from GCC equity markets last week, and according to Invest AD: "We expect caution to prevail in regional markets over the short term as investors attempt to gauge the impact of the Brexit vote." Over the longer term, however, the news could be positive: with the global uncertainty forcing the US Federal Reserve to delay its anticipated rate hike, thus relieving the downward pressure on emerging markets. And overall, the situation looks cautiously positive. At the end of last week, the Dubai Financial Market was up 1.21%, while the Abu Dhabi Securities Exchange saw its benchmark index rise 1.82%. Other markets were less optimistic however — Saudi's Tadawul ended the week down 0.01%, while Kuwait fell 0.19% and Qatar and Bahrain rose by just 0.08% and 0.02% respectively.

Chart 1: International and total Sukuk issuance 2010-16*



*As of the 30th June
Source: Standard & Poor's Financial Services

Consolidation is coming

So what can Islamic banks do to counter this flatlining? It looks as if for now, safety is in numbers. This week came news of the successful merger of the National Bank of Abu Dhabi (NBAD) and First Gulf Bank (GB) - sending NBAD stocks up by 4% and FGB stocks up by 2%, while other Islamic banks also benefited: including Sharjah Islamic Bank (up 3.3%) and DIB (up 2.54%).

And the move could be the stimulus for a new wave of mergers across the market. "Betting for further consolidation is dominating trading sentiment," Talal Touqan, the head of research at Abu Dhabi-based Al Ramz Capital, told Bloomberg on the 3rd July 2016. "Islamic banks and their performance are linked to the operating environment — they do not act in isolation and they are under pressure," warned Bashar.

It is not just financial services that are looking to consolidate — the global uncertainty has had an impact across the GCC markets. "We are seeing a lot of activity in the M&A [mergers and acquisitions] sector. The market conditions and the economic sentiment have incentivized sellers who don't want to sit on assets for too long," commented Jawad. "There are a number of transactions in the GCC that are on their way to completion, in a number of sectors – oil services, healthcare, education and even in real estate.


Jawad

> ***"In Islamic finance, given the market conditions globally, and given the current period of Ramadan and summer in the Middle East, there is a decent level of transactions"***

There are a lot of mandates, some corporate in nature while others are asset sales. There is decent activity in the M&A sector, more so than last year."

DCM development

For some, business is booming. "The past few months have been our best months since we opened the office in August 2013," Ayman Khaleq, the managing partner of Morgan Lewis in Dubai, told IFN. "For example, in the area of debt capital markets, we are seeing growing demand among Islamic investors in seeking exposure to securitization produc backed by European life insurance and asset management products. We are alsc seeing Islamic feeder funds being raised to invest in master conventional funds managed by leading international fund managers."


Naveed

"We have been busy," agreed Naveed. "The Islamic debt capital market has been pretty active and we expect a few more issuers to tap the market in August and September. There is certainly demand — people feel that with the swap rates going down, it is a good time to look at debt market rates."

The global volatility has had a positive impact on debt capital markets, as people retreat to fixed income as a security measure. While the stock markets have taken a knock, the debt capital market is performing well. "It all depends on the strength of the issuer," explained Naveed. "DP World was a big success for example. High quality issuers are still able to get good pricing." However, this success is not exactly unexpected. Amid tough times and liquidity concerns, investors automatically turn to fixed income to secure their streams. "Debt capital markets in 2016 are obviously active – that is natural," agreed Jawad. "In that narrow sentiment yes, it is accurate that the markets are doing well and activity is likely to increase post-Ramadan."

continued on page 4

Cautious optimism: A silver lining for the GCC?

Continued from page 3

"We have seen a very good year for Sukuk so far," thinks Bashar. "We will see a slowdown in Q3 [third quarter] which is normal, but we should see a pick-up toward the end of the year. There is activity, and the pressure of liquidity is causing banks and governments and corporates to look for other avenues which benefit Islamic finance."

> ***"From a liquidity perspective, there is still ample liquidity in the market, and all the banks have got adequate capital in place. It is not as bad as it was in the last quarter of 2015"***

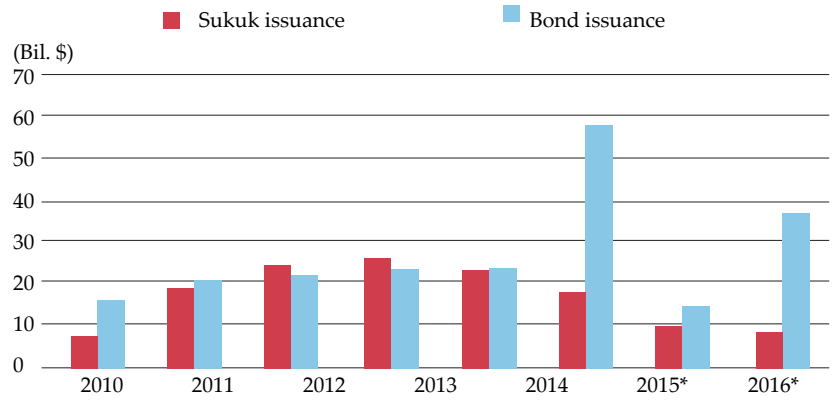
Overall, we should expect a few more issuers coming out in the last quarter with a slight uptick in the market. But not everyone is so confident. "Generally, the market is a bit wary," warned Naveed. "In the UAE, the real estate market is soft, the stock market is soft and the business environment is not great even though people are optimistic about growth for next year. So we are being careful and cautious."

Sukuk swing

In fact, despite the optimism, the numbers don't back this up. "There has been a 12.5% drop in the volume of Sukuk issuance globally, and in the GCC there has been an ever larger drop of 15.2% as of the 30th June 2016," Mohamad told IFN. "The main drivers are the drop in oil price and the policy response that has been triggered by the GCC governments in terms of reducing spending and trying to find alternative ways to boost their revenues and raise capital. Overall, for the Sukuk market, we expect the correction that started last year to persist in 2016."


Bashar

Chart 2: Sukuk versus bond issuance in the GCC countries



*As of the 30th June

Source: Standard & Poor's Financial Services

One interesting development in the market is that while Sukuk issuance is struggling, conventional issuances are booming. "We are seeing conventional issuance of debt increase – in the GCC, it is up by 148% YTD [year-to-date] compared to last year," said Mohamad.

Oil price pressure

A key factor is of course the continued oil price pressure. Oil has plummeted sharply since mid-2014, and S&P expects that prices will remain substantially below peak levels — stabilizing at around US$50 per barrel by 2018. While the GCC may have adapted well to the new era of lower oil prices, there is no doubt that the trend is having an impact. In particular, governments are now cutting non-essential spending and seeking to boost revenues to reduce fiscal deficits. Drastic measures such as the introduction of value-added tax across the GCC (expected from January 2018 following a Gulf-wide agreement in June this year) and the privatization of state companies (such as Aramco in Saudi Arabia) are being implemented to halt the decline in assets.

And while some people predicted a boom in Sukuk issuance as a result of the low oil prices, with governments expected to tap the Sukuk market for diversification and funding purposes, this expected increase has clearly so far failed to materialize (see Chart 1). "We continue to believe that Sukuk issuance will remain muted over the next six to 18 months," predicted Mohamad.

Project finance plummets

The overall trend has resulted in a sharp contraction in Islamic project financing. According to first quarter data from MEED on GCC projects, the value of project awards across the GCC shrank by 14.8% quarter-on-quarter and 45.6% on a year-on-year basis. Saudi Arabia, Qatar and Oman have suffered the most, with falls of 42.9%, 45/7% and 48.2% respectivey.

"The project and infrastructure sector has almost come to a standstill," agreed Jawad. "There were very few if any new projects in the first half of this year, although there are of course a few that are still ongoing. It is very slow — it is different for each company but the common denominator is the low oil price. The change in Saudi Arabia is positive - the National Transformation Program has just been passed so we expect to see activity, but that has not translated into the market yet."

Standardization

So what can be done to encourage the Islamic markets? One silver lining is that while GCC governments have been inevitably affected by the current situation, their financing needs remain significant. However, while the

continued on page 5

Cautious optimism: A silver lining for the GCC?

Continued from page 4

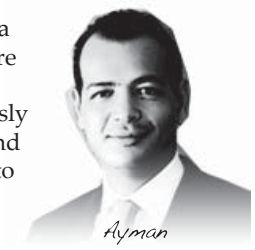
Sukuk market may benefit from this requirement, Mohamad expects the conventional space to capture much of the new fundraising. "The complexity of Sukuk issuance remains a key deterrent to tapping the market," he noted. "While some commentators in the market believe that this debate belongs to the past, we continue to see this as an important issue."

> ***"I think we will see Islamic finance business continue to grow vertically in the Gulf (through exposure to new products such as privately placed DCM and venture capital investing) and horizontally in new markets in Europe, [the] US and Southeast Asia"***

Several industry heavyweights are already working toward solutions, so we could see an uplift in 2017 to prepare for greater innovation and accelerated growth. The IMF is advising GCC governments to integrate Sukuk into their debt management strategies, while the IDB and AAOIFI are both working on new standardization for legal documentation and the IDB is also in the process of creating a new structure to simplify the Sukuk issuance process. And of course, on a country-by-country basis, steps forward are also being taken. In May, the UAE approved the launch of a new centralized Shariah body to act as a national regulator for Islamic finance products. "This will certainly help Islamic finance," emphasized Mohamad. "The market really needs [a] standardization of Shariah interpretation and legal documentation — today it still takes a lot more time to issue a Sukuk compared with conventional bonds, and this is what is really deferring the appetite of some issuers and pushing them to go the conventional route rather than the Sukuk route."

Cautious optimism

Where next for Islamic finance? Well, the mood might be circumspect, but there's light at the end of the tunnel. The Dubai Expo in 2020 is well on its way, for example, with projects already approved that must be delivered. Hotspots for growth such as Kuwait are providing a silver lining, while the expectations for Saudi Arabia remain high. "There is a lot of planning and a lot of discussions that are very promising," said Jawad. "We are cautiously optimistic for 2016 — and maybe 2017 will prove to be the year when all of this comes together. We are very hopeful, specifically for the GCC and Saudi Arabia.



"I am optimistic for 2016," agreed Ayman. "I think we will see Islamic finance business continue to grow vertically in the Gulf (through exposure to new products such as privately placed DCM and venture capital investing) and horizontally in new markets in Europe, [the] US and Southeast Asia."

Rajan's exit from RBI — what will become of Islamic finance in India?

The shocking announcement by Raghuram Rajan, the governor of the Reserve Bank of India (RBI), earlier in June that he will be stepping down from his post when his term ends in September after a three-year stint shocked market observers and was a negative surprise for India, given his central role in reforming the country's monetary policy. DANIAL IDRAKI asks what this means for the future growth of Islamic finance in India, given that Rajan has played such an instrumental role in introducing interest-free banking in the country, as well as being a strong proponent of Islamic finance.

Rajan, a former chief economist at the IMF, has made some notable strides during his tenure and took office when the rupee was at a record low and India was battling double-digit inflation. According to data by the World Bank, the economy is now growing at an average of 7%. Inflation, meanwhile, is down to 5.9%, with the RBI having a target to further lower the figure to 4% over the medium term.

"A new inflation-focused framework is in place that has helped halve inflation and allowed savers to earn positive real interest rates on deposits after a long time," Rajan noted in his letter to fellow colleagues at the RBI. He further highlighted that the currency stabilized as a result of the RBI's actions, and its foreign exchange reserves stood at a record high of US$363 billion as at the end of the first week of June 2016, according to the RBI's data. It is also under his watchful eye and skilled maneuvering of monetary policy reforms that Islamic finance took off in India, with RBI officials paying closer attention to the need of interest-free banking to ensure the financial inclusion of approximately 200 million Muslims in the country.

In the 'Report of the Committee on Medium-term Path on Financial Inclusion' released by the RBI in December 2015, it was recommended that commercial banks in India be enabled to operate interest-free windows with simple products. This follows the findings by the Financial Sector Reforms Committee chaired by Rajan in 2008, which stated that the non-availability of interest-free banking products results in some Indians, including those in the economically disadvantaged strata of society, not being able to access banking products and services due to reasons of faith. This also denies India access to substantial sources of savings from other countries in the region.

> ***"Yes there will be continuity, but the push could be lacking unless the next RBI governor is also a visionary such as Rajan and possesses a global outlook with a familiarity and appreciation for the potential of Islamic banking"***

Saif Ahmed, the managing director of Zayd Chit Funds, explained to IFN that Rajan's decision to not seek a second term is a negative development for Islamic finance in India, as he was a central banker who had an international outlook and appreciated the potential and scope of Islamic banking. "In terms of continuity of [the] RBI's internal processes on the topic [interest-free banking], yes there will be continuity in my view, but the push could be lacking unless the next RBI governor is also a visionary such as Rajan and possesses a global outlook with a familiarity and appreciation for the potential of Islamic banking," said Saif.

Although Saif reckons that there will be continuity of Rajan's policies and recommendations on interest-free banking by the next candidate to fill his shoes, his departure will nevertheless be a setback for the future growth of Islamic finance in India. His resignation comes on the back of a member of Narendra Modi's ruling party, Subramanian Swamy, calling for Rajan's dismissal, accusing him for keeping interest rates unnecessarily high and stifling growth. Swamy has also been against the introduction of Islamic banking in the country, deeming it "normal banking in disguise, and using Islamic terms to camouflage interest as profit or profit-sharing".

"Previously, not all governors were keen on Islamic finance, but now, the system can accommodate interest-free banking window[s] within the country's current regulations," Abdur Raqeeb, the general secretary of the Indian Center for Islamic Finance, commented to IFN. Abdur Raqeeb further noted that Rajan's presence at the RBI was a great time for Islamic finance in the country, as the topic was never at the top of the government's agenda.

The recent agreement signed between the Modi administration and the Islamic Corporation for the Development of the Private Sector to set up India's second Islamic non-banking financial company (NBFC) in the state of Gujarat remains a highlight under Rajan's tenure. The first such Islamic NBFC in India, Cheraman Financial Serivces, started operations in Kerala in 2013. "Though opening an Islamic bank appears challenging given the political ground realities and regulatory roadblocks, several Islamic NBFCs are already in operation and more are springing up as the demand and awareness for Islamic finance and investments grows in India," Saif noted.

The markets will be highly anticipating the Modi administration's appointment of the next RBI governor to replace Rajan, and the Islamic finance industry will be hoping that the candidate will be a strong proponent of interest-free banking in India, as his or her predecessor was.

Islamic banks: Sustaining the theme of resilience?

Global Islamic banking assets may be growing but an expansion in volume does not necessarily mean an enhancement in quality. VINEETA TAN takes a look at the hard macro data for the Shariah banking industry to assess the situation.

Asset growth

Islamic banks have continued their upward trajectory as far as assets are concerned but the pace of expansion has slowed down as global macroeconomic pressures weigh on the financial industry. Shariah compliant banking assets were up by a mere 2.38% year-on-year in the third quarter to US$1.25 trillion, according to the latest Prudential and Structural Islamic Financial Indicators (PSIFIs) data released by the IFSB.

Using data collated from 17 different markets worldwide, the PSIFIs revealed that financing by Islamic banks hit US$710 billion in the period ending September 2015 from US$681 billion the year before while total funding or liabilities dropped to US$946 billion from US$1.01 trillion.

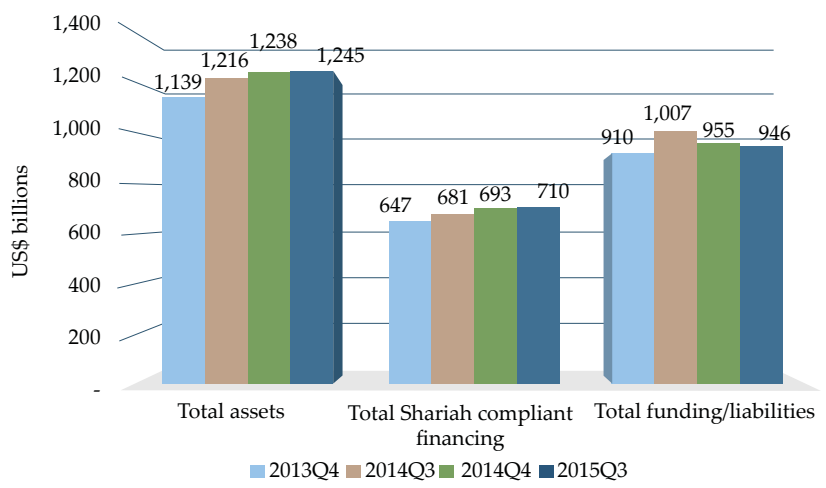
Weakening asset quality

Operating conditions of 2015 were almost unforgiving, and this has persisted this year which has been marked by great volatility and turbulence. From plunging oil prices to feeble global growth, exchange rate depreciation in emerging markets and generally shaky market confidence, borrowers were struggling to meet their financial obligations and the balance sheets of Islamic banks were not immune to the tough economic reality.

In the third quarter of 2015, the gross non-performing ratio of Islamic banks deteriorated, edging up 0.2 percentage points to 5.6% on average. There is also a worrying trend of the net non-performing financing to capital ratio which accrued to 13.6% in the third quarter in 2015 from 10% in the corresponding period in 2014.

"The deterioration in asset quality naturally means that in the stated period, Islamic banks were having higher non-performing financing than the previous periods. Similarly, difficult market conditions also started impacting the capital adequacy of Islamic banks in the mentioned period," explained the IFSB to IFN.

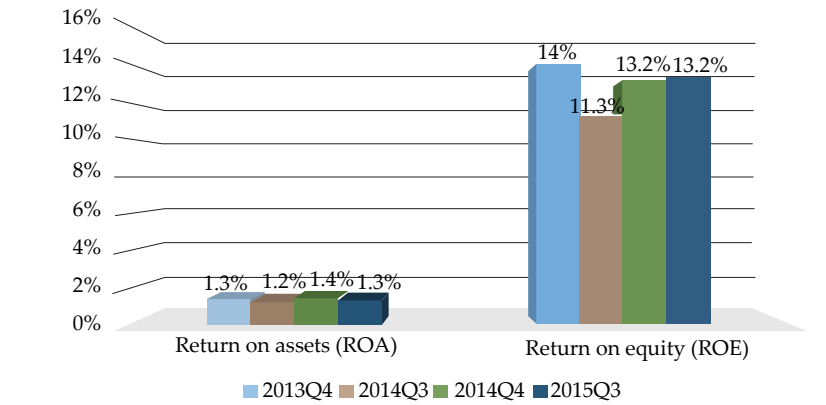
Chart 1: Total Islamic banking activity



Note: Estimated based on aggregated data from 16 countries

Source: IFSB

Chart 2: Return on assets and return on equity



Note: Estimated based on aggregated data from 14 countries

Source: IFSB

The capital adequacy ratio and average Tier 1 ratio of the Shariah banking industry took a dive to 18.9% and 17.1% from 21.5% and 19.9% respectively, although it must be emphasized that despite this decline, Islamic banks however still fared well by global standards as the figures still put them way above regulatory requirements (8% and 6% respectively).

Resilience

"In general, the challenging developments that paved the way for a slowdown in the growth rate of Islamic banking since 2013 are likely to last, and even to intensify in 2015 and 2016," noted the IFSB in its 2016 stability report. But growth is still possible – just smaller. The industry is still profitable as indicated by the 1.3% return on assets and 13.2% return on equities realized by Shariah banks for the third quarter of 2015, an improvement from 2014 figures.

The segment can also expect to grow in terms of absolute numbers: The PSIFIs show that the number of fully-fledged Islamic banks and Shariah windows increased to 169 and 86 in the period from 165 and 85 before, and with players continuing to focus on expanding their presence, this number is expected to continue to multiply this year.

A worrying side-effect of Islamic investment into Europe

Islamic real estate investment into Europe is a popular choice, and the region has courted and encouraged Islamic investors. According to property firm JLL, around 60% of all Gulf investment into Germany and the UK is now done on a Shariah compliant basis. But what happens when the welcome turns sour? LAUREN MCAUGHTRY explores a court case that suggests property investment may not be all plain sailing.

Chelsea Barracks, one of the most iconic sites in London, made headlines in 2008 with a GBP1.3 billion (US$1.71 billion) Shariah compliant Ijarah structure — the largest-ever Islamic financing on a property in the UK. Yet a legal challenge from the UK tax authorities (HMRC) claiming up to GBP50 million (US$66.22 million) in alleged stamp duty from the deal has raised concerns over the treatment of Islamic transactions in the UK.

> ***"The case raises questions over both the complexity of Islamic finance transactions and the tax treatment they receive in the UK"***

A syndicated financing from a consortium including the Qatari investment fund, the original transaction was underwritten by a variety of western and Middle Eastern banks, and heralded as a groundbreaking new step for the property market. "The financial structure developed here has allowed us to deliver a truly innovative financing solution for the global real estate sector," said Patrick Chenel, CFO for Qatari Diar, the property arm of the Qatar Investment Authority, speaking at the time of purchase. "We have broken new ground with our advisors by creating and setting up Islamic financing of a scale not seen before in a major real estate acquisition in the UK."

However, in 2014 HMRC won a tribunal against Project Blue (the investment vehicle owned by Qatar) for the repayment of GBP38 million (US$50.33 million) in stamp duty land tax (SDLT) based on a GBP959 million (US$1.27 billion) purchase price for the site, or around 4% of the total value. This decision was taken to the Court of Appeal, after which the tax authority then sought a revised GBP50 million against a new figure of GBP1.25 billion (US$1.66 billion) (the total subsequently paid by Qatari bank Masraf Al Rayan to Project Blue, which included tax and additional development costs, as part of an Ijarah structure which involved selling the asset and then leasing it back).

The case raises questions over both the complexity of Islamic finance transactions and the tax treatment they receive in the UK. Although there is a section of the 2003 Finance Act (71A) that applies relief for Islamic finance structures, there is some doubt over the way this was applied to the Chelsea Barracks acquisition. This is because the purpose of the clause is to limit SDLT to a single charge on the acquisition of property (thus avoiding double taxation) — not to remove the tax altogether. However, because the Qatari deal involved a sub-sale to a financial institution, HMRC claims that although the purchasers owed at least one payment of SDLT, they instead avoided paying the charge at all.

Project Blue claims that it has complied with all legal requirements. ""In good faith, Project Blue paid the full original sum demanded in advance of the First Tier Tribunal hearing in 2013. We welcome the important clarifications provided by the Court of Appeal. Project Blue has always fully complied with all UK taxation matters and will continue to do so," it said in a statement.

And because the Ijarah structure means that the bank (Masraf Al-Rayan) in fact owns the property rather than the purchaser (Project Blue), the Court of Appeal last month ruled that HMRC had pursued the wrong party for the tax payment — effectively handing victory to the defendant and reassuring Islamic investors.

However, it may be somewhat of a pyrrhic victory. Although the ruling found that the wrong party was pursued, it did not find that the tax claim was invalid — suggesting that similar claims could be pursued. Although Project Blue claims that HMRC is now out of time to pursue Masraf Al Rayan for the tax, this may not be the end of the game.

"The Court of Appeal ruling supports our view that SDLT is payable. We are disappointed that the decision makes that tax much harder to collect so we are considering an appeal," said HMRC.

Islamic investors into Europe may want to watch their backs — this could be the start of a worrying trend.

Corporate Waqf — the way forward?

Corporate Waqf is often believed to embody the best of both terms 'corporate' and 'Waqf'. As an entity that legally operates as a corporation but which, unlike most corporations, uses the usufruct of invested Waqf funds to perpetually provide for the welfare of society, Waqf corporations may have the potential of becoming one of the most effective mediums for a system of more equitable redistribution of wealth in societies. ANAM TARIQ studies the potential of corporate Waqf as a concept as well as its real world application in Malaysia.

> ***"Changes in Waqf legislation may be vital for taking a step forward in this regard and perhaps Waqf corporations could be the trigger in achieving such changes"***

The condition of limited liability is one of the defining features of Waqf corporations as it allows for a clear separation of roles between the founders and trustees appointed to manage Waqf assets. However in a country like Malaysia, it is the government and every state's individual Islamic Religious Council (IRC) that has sole authority over all Waqf assets and their management. According to the Department of Waqf, Zakat and Haj, as of 2010, Malaysia has 11,511 hectares of Waqf land worth RM116.44 million (US$29 million), but only 0.72% of it is developed and being utilized.

According to studies conducted by scholars like Murat Cizakca, a professor of Islamic finance and financial history, there is an existing agency problem within the Waqf system in Malaysia and this is reflected in the disengagement of Muslim Malaysians who often refuse the notion of endowing properties as Waqf. Murat goes on to explain that since a majority of Waqf is cash Waqf, it is more vulnerable to mismanagement and corruption compared to real assets. Another study shows that different states in Malaysia adopt different methods to manage Waqf property and this takes away from the quality of Waqf management due to a lack of standardized measures being followed. An example of this is the land tax which all Waqf lands, with the exception of cemeteries, are subject to and which tend to vary between states adding to a process already lacking in transparency and efficiency.

One Malaysian entity that seems to be defying the odds is Awqaf Holdings, a Waqf corporation founded by Muhammad Ali Hashim, after his departure from his first successful project, Waqaf An-Nur Corporation (WANCorp). Awqaf Holdings has acquired its own Mutawali status which gives it the right to manage Waqf assets on its own–- a tremendous feat that Muhammad said required interacting with a number of high-level government officials before they too acknowledged the value of his vision. For his past venture WANCorp, which is part of the government-linked company (GLC) Johor Corp (JCorp), the value of assets more than tripled from RM250 million (US$61.1 million) to RM786 million (US$192.13 million) between 2006 and 2015.

By investing cash endowments given by JCorp's subsidiaries as well as those from individual contributors, the WANCorp modus operandi requires that 70% of the revenues generated be reinvested into the corporation while the remaining 30% is allocated for charitable purposes including the provision of medical services to those in need. Muhammad saw such a model as an opportunity to build human capital where aid is given to budding entrepreneurs to build and manage their own businesses and eventually become eligible to buy stakes in WANCorp's assets.

Awqaf Holdings has a similar modus operandi with the exception that it does not rely on any GLC but rather is supported by the community and members' fees. In order to raise awareness within society, Muhammad relies on crowdfunding platforms such as EthisCrowd to reach out to individuals from all socioeconomic classes and to give them an opportunity to partake in large scale projects such as the current Awqaf Corporate Park in Putrajaya valued at RM373 million (US$93.34 million). Umar Munshi, the founder of EthisCrowd, tells IFN that: "The fact that Awqaf Holdings's board of directors have been given the authority of managing Waqf assets by the IRC makes all the difference in the world. It allows for Waqf assets to be managed by those who have the needed expertise to do this."

So does this mean that a change in Waqf legislation is the way forward where having a Mutawali status becomes a norm and is not restricted to the government? One study cites that unlike most states in the country, Malacca might be the friendliest in terms of Waqf regulations as state legislation allows for specialized committees to be appointed for Waqf management. This exception, however, may still fall short of being truly beneficial as laws such as the Rent Control Act 1948 have applied for years until recently, where IRCs were subject to the same rental incomes that they charged tenants years ago.

One may almost infer from all this that for a country with a majority of Muslims, Malaysia is no more progressive in making legal provisions for effective Waqf utilization than a country like India, where Muslims are still a minority but which houses the largest number of Waqf assets in the world. Changes in Waqf legislation may be vital for taking a step forward in this regard and perhaps Waqf corporations could be the trigger in achieving such changes.

Turkey's Islamic banking efforts bearing fruit

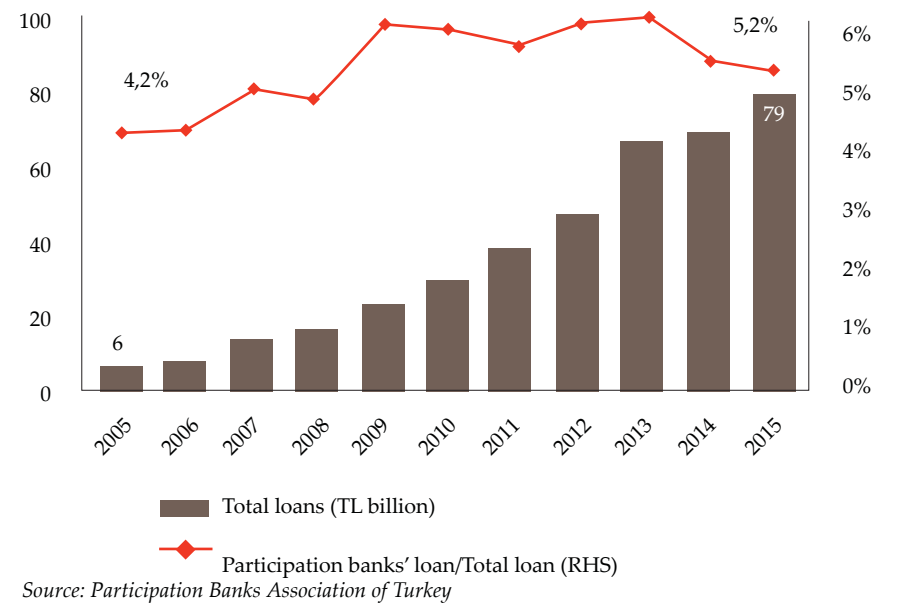
Islamic banks in Turkey have been steadily strengthening their foothold — accounting for 5.1% of the overall banking sector in 2015, and the government has an even bigger ambition for this sector: to increase its penetration rate to 15% by 2025. NURUL ABD HALIM looks at the progress set forth by the government in supporting this burgeoning sector.

S&P in a recent report said that the market share of Turkish Islamic banks (or participation banks)'s market share is estimated to double to more than 10% by the end of 2025 and this projection will be motivated by the government's efforts in shoring up this sector. The sector has witnessed an impressive cumulative annual growth rate of 28% since the passing of legislation enabling the operation of Islamic finance in 2005.

"Turkish authorities have now made tangible steps to support the growth of Islamic finance in the country," noted S&P Global Ratings credit analyst Timucin Engin.

With the entrance of two state-owned participation banks: Ziraat Participation Bank in 2015 and recently Vakifbank, the government has pushed up the number of Turkish participation banks to five with a collective 5.1% market share. And that is not all; with plans to host an Islamic megabank on its shore, and Islamic bankers sitting at the top spots in the banking regulatory bodies, Turkey looks set to capture a bigger portion of the overall banking sector pie.

Chart 1: Lending growth of participation banks



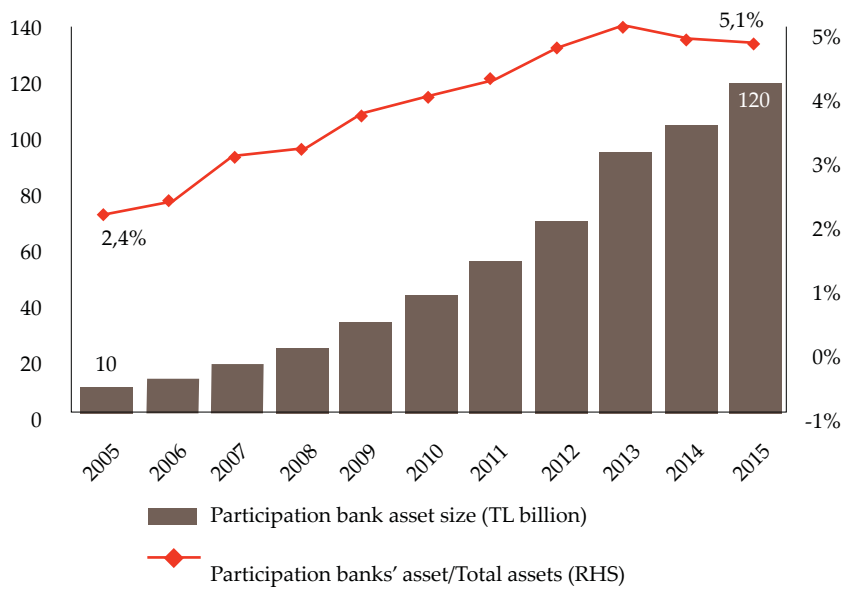
Source: Participation Banks Association of Turkey

"Islamic banks in Turkey has over the years grown at a faster rate comparable to its conventional peers, and this growth is driven by the increasing actual demand, support from the government and an enabling operating environment," shared Bashar Al-Natoor, the global head of Islamic finance at Fitch Ratings, to IFN in a recent interview. Fitch in its January 2016 report foresaw that Turkish Islamic banks' financing growth will continue to remain above the overall banking sector's average, attributing it to the increase in new entrants to the market and penetration.

> ***"Whether or not the 15% target will be achieved depends on the steps [taken by the government as well as market players] during the coming period"***

Bashar, however, said that Turkey's Islamic banking is still at an early stage where Islamic finance is not yet systemically important as compared with its peers in other Islamic finance core markets: "The actual performance of the participation banking sector is still a long way to go and the potential remains to be seen. Whether or not the 15% target will be achieved depends on the steps [taken by the government as well as market players] during the coming period.

Chart 2: Asset growth of participation banks



Source: Participation Banks Association of Turkey

Company Focus: Falconvest upbeat on Islamic appetite for private equity and real estate

While the markets have been distracted by the noise surrounding Brexit, one particular investment management firm remains steadfast in its commitment to Islamic opportunities in developed markets. Falconvest, a new venture from a quartet of some of the industry's most experienced bankers, will focus on Middle Eastern wealth seeking investment opportunities in the UK and US markets, and recently launched services in alternative investments, including structuring private equity and real estate deals in a Shariah compliant manner. DANIAL IDRAKI brings you the story.

Falconvest was founded by four individuals who had been instrumental in developing the UK's Gatehouse Bank, as well as working with an illustrious list of industry names including Bahrain-based Arcapita Bank. This year, those four former Gatehouse executives: Christopher Combs (former executive vice-president and the head of product development and distribution), Henry Thompson (former CEO), Arthur Rogers (former executive vice-president and general counsel) and David Swan (former executive vice-president and the head of real estate investment) decided to strike out on their own, to leverage the knowledge, expertise and networks that they have accumulated over the years.

"Having been with a number of firms over the years and looking at what investors were demanding and where the market was going, we took the view that the best way forward was to be a pure plain investment manager that is small and nimble with a low cost base, and that focuses purely on investments and delivering returns for investors," Combs told IFN.

What gives Falconvest's services a unique value proposition is a focus on low-risk, high-yield investments both in the real estate and private equity markets across the UK, Europe and the US. Despite the sharp drop in energy prices and the overall slowdown in the Middle East, demand from investors in the region is expected to be solid, with a number of deals already in the pipeline.

According to Thompson, although there are several players offering US and European private equity deals to Middle Eastern investors, few if any are doing this on a Shariah compliant basis. "The feedback that we get from clients is that there is appetite for Shariah compliant private equity in these markets. We certainly understand the space well, and the objective would be to focus on the kinds of deals where we can add value," he confirmed.

> ***"With their first transaction expected to close by the end of summer, we can hope for great things for a firm that might be new, but has a very distinguished pedigree"***

On the investments that the firm will make in the private equity sector, Falconvest will be looking at companies that are fundamentally Shariah compliant, such as branded consumers, energy and infrastructure, with the objective of being able to cater to both Islamic and conventional investor categories.

Aside from private equity, both Combs and Thompson noted that the firm will also pursue Shariah compliant real estate investments in asset classes that they are familiar with, such as senior living and retail parks. The real estate sector is a crowded and competitive arena, acknowledged Combs who believes that the firm's unique proposition is their long experience in the market and excellent client contacts.

"The key difference to note is that our overarching theme is to be responsive to the desires of our clients. For example, if a client wants to buy a property in the City of London with financial tenants, we can advise them on that. However in our experience, there are also many clients who prefer Shariah compliant investments," Combs explained.

FALCONVEST

Falconvest will be looking primarily at equity investments in the range of 10-50 million, either in the pound sterling, the euro or the US dollar. "However, because of our networks and contacts, we are actively engaged with clients who are looking for properties that would be larger than that amount. In a bespoke situation, we can go outside of our sweet spot," Combs added.

The firm, however, is not about to take undue risks when it comes to matters such as leverage or underwriting unrealistic return expectations. "The fundamental point is to find the right risk and reward balance, which is crucial. Also, if you move up the risk and reward spectrum, the objective is to create deals that are well structured and well underwritten, that seek to preserve capital and in many cases create an attractive yield. By creating an investment which is more value-added for the client, you aren't just buying a building, but rather putting together a portfolio of assets or creating a joint venture with [a] well-respected partner. In some cases, you may in fact be taking some initial but limited construction risks, which will then translate into higher yields for the investment horizon, with [a] decent ROI," Thompson explained.

With their first transaction expected to close by the end of summer, we can hope for great things for a firm that might be new, but has a very distinguished pedigree.

Jafza to gain access to Dubai's Islamic commodities exchange platform

Over 7,100 companies will soon have access to the UAE's Shariah compliant physical commodities exchange platform as the two leading free zones of the emirate agree to share best market practices and access to technology to drive Dubai's economic growth. VINEETA TAN takes a closer look.

The Dubai Multi Commodities Center (DMCC) and Economics World Zone (parent of Jebel Ali Free Zone, JAFZA) have signed an MoU to jointly enhance trade and explore new collaborations through the exchange of information and sharing of technological infrastructure including the DMCC Tradeflow — a dedicated online commodity Murabahah platform established to support Dubai's Islamic economy ambitions by facilitating Islamic liquidity management and financing by Islamic banks.

"The DMCC Tradeflow platform has gained the trust of registered companies due to the transparency of operations and safety of the information shared. Companies also have easy access to funding by registering on the platform that has contributed to their expansion and growth in local and regional markets," commented Ibrahim Mohammed Aljanahi, the deputy CEO and chief commercial officer of Jafza.

The MoU allows Jafza's 7,100 member companies to list (both their firms and commodities) on the DMCC Tradeflow platform to finance their business without hurdles through the Murabahah mechanism.

"This collaboration with Jafza marks a natural next step in how [the] DMCC seeks to collaborate with free zones to offer market participants access to technology and infrastructure they need to trade efficiently and how we deliver the future of strategic partnership for the benefit of Dubai's economic growth," said Ahmed Sulayem, the executive chairman of the DMCC which houses over 12,000 member companies.

Under the partnership, the DMCC will also train Jafza staff to examine the system and evaluate the warehouse; Jafza will subsequently be made a member of the Warehouse Inspection and Rating Program.

The DMCC Tradeflow was set up in 2012 as a Shariah compliant electronic system providing access to the central registry of ownership for commodities stored in Dubai, allowing for the first time, physical inventories to be converted into electronic negotiable instruments in the UAE.

Maybank Islamic takes on multiple roles to optimize Waqf assets

Malaysia's largest Islamic bank by market share is taking on a triple role — the first for any financial institution — to facilitate and develop a newly-minted Waqf fund in an industry which has seen the Islamic charitable trust segment struggle to take off due to legal complexities and a lack of synergy among stakeholders. VINEETA TAN reports.

Maybank Islamic will contribute RM10 million (US$2.43 million) to Waqf Perak Ar-Ridzuan (WPAR), an Islamic endowment fund launched in April, in its capacity as a Waqif (donor) above its role as a fund manager as well as a collection agent, a responsibility usually assumed by Waqf institutions. The donation will involve up to RM5 million (US$1.21 million) for the construction of a student accommodation for Universiti Islam Sultan Azlan Shah and a general cash Waqf of similar size which is structured whereby the bank will match every RM1 (24.29 US cents) contributed by the public.

"We aim to meet the RM5 million target in two years, and our Maybank2u (online) system is already all up and running for the Malaysian public to make their donations," said Muzaffar Hisham, outgoing CEO of Maybank Islamic.

Timely data is hard to come by but according to Bank Islam, only 7.2% of the 11,000 hectares of Waqf land, worth over RM1.7 billion (US$412.98 million) in 2012, were developed — illustrating the severe underutilization of Waqf assets despite them being an effective tool for large-scale social development as well as wealth management.

Factors hindering the development of the Waqf sector are manifold but could mainly be attributed to legal red tape (Waqf is managed under different laws within the purview of the Islamic religious councils of each state) as well as the shortage of legitimate channels of funding and poor marketability.

Also pressing is the silo environment Waqf operates in: there is a lack of synergy between state religious councils and the wider Islamic banking and finance industry which has both the expertise and technical resources to manage and optimize Waqf assets.

Industry experts have called for greater collaboration between Islamic financial institutions and state religious councils to leverage the technical expertise of the financial community to mobilize Waqf assets; and it seems that these calls are gradually being heeded.

Maybank Islamic is one example. Apart from its involvement with WPAR, the bank also has an existing collaboration with Yayasan Waqaf Malaysia, acting as a legitimate fundraising channel. The country's oldest Shariah bank, Bank Islam, also partnered with Yayasan Islam Perlis to promote and market Waqf.

Lower oil prices not a boon to Sukuk issuance, S&P says

Despite expectations of sovereigns issuing Sukuk to cover shortages in government revenues from plummeting oil prices, Sukuk issuance has not been on the uptrend due to several limiting factors, according to S&P. DANIAL IDRAKI reports on S&P's latest findings.

Government efforts to reduce financing needs in response to weak oil prices, the complexity of Sukuk issuance and the uncertainty regarding the US Federal Reserve's policy revisions have and will continue to weigh on Sukuk market activity, according to Mohamed Damak, the global head of Islamic finance at S&P Global Ratings.

When oil prices began to fall, several market commentators predicted a boom in Sukuk issuance in 2015 and thereafter, arguing that governments in oil-exporting countries would tap the Islamic capital markets to attract funding and maintain their current and capital spending. However, the total issuance actually dropped compared with last year, with issuance declining by 12.5% year-on-year in the first half of 2016, S&P noted in a recent report. The rating agency reckons that issuance will remain muted over the next six to 18 months, with total issuance reaching around US$50-55 billion for the full year 2016, compared with US$63.5 billion achieved in 2015.

Issuance in the second half of 2016 will continue to depend on monetary policy developments and volatility in developed markets as well as the policy actions of sovereigns in core markets, namely GCC countries and Malaysia, in response to lower oil prices. While governments affected by the price drop are looking to spending cuts, taxation and the privatization of state companies to adjust to the new reality, their financing needs remain significant. "Part of these needs will be met by conventional debt markets and, to a much lesser extent, the Sukuk market, with the complexity of Sukuk issuance remaining a key deterrent to tapping the market, in our view," Damak affirmed.

S&P explained that one of the principal reasons for the lack of linkages between oil prices and Sukuk issuance is the large stocks of fiscal assets that many GCC countries have built up through years of fiscal and current account surpluses. Along with conventional debt issuance, governments are now using these assets as a source of public sector deficit financing, or for infrastructure projects.

> ***"The difficulties inherent to Sukuk issuance remain one of the key reasons why it is losing out to the booming conventional issuance"***

"We also think that sovereigns will rely more heavily on conventional issuance. In the first half of 2016, total conventional debt issuance in the GCC increased by 148.2% compared with the same period in 2015, while Sukuk issuance dropped by 15.2% over the same period. Most of the growth in conventional issuance is explained by Saudi Arabian and Abu Dhabi bond issuance," S&P noted.

The difficulties inherent to Sukuk issuance remain one of the key reasons why it is losing out to the booming conventional issuance. While S&P acknowledged that the time and cost gaps have reduced, it remains more time-consuming and complex to tap the Sukuk market than to issue a conventional bond. Not all is lost, however. The move by several industry heavyweights toward standardization will restore the attractiveness of Sukuk for new and existing players, as well as free up the capacity of market participants to develop new Islamic financing products that cater to the opportunities created by the regulatory changes in the global financial system and the sustainable development agenda.

Some of the recent examples include the IMF advising GCC governments to integrate Sukuk issuance in their debt management strategies, and the IDB and AAOIFI working separately on introducing more standardization to legal documentation.

S&P further noted that the future direction of monetary policies and the recent episodes of volatility in advanced markets will also play a role in shaping future Sukuk market activity. Rate increases by the US Federal Reserve will result in a drop in global liquidity that will inevitably reduce global investor appetite for Sukuk and push up prices. Significant volatility in the international capital markets, such as the one over Brexit, could similarly cause further delays in issuances, be it Islamic or conventional.

Sovereign Sukuk: Busy week in the Middle East and Africa

The sovereign Sukuk space witnessed a relatively busy week with strong announcements coming out of Kuwait, Oman and Senegal, while Indonesia made the rounds with its usual sovereign issuance. DANIAL IDRAKI brings you the usual updates.

Upcoming sovereign Sukuk		
Country	**Amount**	**Expected date**
Oman	US$2 billion	TBA
Hong Kong	TBA	TBA
Egypt	TBA	TBA
Iran	IRR60 trillion	2016
Nigeria	TBA	TBA
Jordan	JOD175 million	TBA
Pakistan	PKR79.1 billion	TBA
Egypt	TBA	2016
Kazakhstan	TBA	2016
Kenya	TBA	2016
South Africa	TBA	2016
Bangladesh	TBA	TBA
Hong Kong	US$500 million to US$1 billion	TBA
Ningxia Hui Autonomous Region	US$1.5 billion	TBA
Niger	XOF150 billion	TBA
Luxembourg	TBA	TBA
Tunisia	US$500 million	TBA
UAE	TBA	TBA
Shandong Province	CNY30 billion	TBA
Sindh Province	US$200 million	TBA
Kuwait	KWD5 billion	2016
Maldives	TBA	TBA
Sri Lanka	US$1 billion	TBA
Germany	US$1 billion	TBA

Kuwait

The government of Kuwait is seeking to raise, via conventional bonds and Sukuk, up to KWD2 billion (US$6.61 billion) from the domestic market and up to KWD3 billion (US$9.92 billion) from international markets in a bid to finance a budget deficit resulting from the decline in oil prices, with the remaining part of the deficit to be financed from the state reserve fund, according to Kuwait Times quoting Minister of Finance Anas Al-Salah.

Oman

The government of Oman has issued, via a private placement, a US$500 million six-year Sukuk Ijarah facility carrying a profit rate of 3.5% and the instrument is to be repaid in three equal installments after four, five and six years, according to Reuters based on a document from lead arranger, Standard Chartered.

Senegal

Senegal has launched its second Sukuk worth XOF150 billion (US$249.88 million), offering a profit margin of 6% to be paid semi-annually over a period of 10 years with two years deferred, according to a filing with the CGF bourse. The transaction is backed by an asset represented by part of the terminal of the Leopold Sedar Senghor Senegal International Airport. The subscription period for the instrument will run until the 19th July 2016, with the possibility of early closing.

Indonesia

In its usual issuance, the government of Indonesia managed to raise IDR5.01 trillion (US$369.74 million) from the sale of five sovereign Sukuk securities (SPNS 29122016 and four others), after receiving total incoming bids of IDR7.8 trillion (US$575.64 million), according to an announcement on the Ministry of Finance's website.

Syria: Resilience in devastation

Once considered a bright spot in the Middle East, Syria has painfully turned into one of the region's biggest economic and humanitarian calamities since sectarian wars ravaged the country in 2011. Yet, in spite of the ongoing devastating conflicts which continue to put heavy pressure on the Syrian economy, political landscape and social fabric, VINEETA TAN observes that the country's Islamic banks have proved resilient despite it all.

Economic overview

Violent conflicts and geopolitical risks (and an unprecedented refugee crisis) have severely strained the Syrian economy. The country's GDP have shrunk an average 15.4% over the 2011-14 period and estimated to decline further by almost 16% in 2015, according to the World Bank, due mostly to the plunge in oil production. Inflation ballooned by 30% in 2015 as a result of the sharp depreciation of the Syrian pound, commodity shortages and human resources required to raise production levels. According to Al Baraka Bank, the Syrian pound reached SYP336/US$ at the end of 2015, a drastic fall from SYP200/US$ at the end of 2014.

Regulatory landscape

The creation of Islamic banks in Syria is facilitated by Legislative Decree No 35 of 2015 which set the legal parameters for permissible Shariah compliant banking transactions in accordance with banking procedures and the existing landscape. The founding of Shariah banks is also subjected to the legal bedrock provided for by Law No 28 of 2001 (establishment of private and joint banks); Law No 29 of 2001; and Law No 23 of 2002 (money laundering under Legislative Decree No 59 of 2003; the law of commerce and prevailing customs). The decree also dictates the need for a Shariah board at bank level. The banking laws in Syria as they relate to Islamic finance broadly follow the laws as established in countries with a functioning Islamic finance market, such as Malaysia, and take on board the regulatory edicts of AAOIFI and the IFSB.

Banking and finance

There are 20 banks in Syria (eight state-backed and 12 private), according to the Central Bank of Syria. Foreign banks hold the majority stake of the three Islamic banks in Syria: Al-Cham Islamic Bank (Commercial Bank of Kuwait), Syria International Islamic Bank or SIIB (Qatar International Islamic Bank) and Al Baraka Bank Syria (Bahrain's Al Baraka Group). The banks offer retail services and are allowed to participate in syndicated financings with conventional banks on a case-by-case basis as approved by the Central Bank.

> *"Syria's economic, social and human development has been set back decades as a result of the ongoing civil war which has isolated the country's banks from the international banking market"*

Despite the difficult operating environment and the declining value of the Syrian pound, Syrian Shariah banks have performed well. SIIB's stocks were the country's best performing stocks in 2015, accounting for 13.4% of market trading activities. The bank swung into profit in 2015 after a year of losses, generating SYP5.8 billion (US$26.76 million) in earnings and managed to grow its deposit base by 42% to SYP114.9 billion (US$530.1 million) and total investments by 44% to SYP131.2 billion (US$605.31 million).

Al Baraka in the same year saw its total assets grow 85% to SYP164.47 billion (US$758.8 million) on the back of an 88% in total financing and investment to SYP93.91 billion (US$433.26 million), although in dollar terms, it is a 9% growth for total assets and 11% for financing and investment. Al Baraka also managed to expand its branch network by two to 12 and plans to open one in Damascus in 2016 with a goal of adding two branches every year to reach 20 by 2020. Latest financial results by Al Cham also point to an expansion in assets: SYP68.8 billion (US$317.42 million) in 2014 from SYP56.94 billion (US$262.7 million) in 2013, a 20.8% year-on-year growth. Total investment income doubled to SYP457.63 million (US$2.11 million) from SYP223.93 million (US$1.03 million). Net profit for the year, however, declined slightly to SYP2.1 billion (US$9.69 million) from SYP2.36 billion (US$10.89 million).

Takaful

Shariah compliant insurance has been made available in Syria since 2008. There are four Takaful providers in the country: Al-Aqeelah Takaful (country's largest Islamic insurer), Aman Syria, Noor Takaful and Syrian Islamic Insurance Company. Like their conventional peers, they are regulated and supervised by the Syrian Insurance Supervisory Commission.

Outlook

Syria's economic, social and human development has been set back decades as a result of the ongoing civil war which has isolated the country's banks from the international banking market.

"Syria's GDP today is less than half of what it was before the war started and it could take two decades or more for Syria to return to its pre-conflict GDP levels," said the IMF, which added that while reconstructing damaged physical infrastructure will be a monumental task, rebuilding Syria's human and social capital will be an even greater and lasting challenge.

There is no doubt that the path ahead of Syria, and its Islamic banks, is arduous to say the least. But the positive financial performance of the past year is keeping Shariah banks cautiously optimistic.

Equity capital markets: Ebb and flow

Despite the volatility that is ever present in the global equity markets, the Shariah compliant space remains steadfast in moving through turbulent times and is constantly presenting investors with new opportunities. The Islamic equity markets have been witnessing a steady stream of activities over the past six months, and DANIAL IDRAKI reviews some of the notable developments in this specific area.

Shares, stocks and rights issue

Middle East

The Securities and Investment Company (SICO) in Bahrain recently launched a US$100 million Bahrain Liquidity Fund, in collaboration with other market participants, to invest in Shariah compliant and conventional equity instruments listed on the Bahrain Bourse, Najla M Al Shirawi, CEO of SICO, told IFN. The SICO-managed fund will act as a market maker providing two-way quotes on most of the listed stocks with a reasonable spread to allow investors to actively trade their stocks.

This initiative follows other recent developments in Bahrain to deepen both its Islamic and conventional capital markets, including the introduction of the Bahrain Islamic Index, the introduction of rules for REITs and the offering of Bahraini government bonds and treasury bills.

Over in the UAE, Dubai Islamic Bank (DIB) saw its rights issue amounting to AED3.2 billion (US$870.96 million) being oversubscribed approximately three times, after receiving total subscription of nearly AED9 billion (US$2.45 billion). DIB's rights issue will increase its share capital from AED3.95 billion (US$1.08 billion) to AED4.94 billion (US$1.34 billion) through the issuance of 988.44 million new shares.

Ajman Bank raised AED675 million (US$183.73 million) recently through a rights issue, oversubscribed by 195%, of which AED500 million (US$136.1 million) was raised against the issuance of 500 million new ordinary shares and AED175 million (US$47.63 million) represented share premium. The bank noted that its issued share capital, following the rights issue, increased to AED1.62 billion (US$440.96 million).

Al Safwa Islamic Financial Services in November 2015 had its shares listed on Dubai Financial Market (DFM)'s Second Market, becoming the first private joint stock company to do so. The listing on the Second Market may pave the way for private companies to go public and list on the Main Market at a later stage.

Moving on to Oman, Sharakah, a company focused on developing Oman's SME and entrepreneurial industry, said in January that it plans to convert more equity schemes to be in compliant with Shariah laws in 2016, following the successful conversion of one such scheme earlier.

The shares of Mohammed Al Barwani Sukuk Issue Co worth OMR500,000 (US$1.29 million) (divided into 500,000 at OMR1 (US$2.59) per share) have been listed on the Muscat Securities Market's Third Market in June this year, following regulatory approval.

The Central Bank of Oman had also in June approved the application of Alizz Islamic Bank to transfer its shares in Tasameem Real Estates to the United International Representation of Companies.

Bank Dhofar and Bank Sohar reached an agreement pertaining to its proposed merger, in which every one share of Bank Dhofar will be exchanged for 1.29 shares of Bank Sohar. Bank Dhofar operates Maisarah Islamic Banking Services while Bank Sohar runs Sohar Islamic.
In Qatar, the listing of Qatar First Bank (QFB) in April on the stock exchange brought the total number of listed companies to 44. Nasser Abdullah Al Abdul Ghani, the director of the Market Operations and Control Department at the Qatar Stock Exchange, said that the number of executed transactions amounted to 3,594, totaling 14.18 million traded shares for a total value of QAR214.58 million (US$58.87 million).

Asia

Malaysia Building Society, which plans to convert into a fully-fledged Shariah compliant financial institution, had in June raised approximately RM1.71 billion (US$418.4 million) from its rights issue, 14.5% lower from the RM2 billion (US$489.36 million) it had initially intended to raise.

Securities Commission Malaysia announced in March that the size of the country's Islamic capital market grew 6.7% to RM1.7 trillion (US$412.77 billion) in 2015, compared with RM1.59 trillion (US$386.06 billion) in the previous year. The market capitalization of Shariah compliant securities, meanwhile, reached RM1.09 trillion (US$264.66 billion) in 2015, representing 64.1% of total market capitalization.

In order to stimulate capital market activities, the Securities and Exchange Commission of Pakistan outlined several measures and initiatives including developing the regulation for the issuance of short-term Shariah compliant securities, the integration of National Savings Scheme Instruments into the capital market and improving the regulatory framework for credit rating companies.

Africa

Jaiz Bank exercised a rights issue offering of 2.96 billion ordinary shares from December 2015 until the 11th January 2016. The proceeds raised the bank's capital base to over NGN15 billion (US$52.73 million).

Indices

In Europe, the Malta Stock Exchange launched an Islamic equity index in February this year, aiming to attract business from Middle Eastern firms and to prompt the government to issue Sukuk. The first eight Shariah compliant equities are: Malta International Airport, Go, RS2 Software, Medserv, Maltapost, Grand Harbor Marina, 6pm Holdings and Malta Properties Company.

Over in Bosnia, Bosna Bank International (BBI) is targeting to launch the SASE Islamic index in 2016, relayed Amer Bukvic, CEO of BBI, to IFN in March. The Islamic bank will also conduct the Shariah screening activities for companies to be included in the index, with support from several other banking departments.

The Pakistan Stock Exchange, meanwhile, undertook a re-composition exercise of the All-Share Islamic Index which saw the addition of 41 new companies and the removal of 26 companies. Effective from the 11th April, the index will consist of 238 companies that currently meet the Shariah screening criteria.

Bank AlJazira's secondary riyal-denominated Sukuk: Another successful Sukuk issuance

Bank AlJazira returned to the private Sukuk market with a secondary riyal-denominated Sukuk offering in June after entering the market five years ago. Although the bank's latest hybrid offering mirrors similar workings to its 2011 paper, the new deal had to be customized to meet new regulatory and market requirements as NURUL ABD HALIM finds out.

Worth SAR2 billion (US$533.06 million), the sophomore stand-alone Tier II instrument has a tenor of 10 years with an option to buy back after five years and carries a profit rate of 190bps over six-month SIBOR. The facility utilized a hybrid structure: Mudarabah and Murabahah, of which 51% of the net proceeds were applied for Mudarabah purposes while 49% were used in various Murabahah arrangements which were further structured to ensure that separate Murabahah contracts were used for the repayment of the SIBOR and the margin portions of the coupon.

"The structure avoids the requirement for a large amount of tangible assets that would typically be required by structures such as the Ijarah structure, and is therefore attractive to banking institutions, which do not necessarily hold a large amount of unencumbered land on their books," explained Lee Irvine, a counsel at Latham & Watkins, which advised on the deal, to IFN. Irvine added that the structure is also a natural choice for the bank based on its previous issuance, and the fact that local investors were familiar with the mechanism as it has been adopted by other Saudi banks (Arab National Bank and Saudi British Bank) looking to raise Tier II capital also helped. The paper was marketed exclusively to Saudi Arabian investors, who were attracted by the strength of the banking sector in the Kingdom, with banks being generally well capitalized, as well as by the strength of Bank AlJazira in respect of this specific Sukuk issuance, said Irvine.

The hybrid structure, however, had to be engineered to fulfil certain regulatory criteria: "While the structure was based on Bank AlJazira's previous issuance in 2011, it needed to address the inclusion of the loss absorption and the non-viability event provisions now mandated by the Saudi Arabian Monetary Agency," said Irvine, who noted that the issuer devoted significant time and effort to ensure that the structure was legally as robust as possible, thus helping it chart a smooth course through the required Shariah and regulatory approvals. The bank's 2011 offering was a SAR1 billion (US$266.53 million) paper due 2021 and callable with a step-up margin; it was redeemed on the 29th March 2016. The latest Sukuk installment follows a throng of other successful Tier II Sukuk issuances by Saudi Arabian banks, indicating the dynamism of Saudi Arabia's capital markets and the increasing recognition of Tier II capital Sukuk as one of the most cost-effective ways of increasing regulatory capital for financial institutions as well as demonstrating the market's continued interest in exposure to the GCC generally and the Saudi banking sector in particular.

> *"The structure avoids the requirement for a large amount of tangible assets that would typically be required by structures such as the Ijarah structure, and is therefore attractive to banking institutions, which do not necessarily hold a large amount of unencumbered land on their books"*

Bank AlJazira's SAR2 billion (US$533.06 million) Sukuk due 2026

2nd June 2016

Issuer	Bank AlJazira
Size of issue	SAR2 billion (US$533.06 million)
Purpose	Tier II capital
Tenor	10 years (non-call five-years)
Issuance price	100%
Profit rate	Six-month SIBOR + 190bps
Currency	Saudi riyal
Maturity date	2nd June 2026
Lead managers	AlJazira Capital and GIB Capital
Bookrunner	GIB Capital
Governing law	Laws of the Kingdom of Saudi Arabia
Legal advisor(s)/ counsel(s)	Latham and Watkins as legal advisors to the lead managers and Clifford Chance as legal advisors to Bank AlJazira
Listing	None
Rating	Unrated
Shariah advisors	GIB Capital's Shariah Committee and Bank AlJazira Shariah Supervisory Board
Structure	Mudarabah/Murabahah
Investor breakdown	Sophisticated investors in the Kingdom pursuant to the Offers of Securities Regulations
Face value/ minimum investment	SAR1 million (US$266,528)

Flip the Script

By Mohammad Raafi Hossain, a social entrepreneurship and ethical expert.

The 'Greatest', Muhammad Ali, had a far-reaching impact on society beyond just the boxing ring. And as I continue to reflect on his life, I really feel there are a number of lessons that can be drawn from it as follows, even for the emerging Islamic finance industry:

1. You don't have to be the strongest to be the greatest
Muhammad Ali was not the strongest nor the biggest heavyweight of his time. But what made him a three-time heavyweight champion of the world was his speed, agility and ingenuity in the boxing ring. He simply used his agility to outfox and outlast his more powerful opponents.

The Islamic finance industry is certainly nowhere near being the Goliath of the finance world, and as such, it can draw parallels from Ali's agile boxing tactics. On top of that, in today's financial landscape world, it's a very fortuitous time to be quick and agile. With the sudden rise of the disruptive force of fintech, it's time Islamic banks and financial services companies look to beat their more heavyweight counterparts to the punch by quickly shifting their investment priorities to the right places: youth and technology.

2. Be 'Islamic', but be inclusive
Muhammad Ali was a master of championing the tenets of his Islamic faith without preaching his Islamic faith. Ali emphasized his faith's unrelenting commitment to compassion, inclusiveness and communal obligation. And not only did Ali emphasize these core tenets, he embodied them. These are the three qualities that are most sorely lacking in the conventional finance-driven economic framework that we all find ourselves trapped in today — and a system that has led to a world that is the most unequal in terms of wealth, ever.

It's time for the leaders of the Islamic finance industry to not only market these characteristics, but to make it a part of the core values of every decision and transaction within their institution.

3. Don't sell out: Fight the good fight
It's easy to sell out for short-term profits and pats on the back from fellow industry colleagues. Indeed, Islamic finance has the fortune of riding the brute force of economic growth of a number of emerging markets around the world, thus showing off attractive year over year returns.

Similarly, it would have been easy for Ali, with a record of 29-0 at the time, to draft dodge just like many celebrities and politicians during his time. But Ali stood firm, was willing to accept the consequences (and did) and not relent from his obligation to stay true to his conviction.

Islamic finance really needs a leader who is willing to go the extra mile to educate shareholders and customers about their obligation to uphold the core values of Islamic finance as an ethical alternative to the harmful status quo; about the obligation to bank to those who are underbanked or unbanked; about the obligation to build the foundation for a new risk-sharing, not risk-averse, financial system where investors are rewarded for increasing economic output, not simply for having the most wealth.

Given today's global climate, we need people like Muhammad Ali in many different sectors. Who will be the Muhammad Ali of Islamic finance, fight the good fight and take the industry (and its consumers) to new heights?

Islamic finance and the Asian Infrastructure Investment Bank


EGYPT

By Dr Walid Hegazy and Phil Zager

Right before Ramadan, on the 4th June 2016, Egypt's parliament endorsed a commitment of US$650 million to the Asian Infrastructure Investment Bank (AIIB) over the next five years. This commitment will count for roughly a two-third percentage of the AIIB's initial capital of US$100 billion which will begin with a payment of US$130 million this year.

> ***"Islamic finance fundamentally grounds financial transactions in the real world, and infrastructure is a widely-accepted Shariah compliant investment"***

Given the troubles that Egypt has had with its US dollar reserves over the past half a decade, it seems surprising that it would commit so many US dollars to this venture. Moreover, what does the AIIB, a Chinese-led alternative to the World Bank and Asian Development Bank, have to do with Islamic finance in Egypt?

After several years of announcements and press, the AIIB's Articles of Agreement entered into force on the 25th December 2015. On the 16th January 2016, at a ceremony in Beijing, the AIIB was formally open for business. Along with 56 other states, Egypt is a founding member of the AIIB, and its minister for international cooperation, Sahar Nasr, attended the formal opening. During its formation, the AIIB became a symbol of the global nature of China-US tensions. While several key US allies, including Australia, Germany and the UK, joined the AIIB, the US, Canada and Japan did not.

Adjusting focus to Islamic finance, the AIIB, as part of its overall approach to providing an alternative to the World Bank and Asian Development Bank, has considered Islamic finance as a possible part of its approach. In May 2015, it was in discussions with the Jeddah-based IDB about cooperation. The discussions have not yet produced tangible results, but there is high potential for the use of Islamic finance in infrastructure projects. Islamic finance fundamentally grounds financial transactions in the real world, and infrastructure is a widely-accepted Shariah compliant investment. Around 20 countries are members of both the IDB and the AIIB, so there is already common ground. Given the need for infrastructure in developing countries, Islamic finance ought to be a useful option for the AIIB.

Returning to Egypt, the initial investment of US$130 million in the AIIB needs to be viewed in the larger context of Chinese investment into Egypt. During her visit to China in January, Sahar stated that she hoped to obtain US$15 billion in financing from China's Export and Import Bank. This funding has not come through yet, but it appears that by spending hundreds of millions of US dollars on the AIIB, Egypt may increase its odds of receiving billions of US dollars in other forms of Chinese funding.

The Egyptian parliament's decision to commit to the AIIB seems like a sensible strategic move. In the long term, Egypt may benefit both from AIIB-provided investments and investments from other Chinese funding sources, which could trump US funding to Egypt.

The AIIB is open to Islamic finance, but, until construction sites begin building new infrastructure funded via structures such as Sukuk and Istisnah, it is too soon to discuss the role of Islamic finance in the AIIB.

Dr Walid Hegazy is the managing partner and Phil Zager is an associate at law firm Hegazy & Associates in association with Crowell & Moring. They can be contacted at whegazy@hegazylaw.com and pzager@hegazylaw.com respectively.

IFN Country Correspondents

AFGHANISTAN: Dr Alam Khan Hamdard
president, Afghanistan Islamic Finance and Consulting Co
AUSTRALIA: Dr George Mickhail
senior lecturer, School of Accounting, Economics and Finance, University of Wollongong, Australia
BAHRAIN: Dr Hatim El-Tahir
director of Islamic Finance Knowledge Center, Deloitte & Touche
BANGLADESH: Md Shamsuzzaman
deputy managing director, Islami Bank Bangladesh
BELGIUM: Prof Laurent Marliere, CEO, ISFIN
BERMUDA: Belaid A Jheengoor
director of asset management, PwC
BRAZIL: Fábio Figueira
partner, Veirano Advogados
BRUNEI: Dr Aimi Zulhazmi, Islamic finance consultant, Draznine Advisory
CANADA: Jeffrey S Graham
partner, Borden Ladner Gervais
CHINA: Abdullah Han
partner, Al-Sadiq Consulting
EGYPT: Dr Walid Hegazy
managing partner, Hegazy & Associates
FRANCE: Kader Merbouh
co-head of the executive master of the Islamic finance, Paris-Dauphine University
HONG KONG: Amirali Bakirali Nasir
chairman, The Law Society of Hong Kong working party on Islamic finance
INDIA: H Jayesh
founder partner, Juris Corp
INDONESIA: Farouk A Alwyni
CEO of Alwyni International Capital and the chairman of Centre for Islamic Studies in Finance Economics and Development
IRAN: Majid Pireh
Islamic finance expert, Securities & Exchange Organization of Iran
IRAQ: Khaled Saqqaf
partner and head of Jordan & Iraq offices, Al Tamimi & Co
ITALY: Stefano Padovani, partner and head of Banking & Finance, NCTM Studio Legale Associato
JAPAN: Kaoru Haraguchi
founding attorney, Haraguchi International Law Office
JORDAN: Nafith Al Hersh Nazzal, Islamic banking specialist, certified financial and investment advisor
KAZAKHSTAN: Timur Rustemov, deputy chairman, association for development of Islamic finance
KENYA: Mona K Doshi
senior partner, Anjarwalla & Khanna Advocates
KOREA: Yong-Jae Chang, partner, Lee & Ko
KUWAIT: Alex Saleh, partner, Al Tamimi & Co
LEBANON: Johnny El Hachem
partner – corporate, Bin Shabib & Associates
LUXEMBOURG: Said Qaceme, senior manager of Advisory & Consulting, Deloitte Tax & Consulting
MALAYSIA: Ruslena Ramli
head, Islamic finance, RAM Rating Services
MALDIVES: Aishath Muneeza
deputy minister, Ministry of Islamic Affairs, Maldives
MALTA: Reuben Buttigieg
president, Malta Institute of Management
MAURITIUS: Mohammad Akshar Maherally
Director (taxation), International Financial Services
MOROCCO: Ahmed Tahiri Jouti
managing consultant, Al Maali Consulting Group
NEW ZEALAND: Mohamed Nalar
trustee and board member, Awqaf New Zealand
NIGERIA: Auwalu Ado;
Shariah auditor, Jaiz Bank
OMAN: Muhammad Abdullah Dewaya
Islamic finance scholar
PAKISTAN: Muhammad Shoaib Ibrahim
managing director & CEO, First Habib Modaraba
PHILIPPINES: Rafael A Morales
managing partner, SyCip Salazar Hernandez & Gatmaitan
QATAR: Amjad Hussain
partner, K&L Gates
RUSSIA: Roustam Vakhitov
managing partner, International Tax Associates
SAUDI ARABIA: Nabil Issa
partner, King & Spalding
SENEGAL: Abdoulaye Mbow
Islamic finance advisor, Africa Islamic Finance Corporation
SOUTH AFRICA: Amman Muhammad
CEO, First National Bank-Islamic Finance
SINGAPORE: Suhaimi Zainul-Abidin,
advisor, 5Pillars
SRI LANKA: Imruz Kamil
head of Islamic banking, Richard Pieris Arpico Finance
SWITZERLAND: Khadra Abdullahi
associate, Investment banking, Faisal Private Bank
SYRIA: Gabriel Oussi,
general manager, Oussi Law Firm
TANZANIA: Yassir Masoud
head, Islamic banking, retail banking, National Bank of Commerce
TURKEY: Ali Ceylan
partner, Baspinar & Partners
UAE: Rima Mrad
partner, Bin Shabib & Associates
UK: Fara Mohammad
director of Islamic finance, Foot Anstey
US: Joshua Brockwell
investment communications director, Azzad Asset Management
YEMEN: Moneer Saif; head of Islamic banking, CAC Bank

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance *news* to contribute designated short country reports. For more information about becoming an IFN Correspondent please contact sasikala.thiagaraja@redmoneygroup.com

Fund managers, take heed of new regulations!

SAUDI ARABIA

By Nabil Issa

The board of the Capital Market Authority (CMA) of Saudi Arabia recently approved the final draft of the amended Investment Funds Regulations with the amended regulations including 104 articles covering fund management, custody, offering and selling units, merging funds and offering units of foreign funds in the Kingdom.

The regulations appear to reflect a number of practices that the CMA informally requires of fund managers. The new regulations clarify that a fund manager must be licensed to "manage" to act as a fund manager. Further, the new regulations provide clarity on what services may be delegated by a fund manager. Article 17 provides that a fund manager may appoint a submanager or a third party in relation to foreign investments but such a submanager or third party shall be licensed in a jurisdiction with similar standards to the Kingdom. While a fund manager may assign a third party to carry out administrative services, such a third party must be licensed by the CMA. The CMA, however, does not define what 'administrative' services of the fund are. A grace period is provided for current funds.

For the first time, the new regulations also clarify how a fund manager or custodian may be removed. One of the most significant changes is the requirement for a fund manager to appoint an independent custodian. Current funds will have a grace period to appoint an independent custodian. Also, the new regulations also state that private real estate funds are to be offered under the private fund rules rather than the real estate investment fund regulations. Interestingly, the new regulations also provide for the possibility of different classes of units for both public and private funds. For Shariah compliant funds, a statement is required that the fund has been certified by the Shariah board appointed for the investment fund.

The CMA announced that the amended regulations will come into force starting from the 6th November 2016 while the current investment funds regulations will still be effective until the amended regulations are enforced. We have observed a number of fund managers scrambling to submit funds to the CMA under the current regulations, although most welcome the changes.

Nabil Issa is a partner at King & Spalding, Middle East & Islamic Finance Practice Group, Dubai and Riyadh. He can be contacted at nissa@kslaw.com.

IFN Sector Correspondents

ACCOUNTING:
Mezbah Uddin Ahmed, member of the Association of Chartered Certified Accountants and associate researcher at International Shariah Research Academy for Islamic Finance (ISRA).

CROSS-BORDER FINANCING
Fara Mohammad, director of Islamic finance, Foot Anstey

CAPITAL MARKETS:
Suhail Ahmad, CEO, Hikmah Capital Corp

DERIVATIVES:
Suhaimi Zainul - Abidin, treasurer for Gulf-Asia Shariah Compliant Investment Association and advisor to 5Pillars

GLOBAL ECONOMIC OUTLOOK:
Tariq Alrifai, expert, Islamic investment products and market trends

LAW (EUROPE):
Ayhan Baltaci, attorney at law, Bereket & Baltaci Law Firm

LAW (MIDDLE EAST):
Bishr Shiblaq, head of Dubai office, Arendt & Medernach

LEASING:
Youssef Aboul-Naja, Ijarah specialist, a supranational banking institution

MERGERS & ACQUISITIONS:
Tushar Garg, associate, bulge bracket investment bank

MICROFINANCE (ASIA):
Dr Mahmood Ahmed, executive vice-president and director training, Islami Bank Training and Research Academy

MICROFINANCE (AFRICA):
Mansour Ndiaye, director of microfinance, Assistance and Consulting for Development

PRIVATE BANKING & WEALTH MANAGEMENT:
Thomas Woods, product development, wealth management, The Islamic Bank of Asia

PRIVATE EQUITY & VENTURE CAPITAL:
Arshad Ahmed, partner, Elixir Capital

PROJECT & INFRASTRUCTURE FINANCE
Anthony Coleby, head of corporate commercial department, Said Al Shahry Law Office (SASLO)

REAL ESTATE
Philip Churchill, founder partner, 90 North Real Estate Partners

REGULATORY ISSUES (ASIA)
Intan Syah Ichsan , chief operating officer, Samuel Aset Manajemen

REGULATORY ISSUES (MIDDLE EAST):
Mohammad Abdullah Malik Dewaya, head of Shariah compliance and audit, Maisarah Islamic Banking Services

RETAIL BANKING:
Chowdhury Shahed Akbar, officer, Southeast Bank, Bangladesh.

RISK MANAGEMENT:
Dr Ken Baldwin, lecturer in finance, Coventry University

SECURITIES & SECURITIZATION:
Nidhi Bothra, executive vice-president, Vinod Kothari Consultants

STOCK BROKING & TRADING:
Athif Shukri, research analyst, Adl Capital

STRUCTURED FINANCE:
John Dewar, partner and head of Islamic finance, Milbank, Tweed, Hadley & McCloy

SUKUK
Anthony Coleby, head of corporate commercial department, Said Al Shahry Law Office (SASLO)

SYNDICATED FINANCE
Damir Galiev, portfolio manager, AK BARS Bank

TAKAFUL & RE-TAKAFUL:
Dr Sutan Emir Hidayat, assistant professor and academic advisor for Islamic finance, University College of Bahrain

TAKAFUL & RE-TAKAFUL (AFRICA):
Uwaiz Jassat, acting head of Islamic banking, Absa Islamic Banking

TAKAFUL & RE-TAKAFUL (EUROPE):
Ezzedine Ghlamallah, director, Solutions Insurance and Islamic Finance in France (SAAFI)

TRADE FINANCE
Anthony Coleby, head of corporate commercial department, Said Al Shahry Law Office (SASLO)

TREASURY PRODUCTS:
Nafith Al Hersh Nazzal, Islamic banking specialist, certified financial and investment advisor

IFN Correspondents are experts in their respective fields and are selected by Islamic Finance *news* to contribute designated short sector reports. For more information about becoming an IFN Correspondent, please contact sasikala.thiagaraja@redmoneygroup.com

Focusing on the corporate side; a new dawn in Islamic banking

Focus on corporate banking technology is witnessing a resurgence and none more so than in the Islamic states. Trade finance currently supports 90% of world trade; however, emerging economies have seen the highest volumes of trade globally, and many of these are countries that have a high Islamic population. As corporates increase their need for enhanced liquidity, the opportunities to use Islamic trade finance as an alternative source of liquidity need to be realized. FADI YAZBECK writes.

TECHNOLOGY

By Fadi Yazbeck

The Islamic trade finance opportunity

Historically, Islamic trade finance has tried to use conventional products but these conventional solutions do not consider restrictions or limitations in terms of what is permitted under Shariah principles. With trade finance focused on mitigating risk, interposing a 'traditional' Islamic financing structure (such as a Murabahah-based structure) would result in that bank taking ownership of that risk regardless of however efficiently that risk may be mitigated against. Therefore, a specially designed Islamic trade finance solution is essential.

Corporates who need to finance an underlying trade transaction would naturally want to find a competitive source for that funding. Islamic trade financing is proven as a valid alternative to conventional trade financing, particularly where liquidity in conventional banking markets has dried up for certain types of corporate customers.

Compliance at the heart of Islamic trade finance

Compliance and security are essential for any financial solution, and must be of primary focus for Islamic banking. As trade corridors grow, the need to support international operations (and adhere to multiple regional regulations) is becoming more important. Where trade involves a company that follows Shariah laws, using a bank that follows Islamic banking processes is essential. The issuance of letters of credit (LoCs), for example, must use Murabahah, Musharakah, Musawwamah or Ijarah contracts.

In the case of Murabahah, LoCs are opened in the name of the bank to comply with common Shariah requirements. Ease is also essential, such as Islamic finance contracts being set to start on the day the payment is made to the exporter. The right system should maintain the amount shared between the bank and the customer in the case of Musharakah and adjust it with the contract amount based on the initial sharing. An agreed 'profit-sharing' arrangement should be applied by the Islamic banking system on the contract and distribute profits periodically. Options on repayments for the contract such as installments, payments, pre-closure and such, should also be considered.

> ***"Where trade involves a company that follows Shariah laws, using a bank that follows Islamic banking processes is essential"***

Mitigating against trade finance risk

With increasing international trade comes the increased risk of money laundering. Criminals include traffickers, terrorists and the tax-evading rich. Trade is a ready-made vehicle for dirty money; examples include criminals combining the mispricing of goods with the misuse of trade finance techniques.

The estimated amount of money laundered globally in one year is 2-5% of the global GDP, or US$800 billion to US$2 trillion, according to 2016 data from the United Nations Office on Drugs and Crime. As a result, authorities are ratcheting up penalties for banks that assist money launderers regardless of whether their support was intentional.

The right software should be able to effectively help Islamic banks avoid unknowingly permitting these transactions. It should screen a customer database, payments and any other types of transactions, and compare these against sanctions lists (containing embargoed countries and high-risk individuals), while following the 'four eyes' rule as a minimum default for both possible incidents of money laundering and sanctions.

Even if a master customer record has been created to address these possible issues, without the right software to update this information, it may quickly become outdated. And software should also be sufficiently intelligent to know when a transaction is correctly identified but there aren't any sanctions applied or any incidents of money laundering. This is often referred to as a 'false positive'. Resolving these hits costs time and money, and may cost banks good customers.

The challenge is that there are so many common names on the lists that many normal, potentially good customers may be treated unfairly unless they are identified as 'false positives' quickly and addressed effectively. It is therefore essential that the software has a very low 'false positive' alert rate while maintaining the requisite accuracy. Software may use information such as address, date of birth, mother's maiden name, passport number or further historical trends that can help clear these hits quickly.

Digital corporate banking for rural Islamic communities

Digital technology has (and will continue to) changed the way we bank. Mobile

Continued

is already the largest banking channel for the majority of banks by volume of transactions according to the KPMG Mobile Banking Report 2014, but until now the focus has been on personal banking. Personal banking channels provide customers with the ability to self-serve their banking needs and inevitably, corporate users are starting to have the same expectations. Particularly in the countries that have a high Islamic population such as Indonesia, Pakistan, India, parts of the Middle East and across Africa, there is a growing requirement.

The populations of these countries already have high mobile usage but often run businesses from remote locations. For example, Africa is fully embracing digital banking; eight of the 10 countries that make the most use of mobile financial services are within the region. So why are these Islamic countries looking to adopt a digital approach to corporate banking?

For a business managing its finances remotely, digital corporate banking solutions offer so much more than convenience, particularly for those based rurally. The right solution enables a corporate treasurer in any location to be able to respond instantly to real-time information at the time and place they need it.

But for those based remotely, where power outages may be regular, it also offers a solution that is accessible through a battery-operated device that utilizes the more reliable telephone connection (often via satellite) as opposed to a connection that relies on the national grid.

Digital corporate services can also mean minimizing the need for business managers to attend meetings with their bank managers face to face. Video, screen-share and even live chat assistance offer instant access to a relationship manager (or bank contact person). For those corporates based remotely, without easy access to a bank branch, this means time and money is saved. For their banks, this means that the number of opportunities to converse with the corporate is increased, therefore reinforcing the relationship (and thus reducing attrition and also providing greater opportunities for cross-sales).

A relationship manager gives a firm/bank a human quality that can only be achieved through personal interaction, whether face to face or remotely using new technology.

Taking Islamic corporate banking to the next level

For banks to manage their trade finance operations, they need a functional and up-to-date platform. A platform that supports their corporate customers throughout the supply chain and allows them to move to an automated, electronic solution without the need for cumbersome paper-based processes.

In addition, they must have a solution that allows for distributed geographical operations across their entire institution. To compete, banks must have a solution that provides them with a greater understanding of how corporates are taking advantage of traditional products.

It is essential that they also have access to new Shariah compliant products and technologies to manage risk and compliance and streamline their business processes while reducing the costs associated with trade.

The market dictates that Islamic banks must support their customers with Shariah compliant solutions that go beyond pre- and post-shipment financing, and which enable them to evaluate/achieve better risk and compliance practices and business process optimization.

To meet end-user risk perceptions, banks need to offer their corporate customers solutions that support advance payments, letters of credit, documents against payment/acceptance and the recently emerging trend of 'open accounts', better known as BPO transactions.

Despite being on trend lists for many years, globalization continues to drive major changes in corporate banking. More midmarket companies are becoming active in international supply chains and their corporate banking needs are evolving in every step.

New trade corridors are emerging (such as from Brazil to China) that are not aligned with the networks of traditional corporate banks. Emerging challengers in industries from aerospace to agribusiness are stepping out of their home markets to become the next generation of multinationals.

Except for a few emerging challengers of its own, the banking industry seems to be going in the opposite direction. Under pressure from regulators and also in response to crisis-era losses, many banks are retrenching with regard to their international business footprints. Since their clients are at the same time becoming more active outside their own home markets, there is a new risk that clients will forge relationships with other providers that can serve their international needs.

Waking up to a new dawn

We believe that failure to offer fully compliant, leading Islamic corporate banking solutions could badly damage those Islamic banks with corporate banking customers. The advanced Islamic solutions described previously are more than differentiators as they are essential to service delivery.

The benefits for corporates in general are enormous, offering convenience, control, improved liquidity management, cost savings and ultimately profit. As a result, for Muslim business communities based in countries where an exploding middle class is emerging with more spending power (a high demand for banking, electronics and gadgets, etc, such as Africa), the expectation from business communities for a similar level of functionality is inevitable. This, coupled with the obvious appeal of the rural corporate, means that banks who fail to service their customers' needs and expectations as a matter of urgency will fail to compete with the emerging players within their region.

But regardless of the threat of these new financial providers (who may currently play in the payments and/or retail space but are set to move into corporate banking), the huge benefits that an advanced trade finance solution (and particularly digital functionality) offers your customers will stimulate transaction growth directly feeding your bottom line. So isn't it time that Islamic banks woke up to this new dawn in corporate banking?

Fadi Yazbeck is the product manager for Temenos IslamicSuite. He can be contacted at fyazbeck@temenos.com.

Islamic finance in Singapore: Opportunities amid uncertainty

In terms of business environment, financial sector development and infrastructure, Singapore as a financial hub has been very successful, edging past Hong Kong as the world's third-best financial center, according to the recent Global Financial Centers Index. LIM SAY CHEONG explores.

SINGAPORE

By Lim Say Cheong

Against this backdrop, and despite continuous support from its regulators, Islamic finance in Singapore has seen some ups and downs, in part due to external factors and its status as a secular country without the natural base of demand and awareness.

Key milestones

Some of the notable milestones of Islamic finance in Singapore are as follows:

- Islamic finance in Singapore has been around since 1998, with the establishment of Islamic banking windows under conventional banks.
- In 2001 and 2002, the Islamic Religious Council of Singapore issued Singapore's first two award-winning Sukuk based on the Musharakah structure.
- In 2006, clarifications were made on the tax treatment for Islamic financing using Murabahah, Mudarabah and Ijarah Wa Iqtina structures. Singapore-based banks began to offer Murabahah investments and financing.
- In 2007, the first fully-fledged Islamic bank, The Islamic Bank of Asia (IBA) was incorporated, a joint venture between DBS Group Holdings and Middle Eastern investors such as Dubai Investments.
- To further ensure that Islamic finance products are not disadvantaged as compared with their conventional equivalents, in 2007, retail Murabahah investors were accorded the same regulatory protection as conventional depositors.
- In 2008, a concessionary tax rate was introduced for qualifying Shariah compliant financing, fund management, Takaful and re-Takaful to help boost activities in the Islamic finance sector.
- In 2009, the Monetary Authority of Singapore (MAS) which has been supportive of Islamic finance development, launched the landmark MAS Sukuk facility to help meet regulatory and liquidity requirements for Singapore-based financial institutions. The MAS also became the first central bank of a non-Muslim majority country to issue local currency Sukuk, and Singapore remains the only secular country to do so.

> ***"In the debt capital markets space, issuance of Sukuk remains a key factor when it comes to putting Singapore on the map of the Islamic finance sector"***

This was followed by the issuance of guidelines on the application of its banking regulations to Islamic finance and new regulations permitting banks to conduct Murabahah interbank placements, Ijarah, diminishing Musharakah financing and spot Murabahah.

The MAS also became a full member of the IFSB in 2005 and has since contributed to the IFSB's work through active participations in the working

groups on matters relating to supervisory review, capital adequacy, Islamic money markets and solvency requirements for Takaful operators. In May 2009, the MAS hosted the 6th IFSB Summit which marks the first time the event was held in East Asia. This was followed by the inaugural World Islamic Banking Conference: Asia Summit in 2010 which was attended by more than 350 central bankers, government officials, as well as industry and academic representatives from over 170 institutions from Europe, the Middle East, Asia and Australia.

Current challenges

Globally, the Islamic finance industry has been impacted by uncertainty arising from current global economic conditions marred by depressed oil prices and the volatile market. S&P Global Ratings predicts that Islamic finance growth will drop to single digit in 2016 from between 10% and 15% over the past decade.

Not surprisingly, Islamic finance activities in Singapore are not spared from this slowdown, evident from fewer Sukuk issuances over the past few years; there was only one issuance in 2015. This is in line with the global Sukuk trend; Zawya has estimated year-to-date issuance totals of US$27.9 billion through 254 deals globally, which is down from US$33.7 billion through 310 deals a year earlier.

In November 2015, DBS Group announced the winding-down of the IBA, citing the inability to meet economies of

Continued

scale as the reason for its decision. This could suggest a possible slowdown in Islamic financing activities in Singapore.

Forging ahead

While the winding-down of the IBA could be viewed as a setback to Singapore's aspirations to become an Islamic finance hub in the ASEAN region, there are still pockets of opportunities that can be tapped.

The total value of the global Islamic finance industry reached US$1.88 trillion in 2015, according to the Islamic Financial Services Industry Stability Report 2016. With the global Islamic finance industry forecast to be worth US$3.4 trillion by 2018, this shows the opportunities available for Islamic funds to diversify and invest in different asset classes, with Singapore playing a role as an international financial gateway. April 2016 saw a one-of-a-kind Islamic financing deal worth SG$260 million (US$193.07 million) involving Maybank and RB Capital, which shows that Islamic finance is still able to garner interest from Singapore corporates.

> ***"Despite the challenges, Islamic finance will remain important in enhancing connectivity between the Middle East and Asia"***

In the debt capital markets space, issuance of Sukuk remains a key factor when it comes to putting Singapore on the map of the Islamic finance sector. Continuous engagements between Islamic finance players and the MAS is key to ensure that the issues surrounding the time to market as well as the cost for issuance of Sukuk are addressed in order for Sukuk to be considered a financial instrument of choice for corporates in Singapore. At the same time, the key to success of a Sukuk issuance also depends on the sustainable pool of investors in Singapore. By nurturing and deepening this pool, it could serve as an opportunity to encourage issuers from traditional Islamic finance markets such as the Middle East and Brunei to consider tapping the local liquidity when pricing is favorable.

With Singapore poised as one of the world's key wealth management centers, the development of Islamic wealth management here would help to increase the fund flows between the Middle East and Singapore.

Despite the challenges, Islamic finance will remain important in enhancing connectivity between the Middle East and Asia. With awareness of Islamic finance growing in markets such as Hong Kong, China and India, Singapore is in an ideal position to revive its aspirations to become a regional center with its developed regulatory framework and existing Islamic finance infrastructure.

Lim Say Cheong is the head of Islamic banking at Maybank Singapore. He can be contacted at LimSC@maybank.com.sg.

DEALS

Indonesia raises funds from Sukuk sale

INDONESIA: The government of Indonesia managed to raise IDR5.01 trillion (US$369.74 million) from the sale of five sovereign Sukuk securities (SPNS 29122016 and four others), after receiving total incoming bids of IDR7.8 trillion (US$575.64 million), according to an announcement on the Ministry of Finance's website.

Maxis Broadband to issue Sukuk Murabahah

MALAYSIA: Maxis Broadband, a subsidiary of Malaysia's telecommunications service provider Maxis, plans to issue Islamic medium-term notes under a 30-year Sukuk Murabahah program with a nominal value of up to RM10 billion (US$2.45 billion), according to a bourse filing. Maxis Broadband intends to utilize the proceeds from the unrated Sukuk Murabahah program to finance the settlement of purchase consideration in relation to the purchase of the businesses and undertakings including relevant assets and liabilities from the target companies, namely Maxis Mobile and Maxis Mobile Services, as well as for capital expenditure and working capital requirements. CIMB Investment Bank is the sole principal advisor and the sole lead arranger for the Sukuk Murabahah program, while CIMB Islamic Bank is the Shariah advisor.

Oman issues privately-placed Sukuk

OMAN: The government of Oman has issued, via a private placement, a US$500 million six-year Sukuk Ijarah facility carrying a profit rate of 3.5% and the instrument is to be repaid in three equal installments after four, five and six years, according to Reuters based on a document from lead arranger, Standard Chartered.

Mohammed Al Barwani lists Sukuk

OMAN: Mohammed Al Barwani has listed its Sukuk facilities, denominated in US dollars and the Omani rial, both with a maturity date on the 29th June 2021, on the Bonds and Sukuk Market, according to separate filings with Muscat Securities Market.

Senegal to issue second Sukuk

SENEGAL: Senegal has launched its second Sukuk worth XOF150 billion (US$249.88 million), offering a profit margin of 6% to be paid semi-annually over a period of 10 years with two years deferred, according to the Senegalese Press Agency. The transaction is backed by an asset represented by part of the terminal of the Leopold Sedar Senghor Senegal International Airport. The subscription period for the instrument will run until the 19th July 2016, with the possibility of early closing.

Scientex Quatari to redeem Sukuk Murabahah

MALAYSIA: Scientex Quatari will fully redeem its RM500 million (US$123.77 million) Sukuk Murabahah bearing stock code VG160003 at its nominal value, together with the accrued profit on the profit payment date of the 8th July 2016, according to an announcement on Bank Negara Malaysia's website.

Bank Maskan plans MBS issuance

IRAN: Iran has launched the new mortgage-backed securities (MBS), a type of asset-backed security that is secured by a mortgage or collection of mortgages – the first for Iran after they were approved as being Shariah compliant by the Exchange and Securities Fiqh Council, according to the Financial Tribune. Mohammad Hashem Botshekan, CEO of Bank Maskan (housing bank), was quoted as saying that the bank will be offering IRR100 trillion (US$3.32 billion)-worth of MBS by the end of the current fiscal year, adding that more securities amounting to IRR10 trillion (US$331.68 million) will be offered in the second phase.

IDB issues ringgit-denominated Sukuk

GLOBAL: Saudi Arabia-based IDB has issued a RM350 million (US$87.17 million) Sukuk Wakalah facility via its SPV, Tadamun Services, according to a press release. The facility carries a 'AAA' rating from MARC and proceeds from the issuance will be used in its project financing and other development activities and programs. RHB Investment Bank, CIMB Investment Bank and Maybank Investment Bank were the joint lead managers, joint principal advisors and joint lead arrangers for the Sukuk issuance.

EIB Sukuk to make profit payment

UAE: EIB Sukuk Company announced in a filing to NASDAQ Dubai that it will be making two periodic distributions: for stock code XS08032321827 where the profit rate for the period beginning the 11th January to 11th July 2016 is 4.15% and will be paid on the 11th July, and for stock code XS0731642491 where the profit rate is 4.72% and will be paid on the 18th July for the period beginning 18th January to 18th July 2016.

Kuwait to tap Sukuk market

KUWAIT: The government of Kuwait is seeking to raise, via conventional bonds and Sukuk, up to KWD2 billion (US$6.61 billion) from the domestic market and up to KWD3 billion (US$9.92 billion) from

DEAL TRACKER Full Deal Tracker on page 32

EXPECTEDDATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Government of Kuwait	up to KWD5 billion	Sukuk	4th July 2016
Jul-16	Government of Senegal	XOF150 billion	Sukuk	30th June 2016
TBA	Maxis Broadband	TBA	Sukuk Murabahah	30th June 2016
July 2016	Sarawak Hidro	RM5.5 billion	Sukuk	28th June 2016
TBA	Iranian Mines and Mining Industries Development and Renovation Organization	IRR4 trillion	Sukuk Musharakah	24th June 2016

international markets in a bid to finance a budget deficit resulting from the decline in oil prices, with the remaining part of the deficit to be financed from the state reserve fund, according to Kuwait Times quoting Minister of Finance Anas Al-Salah.

The parliament on the 3rd July approved the 2016/17 budget. Kuwait posted KWD5.5 billion (US$18.19 billion) in deficit in the 2015/16 fiscal year which ended on the 31st March, the first actual deficit to be posted by Kuwait after 16 years of surpluses.

AFRICA

Malian firm teams up with ISFIN

MALI: Global Islamic finance legal network ISFIN has teamed up with EGCC International, a chartered accountant and audit firm in Mali, according to a statement.

The partnership will provide new opportunities for Islamic investments in Mali.

Morocco to launch first Islamic financial institution

MOROCCO: The first Shariah compliant financial institution in Morocco is expected to commence operations before the end of 2016, according to Minister of Economy and Finance Mohammed Bou Said, as reported by Middle East Monitor.

Moroccan lawmakers had protested what they said was "a delay in authorizing Islamic banks" after the passage of more than a year and a half since the parliament adopted a bill regulating Islamic banks and Sukuk issues.

Sierra Leone ratifies ITFC agreement

SIERRA LEONE: The parliament of Sierra Leone has ratified the Murabahah financing agreement between the government and the International Islamic Trade Finance Corporation (ITFC) with regards to purchasing petroleum products, according to Awoko Newspaper. The US$10 million facility is reportedly for a period of 12 months.

ASIA

SBP highlights stable performance of Islamic banks

PAKISTAN: According to the Financial Stability Review report released by the State Bank of Pakistan (SBP) on the 27th June, the financial system of Pakistan remains in a sound and stable state at the end of the 2015 calendar year. According to the report, growth in Islamic banking outpaced that of conventional banking where Islamic banks accounted for an 11.4% share of overall assets, in line with the five-year strategic plan for the Islamic banking industry (2014-18).

The report highlights that the major portion of financing has been extended under diminishing Musharakah and Murabahah while non-performing financings increased marginally. The earning performance moderated due to the high operating cost of Islamic banking institutions owing to the expansionary phase of the Islamic banking industry. The capital adequacy indicators remain lower than the conventional banking industry as few Islamic banks are in the process of building up their capital base, according to the report.

Agrani Bank executives arrested

BANGLADESH: According to the Financial Express, the Anti-Corruption Commission arrested three executives of Agrani Bank, the first state-owned commercial bank in Bangladesh to introduce a Shariah-based Islamic banking system and which currently operates five Islamic banking windows, over loan irregularities including loan disbursements to businesses without valid documents.

The three arrested are: Deputy Managing Director Mizanur Rahman Khan, Deputy General Manager Md Akhtarul Alam and Assistant General Manager Md Shafiullah. According to the report, Agrani Bank's managing director, Syed Abdul Hamid, was earlier removed from his position by Bangladesh Bank, the central bank, for granting loans to Moon Group and Joynob Trading violating rules and regulations.

Karachi Meezan-30 Index recomposed

PAKISTAN: The Pakistan Stock Exchange (PSX) announced in a press release the recomposition of the Karachi Meezan-30 Index (KMI-30) where four of the listed companies have been replaced by four new entrants: Sui Southern Gas, Sui Northern Gas Pipelines, Byco Petroleum Pakistan and Kot Addu Power. The new entrants replace Fauji Fertilizer Bin Qasim, Fauji Fertilizer, Millat Tractors and Shell Pakistan. The screened list of Shariah compliant securities is provided by Al Meezan Investment Management while the index was reviewed by the PSX between the 1st July 2015 and the 31st December 2015.

The KMI-30 and All Shares Islamic Index are the only two indices that track the performance of Shariah compliant stocks based on the free-float market capitalization methodology.

Pakistani and Iranian banks encouraged to collaborate

PAKISTAN: In a meeting with representatives from the State Bank of Pakistan and private banks, the country's federal minister for commerce, Khurram Dastgir Khan, asked for viable proposals to be submitted within a month detailing how banking transactions with Iran can be facilitated, according to the Financial Tribune. The refusal by international banks to support transactions with Iran is a primary reason why Pakistan's trade has not benefited from any changes after the lifting of sanctions on Iran, whose financial and banking system are wholly Shariah compliant.

Bank Muamalat Indonesia appointed Zakat collector

INDONESIA: The Religious Affairs Ministry has appointed Bank Muamalat Indonesia through its affiliation Baitulmaal Muamalat (BMM) as the National Zakat Collector Agency set forth in Decision Letter No. 256/2016, according to Tempo.co. The BMM passed the evaluation for this under Law No. 23/2011 on Zakat management.

Bank Muamalat has distributed funds amounting to IDR1.35 billion (US$102,465) to 4,500 orphans across Indonesia so far, through programs

such as Orphan Kafala which provides scholarship opportunities to orphans in Aceh Pidie and North Aceh and the Islamic Solidarity School program which aims to provide integrated education facilities for orphans of tsunami disaster victims in Aceh.

Bank Mandiri to inject capital in Shariah unit

INDONESIA: Bank Syariah Mandiri is set to receive IDR1 trillion (US$76.2 million)-worth of capital injection from its parent Bank Mandiri, according to Kontan.co.id quoting Bank Mandiri's principal director Kartika Wirjoatmodjo. The capital injection is to be executed in phases beginning in June until the end of the year and will be used for the purpose of meeting the requirements of Basel III.

VHP opposes IDB in India

INDIA: Vishva Hindu Parishad (VHP), an Indian right-wing Hindu nationalist organization, has voiced its strong opposition against the IDB setting up operations in India. VHP's joint general secretary, Surendra Jain, was quoted by the Indian Express as saying: "Wherever Islamic banks are functioning the world over, they directly or indirectly support and fund terror activities. Bringing such banks in the country means promoting Islamic fundamentalism and terror activities. We strongly oppose it and we will not allow its opening here." The Indian government this year signed an agreement with the IDB's Islamic Corporation for the Development of the Private Sector to establish India's second Islamic non-banking financial company.

GLOBAL

EuroMena invests US$20 million in Credit Libanais

GLOBAL: EuroMena has announced that the EuroMena III Fund has concluded its investment worth US$20 million in Credit Libanais, a Lebanese bank offering Islamic financial services. The fund noted in a statement that it participated in a sale of 9.41 million shares held by EFG-Hermes, the exiting majority shareholder, in the Islamic bank, which was arranged by Credit Libanais Investment Bank. The transaction of shares was officially approved by the Central Bank of Lebanon on the 3rd June.

Samba closes London branch

GLOBAL: Saudi Arabia's Samba Financial Group, which operates Islamic banking activities, has decided to close its UK branch operations as its profitability has been constrained due to the cost of operations, according to a bourse filing. The group noted that the decision will not have any substantial financial impact on its financial statements.

IDB raises issues over power project

GLOBAL: The IDB and the Bangladesh Power Development Board (BPDB) are facing difficulties in agreeing on the most-deserving bidder for the Sylhet Power Efficiency Enhancement Project, according to the Financial Express. The IDB, reported to have agreed to provide US$85 million of the total cost of US$87.5 million with the remaining amount to be borne by the government, has raised questions over the evaluation process and sought clarification from BPDB over bidder selection. BPDB has already evaluated the final bids, submitted by three responsive bidders: Shanghai Electric Group Co, a consortium of Sri Lankan Lakdhanavi and LTL Projects, and China National Electric Engineering Co and has recommended awarding the project work to Shanghai Electric Group Co, citing it as the lowest bidder. The power project has been delayed by over three years since the flotation of its pre-qualification tender in June 2013.

IFSB releases third quarter PSIFIs

GLOBAL: Islamic banking assets were up from US$1.22 trillion in the third quarter of 2014 to US$1.25 billion as at the end of September 2015, according to IFSB's Prudential and Structural Islamic Financial Indicators (PSIFIs). The data covers 17 member countries.

US dollar now leading Sukuk currency

GLOBAL: According to the latest edition of RAM's Sukuk Snapshot report, US dollar-denominated Sukuk topped global Sukuk issuance as at the end of April 2016 representing 39.7% of the value of global Sukuk issuance, outperforming other currencies including the Malaysian ringgit which represented 33.6%. Malaysia still accounted for the bulk (61.3%) of global Sukuk issuance in both the domestic and international markets, with a share of 62% and 61% respectively.

Within Malaysia, ringgit Sukuk constituted 52.7% of all bonds in Malaysia while in total, RM10.6 billion (US$2.64 billion)-worth of ringgit Sukuk was issued in April, bringing the issuance value to RM43.7 billion (US$10.88 billion) for the first four months of this year, a large portion of which can be attributed to long-term corporate securities, quasi-government securities and from the infrastructure and utilities sector.

EFSOL sets up shop in Dubai

GLOBAL: Equitable Financial Solutions (EFSOL), an international Islamic finance company headquartered in Sydney, has established a new office at Emirates Towers, Shaykh Zayed Road in the UAE, according to a press release. The Dubai office will provide Middle Eastern and South Asian-based sophisticated investors access to lucrative Australian investment products offered by EFSOL. The company is actively pursuing its Middle East expansion strategy, following the successful establishment of its ASEAN office based in Singapore in April 2016.

MIDDLE EAST

Alhokair procures new Islamic financing facility

SAUDI ARABIA: Gulf International Bank (GIB) and Abdulmohsen Alhokair Group for Tourism and Development Company have inked a new Islamic credit facilities agreement to the tune of SAR100 million (US$26.65 million) for the latter to fund its expansion projects. According to a bourse filing, the facilities, secured by a promissory note from the company, comprise short and long-term financings and will mature over a maximum tenor of five years. Alhokair has also renewed its SAR150 million (US$39.97 million) financing facility previously granted by GIB.

Abu Dhabi to merge investment vehicles

UAE: A resolution to merge the International Petroleum Investment Company (IPIC) and Mubadala Development Company has been issued by the Crown Prince of Abu Dhabi Sheikh Mohamed Zayed, who is also the deputy supreme commander of the UAE Armed Forces and the chairman of the Abu Dhabi Executive Council, with a joint committee to be created and tasked with the responsibility of merging the businesses of the two companies. According to Emirates News Agency, WAM, the two investment vehicles, which make Islamic investments, will continue to operate independently until the joint committee concludes its assignment. The combined entity will realize synergies and growth in multiple sectors including the energy and utilities sector, technology, aerospace, industry, healthcare, real estate and financial investments.

FGB-NBAD merger expected in 2017

UAE: The board of directors of National Bank of Abu Dhabi (NBAD) and First Gulf Bank (FGB) have agreed to merge, resulting in the largest bank in MENA with combined assets of AED642 billion (US$174.78 billion) and total capitalization of AED106.9 billion (US$29.1 billion). The proposed transaction is a merger of equals and will be executed through a share swap, with FGB shareholders receiving 1.25 NBAD shares for each FGB share they hold. The exchange ratio implies a discount to FGB's shareholders of 3.9% based on closing share prices on the 30th June 2016, and a discount of 12.2% to the three months' average pre-leak share price as on the 16th June 2016. The merger is expected to become effective in the first quarter of 2017, said the banks in a joint statement. FGB will hold approximately 52% of the new entity, to operate under the NBAD brand, while NBAD will own about 48%.

In the first quarter this year, NBAD's net interest income, including income from Islamic financing, came in at AED1.83 billion (US$498.22 million), while FGB's figures were slightly lower at AED1.59 billion (US$432.88 million).

Islamic finance for Ceramica al-Hae'l

OMAN: Meethaq will extend Shariah compliant financing facilities to Omani-Qatari company Ceramica al-Hae'l to fund the latter's new projects under a recently signed agreement between the two parties, according to a press release.

RESULTS

Manulife Indonesia

INDONESIA: The gross contribution of Manulife Indonesia's Shariah business unit recorded a growth of 84% year-on-year to IDR25.2 billion (US$1.9 million) during the first quarter of 2016, compared with IDR13.7 billion (US$1.03 million) registered in 2015, Republika.co.id reported. Yetty Rochyantini, the head of the Shariah business unit, explained that the customer base also increased 120% to 1,886 individuals, while surplus underwriting jumped 210% to IDR1.6 billion (US$120,640).

ASSET MANAGEMENT

Bahrain Liquidity Fund's seed investors announced

BAHRAIN: The Securities and Investment Company (SICO), the investment manager for the newly launched US$100 million Bahrain Liquidity Fund that is meant to improve the liquidity on the Bahrain Bourse and deepen the Kingdom's Islamic and conventional capital markets, has announced in a statement the four seed investors of the fund: Osool, BBK, Bahrain Mumtalakat Holding Company and National Bank of Bahrain.

UAE's first Qualified Investment Real Estate Fund

UAE: Mashreq and Arady Properties have tied up to launch the UAE's first Qualified Investment Real Estate Fund, a Shariah compliant fund that will focus on the acquisition of select, income-generating, diversified assets across the GCC with a focus on the UAE, according to a press release.

The investment vehicle is structured as a six-year, close-ended fund which is regulated by the Dubai Financial Services Authority. It will deploy US$300 million of equity paired with debt to acquire assets with strong yielding potential. Capital-raising and the roadshow for the fund will commence in the third quarter, and will consist of three US$100 million tranches among a maximum of 50 investors.

Eastspring declares income distribution

MALAYSIA: Eastspring Investments has declared the gross income distribution for four unit trust funds including two Shariah compliant funds for the financial year ending the 30th June 2016, according to a statement.

The dividend yield (based on net asset value per unit as at the 16th May) on the asset manager's Shariah compliant funds, the Eastspring Investments Dinasti Equity Fund and the Eastspring Investments ASEAN al-Adiil Fund, has been declared at 4% and 4.5% respectively, with a gross distribution per unit of 5.14 Malaysian cents (1.26 US cents) and 2.64 Malaysian cents (0.65 US cent).

NIT launches Islamic fund

PAKISTAN: National Investment Trust (NIT) has launched the NIT Islamic Income Fund, its third Shariah compliant fund after NIT Islamic Equity Fund and NIT Islamic Pension Fund.

Manulife Indonesia to spin off Shariah unit

INDONESIA: Manulife Indonesia plans to spin off its Shariah business unit in order to capture a bigger market share, The Jakarta Post reported. The company's Shariah unit head, Yetty Rochyatini, said that a proposal has been submitted to the Financial Services Authority for the spin-off and is waiting for the regulator to complete a new regulation on Shariah mutual funds.

The Shariah business unit recently recorded an 84% year-on-year growth for its gross premium income during the first quarter of 2016, amounting to IDR25.2 billion (US$1.91 million).

Public Mutual declares distributions

MALAYSIA: Public Mutual, a wholly-owned subsidiary of Public Bank, has declared distributions for five Islamic funds, namely: PB Islamic Asia Equity Fund (1 Malaysian sen (0.25 US cent) per unit), PB Islamic Bond Fund (6 sen (1.49 US cents) per unit), PB Islamic Cash Management Fund (4 sen (0.99 US cent) per unit), Public Islamic Savings Fund (0.25 sen (0.062 US cent) per unit) and Public Islamic Money Market Fund (3.5 sen (0.87 US cent) per unit). According to a statement, collectively, Public Mutual distributed more than RM141 million (US$34.9 million) for 14 funds for the financial year ended the 30th June 2016.

Axis REIT seeks extension for placement exercise

MALAYSIA: Shariah compliant Axis REIT, via its management company Axis REIT Managers, has submitted an application to Bursa Malaysia Securities for a six-month extension beginning from the 24th July 2016 to the 23rd January 2017 for Axis REIT to complete the authority to allot and issue up to 219.1 million new units, representing up to approximately 19.8% of the existing issued fund size of 1.11 billion units, to facilitate a placement exercise (the Authority), according to a bourse filing. The proposed extension of time is being sought premised on, among others, the effect the issuance of new units pursuant to the Authority has on the income distribution per unit.

TAKAFUL

Zurich completes MAA Takaful acquisition

GLOBAL: Zurich Insurance Company, a subsidiary of Zurich Insurance Group (Zurich), has completed the acquisition of MAA Takaful from MAA Group and Solidarity Group Holding, according to a press release. The acquisition will enable Zurich to enter a new customer segment in the country with a wide range of products, including life insurance, general insurance, Family Takaful and General Takaful. Zurich will pay RM525 million (US$129.96 million) for the acquisition.

RATINGS

Fitch lowers Bahrain's ratings to 'BB+'

BAHRAIN: Fitch has downgraded Bahrain's long-term foreign currency issuer default rating (IDR) to 'BB+' from 'BBB-' and its long-term local currency IDR to 'BB+' from 'BBB' with stable outlooks, according to a statement. The issue ratings on the country's senior unsecured foreign and local currency bonds have also been downgraded to 'BB+' from 'BBB-' and 'BBB' respectively. The rating agency has also affirmed Bahrain's country ceiling at 'BBB+', while the short-term foreign currency IDR was downgraded to 'B' from 'F3'. Fitch noted that lower oil prices are causing a marked deterioration in Bahrain's fiscal position, while it expects the general government budget deficit to widen to 15.4% of GDP in 2016, from 14.8% of GDP in 2015.

Sarawak Hidro's proposed Sukuk rated

MALAYSIA: Sarawak Hidro's proposed Sukuk Murabahah facility of up to RM5.54 billion (US$1.35 billion) in nominal value has been assigned a preliminary rating of 'AAA/Stable' by RAM taking into consideration the Malaysian federal government's commitment to top up any shortfall in cash flow throughout the life of the proposed Sukuk. According to a statement, this irrevocable and unconditional liquidity support is articulated through the strongly worded letter of undertaking from the federal government which has 100% ownership of Sarawak Hidro.

Mashreq Bank's FSR maintained at 'A-'

UAE: Capital Intelligence has affirmed Mashreq Bank's financial strength rating (FSR) at 'A-' in a press release. The long-term foreign currency rating (FCR) is maintained at 'A-' and the short-term FCR at 'A1', reflecting the bank's strong financial fundamentals and the support of the federal government; therefore the support rating is also maintained at '3' with a stable outlook assigned to all ratings. The bank offers Islamic banking services through Mashreq Al Islami.

First Gulf Bank affirmed with stable outlook

UAE: Capital Intelligence has affirmed the financial strength rating of First Gulf Bank (FGB) at 'A+', based on the bank's solid capitalization, good asset quality and strong profitability, according to a statement. FGB, which offers Islamic banking products through Siraj, was also assigned a stable outlook, based on the view that the bank could meet the liquidity challenges through its current funding strategies. The rating agency noted, however, that a further tightening of the bank's liquidity ratios could put downward pressure on the rating. The bank's long-term foreign currency rating (FCR) is maintained at 'A+' with a stable outlook while the short-term FCR is at 'A1'.

PACRA assigns ratings to Askari Bank

PAKISTAN: The Pakistan Credit Rating Agency (PACRA) has assigned entity ratings to Askari Bank, which runs Askari Islamic, with a long-term rating of 'AA+' and a short-term rating of 'A1+'. According to a press release, the ratings denote a very low expectation of credit risk emanating from a very strong capacity for timely payment of financial commitments.

TNB Northern Energy's Sukuk affirmed

MALAYSIA: MARC has affirmed its 'AAA-IS' rating on TNB Northern Energy's RM1.63 billion (US$399.84 million) Sukuk with a 'stable' outlook, according to a statement. The rating and

outlook are equalized with those of TNB Northern Energy's ultimate parent, TNB, on which the rating agency currently has a senior unsecured rating of 'AAA/Stable'.

The rating equalization is based on TNB's commitment in the form of an unconditional and irrevocable project completion support guarantee and post-completion rolling guarantee in favor of Sukukholders.

Sabana to cease S&P's rating service

SINGAPORE: Following the amendment to Appendix 6 of the Code on Collective Investment Schemes, which allows REITs to adopt a single-tier leverage limit of 45% without the requirement for a credit rating, Sabana REIT (manager of Sabana Shariah Compliant Industrial Real Investment Trust) has requested S&P Global Ratings to withdraw its corporate credit rating on the company. The rating was 'BB+' with a stable outlook at the point of withdrawal.

RAM reaffirms KLK's ratings

MALAYSIA: In a press release, RAM has reaffirmed the global corporate credit ratings of Kuala Lumpur Kepong (KLK) at 'gA3/Stable/gP2' while also reaffirming the 'AA1'rating on the RM1.6 billion (US$392.48 million) multicurrency Islamic medium-term note (IMTN) program (2015/2027), the RM300 million (US$73.59 million) Sukuk Ijarah commercial paper/MTN program (2011/2016) and the RM1 billion (US$245.3 million) multicurrency IMTN program (2012/2022) with a stable outlook.

Al Baraka Bank Pakistan's ratings maintained

PAKISTAN: JCR-VIS Credit Rating Company has maintained the 'A/A-1' entity ratings on Al Baraka Bank Pakistan while the outlook has been placed under the 'Rating Watch Developing' status, according to a press release.

UNB affirmed with stable outlook

UAE: Capital Intelligence has affirmed the 'A+' financial strength rating (FSR) of Union National Bank (UNB) with a stable outlook, according to a statement. The FSR of UNB, which operates Al Wifaq Finance Company that offers Shariah compliant financial, commercial and investing services, is supported by the bank's solid capital, improving asset quality metrics, good liquidity and strong profitability. UNB's long and short-term foreign currency ratings have also been affirmed at 'A+' and 'A1' respectively with stable outlooks.

Warba Bank assigned ratings

KUWAIT: Shariah compliant Warba Bank has been assigned a long-term issuer default rating (IDR) of 'A+' with a stable outlook and a short-term IDR of 'F1' by Fitch. The rating agency said in a statement that the ratings are based on its expectation of an extremely high probability of support from the Kuwaiti authorities if needed.

Dubai Islamic Bank Pakistan rated 'A+/A-1'

PAKISTAN: JCR-VIS Credit Rating Company has maintained the 'A+/A-1' entity ratings on Dubai Islamic Bank Pakistan while revising the bank's outlook from positive to stable. The ratings are driven by the strong profile of its parent company based in the UAE which has sound capitalization levels, according to the press release.

Arab National Bank's ratings affirmed

SAUDI ARABIA: Capital Intelligence has affirmed Arab National Bank's financial strength rating at 'A+,' while the long-term foreign currency rating (FCR) is affirmed at 'A+' and the short-term FCR at 'A1'. The support rating remains at '2' while the outlook for all ratings has been changed to negative from stable, according to a press release. The bank operates an Islamic banking division along with conventional banking operations.

PACRA maintains Bank Alfalah's ratings

PAKISTAN: The Pakistan Credit Rating Agency (PACRA) has maintained the long and short-term entity ratings of Bank Alfalah at 'AA' and 'A1+' respectively, according to a press release. The ratings of two unsecured subordinated term finance certificate issues, of PKR5 billion (US$47.73 million) each, have been maintained at 'AA-'. The outlook on these ratings remains positive. Bank Alfalah has a network of 653 branches including 158 Islamic banking branches as at the end of March 2016.

Summit Bank rated 'A-/A-1' with stable outlook

PAKISTAN: JCR-VIS Credit Rating Company has revised the entity ratings of Summit Bank from 'A/A-1' to 'A-/A-1' and outstanding TFC-1 rating to 'A-(SO)' from 'A(SO)'. A stable outlook has been assigned on the outstanding ratings, according to a press release. Summit Bank has an Islamic banking division which serves corporations and individual consumers. The bank aims to eventually convert to a fully-fledged Islamic bank.

The Bank of Khyber gets 'A' and 'A1' ratings

PAKISTAN: The Pakistan Credit Rating Agency has maintained the long and short-term entity ratings of The Bank of Khyber at 'A' and 'A1' respectively. These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments, according to a statement. The bank has a network of 130 branches out of which 64 are Islamic as at the end of March 2016.

Silk Bank reaffirmed at 'A-/A-2'

PAKISTAN: JCR-VIS Credit Rating Company has reaffirmed the entity ratings of Silk Bank at 'A-/A-2' while maintaining a stable outlook on the ratings, according to a press release. Silk Bank offers Islamic banking products and services under its Emaan Islamic Banking arm.

PEFINDO rates PPLN's Sukuk Ijarah

INDONESIA: PEFINDO has affirmed the ratings of Perusahaan Listrik Negara (PPLN) and its Sukuk Ijarah (II/2007, IV/2010, V/2010 and shelf-registered I/2013) at 'idAAA(sy)' with a stable outlook, according to a press release. The ratings reflect support from the Government of Indonesia as well as growing domestic demand for electricity, among other factors.

MOVES

Government of Turkey

TURKEY: Deputy Prime Minister Mehmet Simsek on the 28th June appointed the former general manager of Turkiye Finans, **Osman Celik**, as the undersecretary of the treasury, according to a statement.

Celik's appointment follows the appointment of two other Islamic bankers: **Murat Cetinkaya** as the central bank governor and **Mehmet Ali Akben** as the head of the Banking Regulation and Supervision Agency, Turkey's banking watchdog. Osman reportedly relinquished his role at the Islamic bank on the 27th June.

The previous head of treasury, **Ibrahim Canacki**, was appointed to the IMF in 2014, leaving the position vacant since then.

Separately, Turkiye Finans has appointed **Abdullatif Ozkaynak**, the president of finance and strategy, as acting CEO, the bank confirmed to IFN.

Lembaga Tabung Haji

MALAYSIA: Lembaga Tabung Haji, Malaysia's pilgrimage fund, has appointed **Johan Abdullah** as the group managing director cum CEO effective the 1st July, according to a statement.

Johan succeeds Ismee Ismail who completed his service at the end of June, after a tenure of more than a decade. Johan was previously the fund's deputy group managing director cum CEO.

Iranian banks

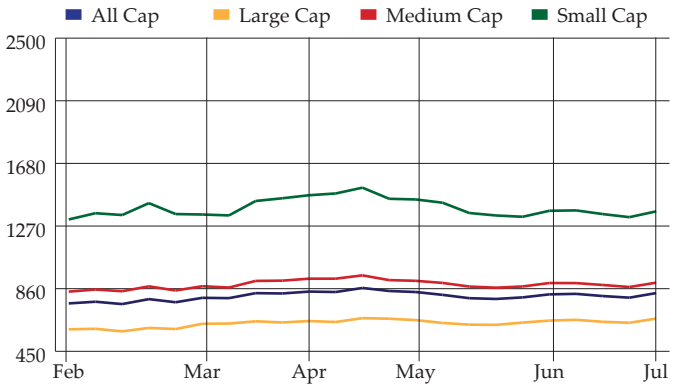
IRAN: IRNA has reported that Economy Minister **Ali Tayebnia**, who is also the head of the general assembly of public banks in Iran, has removed the heads of Mehr Iran Bank, Mellat Bank, Refah Bank and Saderat Bank from their positions for receiving unconventional salaries and loans.

According to the state news agency, the government launched an investigation into public pay earlier this month following reports that executives at the state insurance regulator were earning more than 50 times the base government salary.

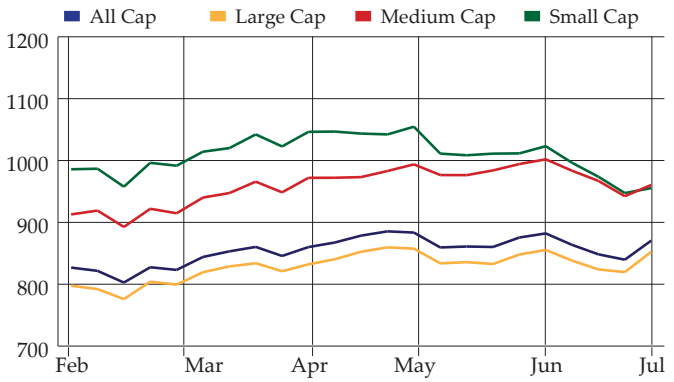
Expected date	Company's name	Size	Structure	Announcement Date
TBA	Government of Kuwait	up to KWD5 billion	Sukuk	4th July 2016
Jul-16	Government of Senegal	XOF150 billion	Sukuk	30th June 2016
TBA	Maxis Broadband	TBA	Sukuk Murabahah	30th June 2016
July 2016	Sarawak Hidro	RM5.5 billion	Sukuk	28th June 2016
TBA	Iranian Mines and Mining Industries Development and Renovation Organization	IRR4 trillion	Sukuk Musharakah	24th June 2016
TBA	Bank Sulsebar	IDR50 billion	Sukuk Mudarabah	20th June 2016
TBA	Government of Oman	US$2.5 billion	Sukuk	20th June 2016
Second quarter of 2016	Bank Albilad	up to SAR2 billion	Sukuk	20th June 2016
TBA	Tiga Pilar Sejahtera Food	IDR1.5 trillion	Sukuk	17th June 2016
Jul-16	Public Sector Home Financing Board	RM25 billion	Sukuk/Bonds	13th June 2016
TBA	Almarai Company	TBA	Sukuk	10th June 2016
By the end of 2017	Ministry of Housing Saudi Arabia	TBA	Sukuk	9th June 2016
TBA	Mahan Air	IRR5 trillion	Sukuk Ijarah	8th June 2016
TBA	Government of Pakistan	PKR79.1 billion	Sukuk	7th June 2016
TBA	The Philippines	TBA	Sukuk	6th June 2016
Jun-16	Pengurusan Air SPV	RM1.4 billion	Sukuk	3rd June 2016
TBA	Ekovest	RM3.64 billion	Sukuk Wakalah	2nd June 2016
TBA	GFH Financial Group	US$150 million	Sukuk	2nd June 2016
July 2016	MB Holding Co	US$150 million	Sukuk	31st May 2016
TBA	Government of Sri Lanka	US$1 billion	Sukuk	27th May 2016
TBA	Saudi Aramco	TBA	Sukuk	26th May 2016
TBA	Al-Tajamaout for Touristic Projects	JOD45 million	Sukuk Ijarah	24th May 2016
Third quarter of 2016	Government of Nigeria	TBA	Sukuk	23rd May 2016
TBA	Societe Generale	RM1 billion	Sukuk	23rd May 2016
TBA	Bank Muamalat Malaysia	RM1 billion	Sukuk Murabahah	23rd May 2016
TBA	Bank Rakyat Malaysia	RM5 billion	Sukuk Murabahah	20th May 2016
TBA	Government of Germany	TBA	Sukuk	18th May 2016
TBA	Aktif Bank	TRY100 million	Sukuk	9th May 2016
By 2017	Republic of Maldives	TBA	Sukuk	29th April 2016
Third quarter of 2016	Saudia	up to SAR5 billion	Sukuk	26th April 2016
By 2017	BRI Syariah	TBA	Sukuk	21st April 2016
TBA	PRAN Foods	BDT1 billion	Sukuk	11th April 2016
Fourth quarter of 2016	Bank Syariah Mandiri	IDR1 trillion	Sukuk	5th April 2016
TBA	Qatar International Islamic Bank	QAR1 billion	Sukuk	31st March 2016
2016-17	Sarana Multigriya Finansial	IDR200 billion	Sukuk	4th March 2016
TBA	Kuveyt Turk	TRY1.85 billion	Sukuk	1st March 2016
TBA	Ziraat Bank (Participation Unit)	TRY1.5 billion	Sukuk	1st March 2016
TBA	Hong Kong	TBA	Sukuk	1st March 2016
TBA	Cahya Mata Sarawak	RM1 billion	Sukuk Ijarah	22nd February 2016
TBA	Saudi Electricity Company	US$2.5 billion	Sukuk	16th February 2016
2016	Kuwait Finance House	TBA	Sukuk	1st February 2016
TBA	Oman Telecommunications	US$130 million	Sukuk	28th January 2016
March-April 2016	Government of Qatar	TBA	Sukuk	26th January 2016
2017	Government of Kenya	TBA	Sukuk	26th January 2016
TBA	Tenaga Nasional	US$3 billion	Sukuk	8th January 2016

REDMONEY SHARIAH INDEXES

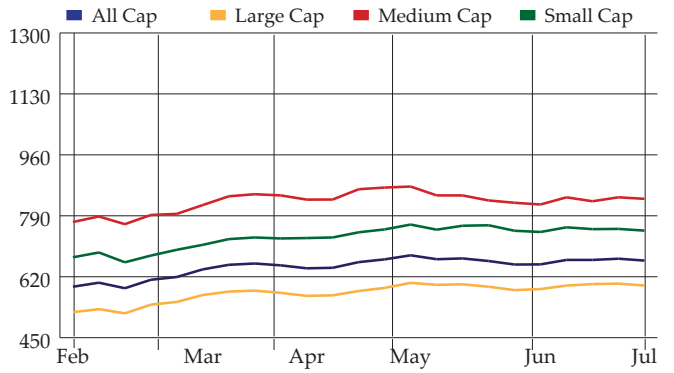
REDmoney Asia ex. Japan *6 Months*



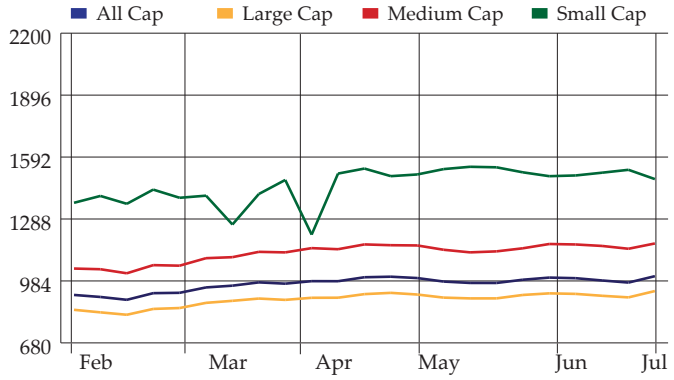
REDmoney Europe *6 Months*



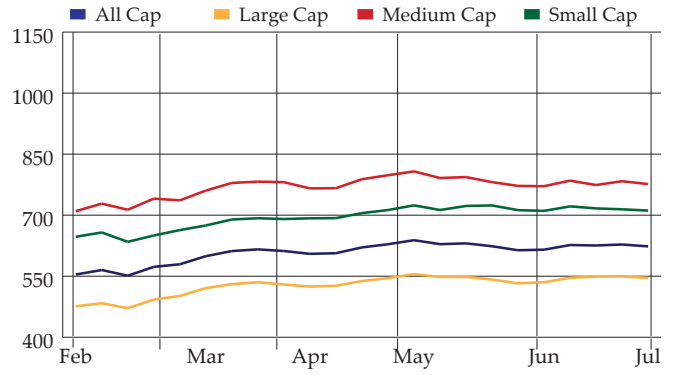
REDmoney GCC *6 Months*



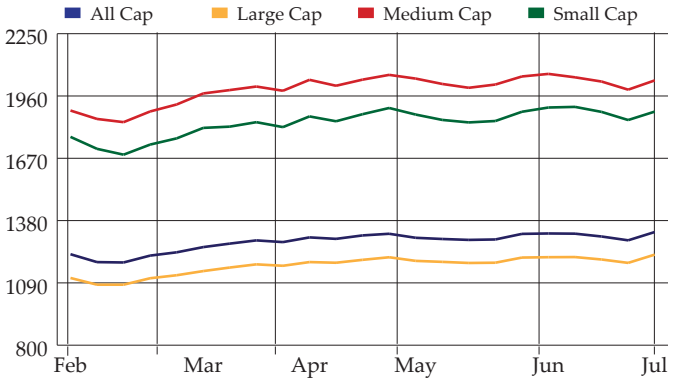
REDmoney Global *6 Months*



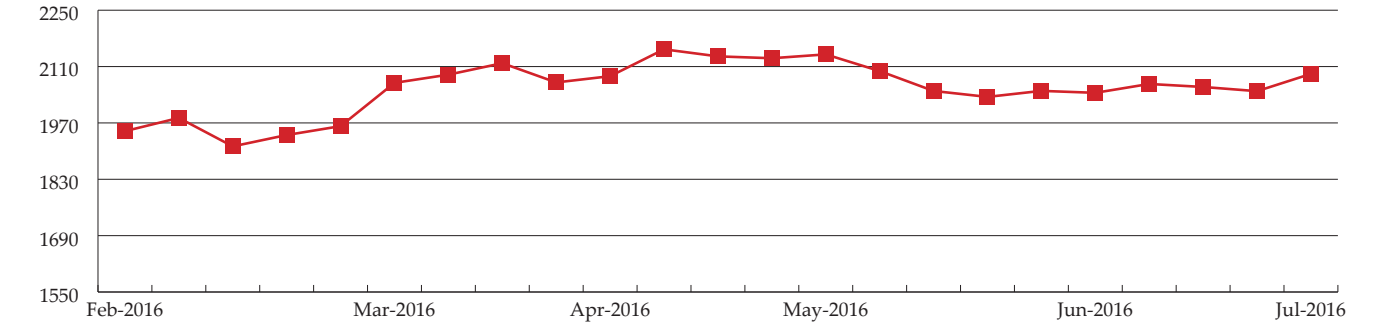
REDmoney MENA *6 Months*



REDmoney US *6 Months*

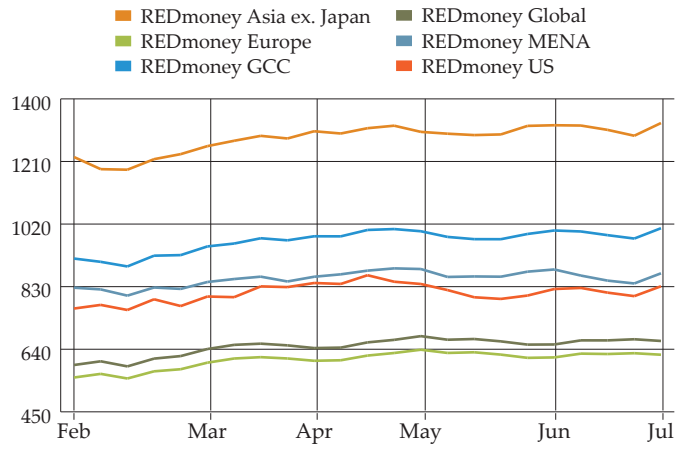


SAMI Halal Food Participation (All Cap) *6 months*

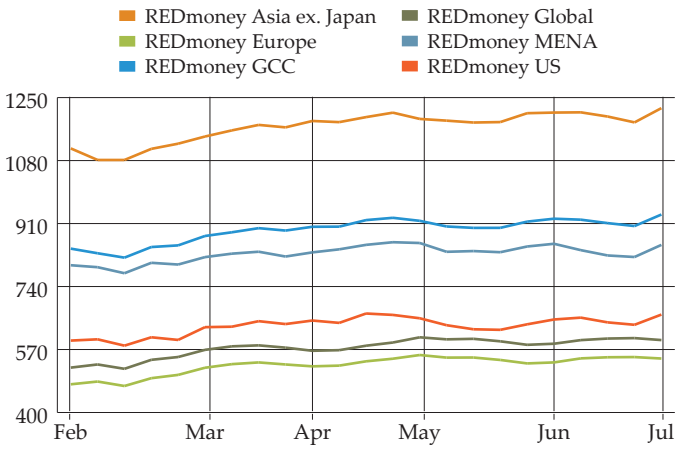


REDMONEY SHARIAH INDEXES

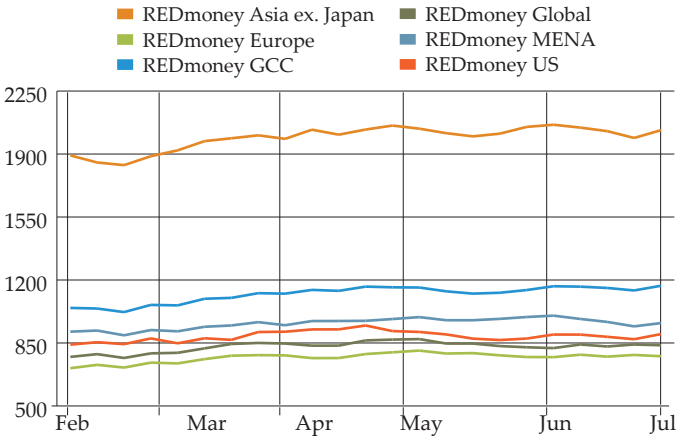
REDmoney Global Shariah Index Series (All Cap) *6 Months*



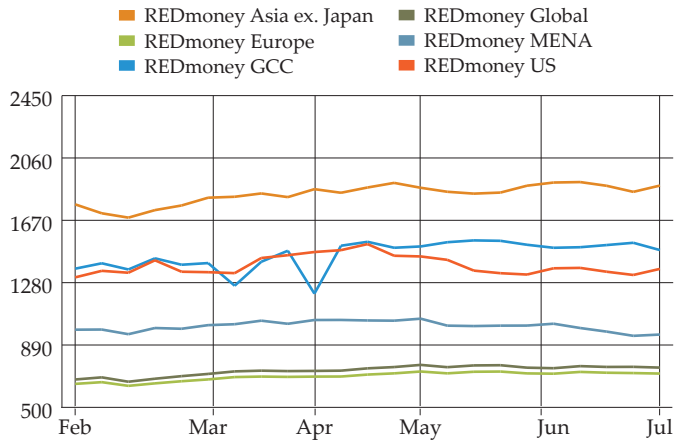
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



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



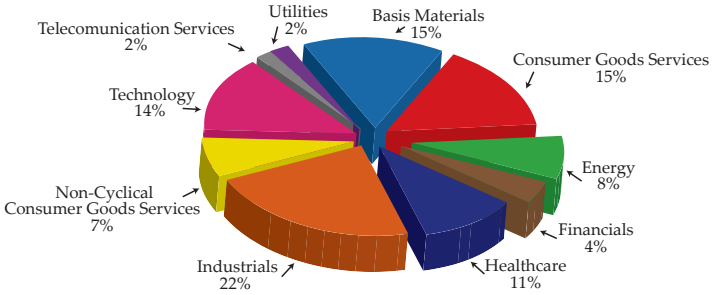
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



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

REDmoney Global Shariah Index Series

REDmoney Indexes IdealRatings®

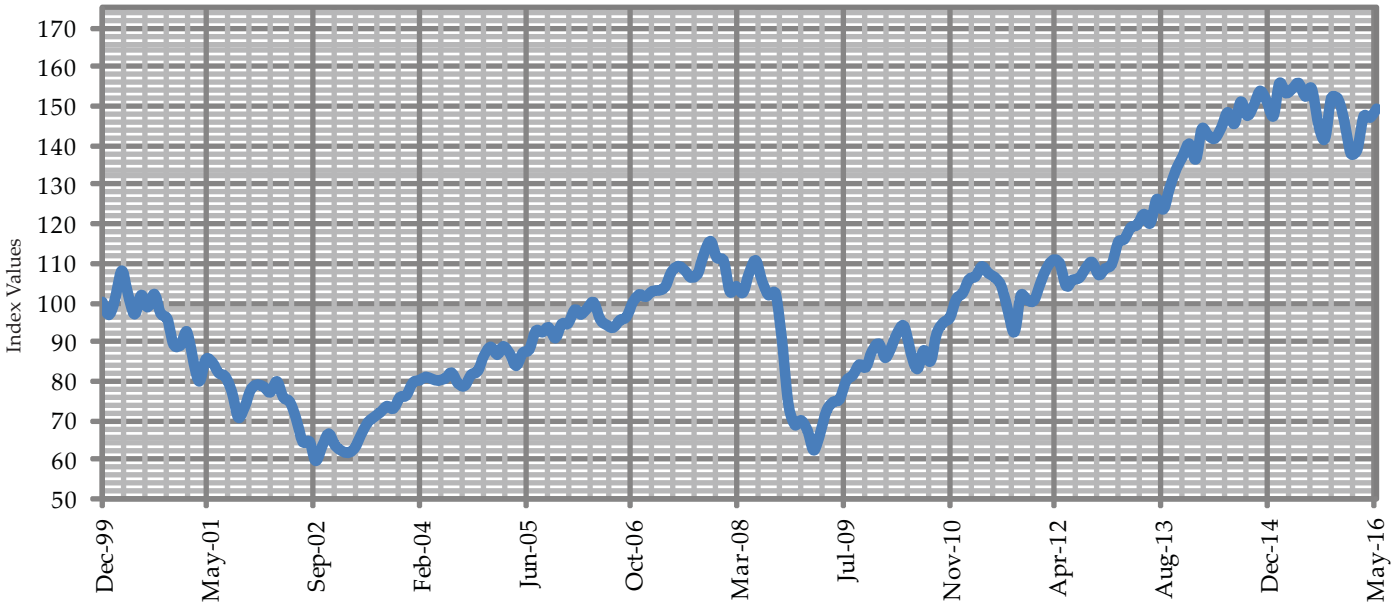
For further information regarding REDmoney Indexes contact:

Andrew Morgan
Managing Director, REDmoney Group

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

EUREKAHEDGE FUNDS TABLES

Eurekahedge North America Islamic Fund Index



Top 10 Annualized Returns for ALL Islamic Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Atlas Pension Islamic - Equity Sub	Atlas Asset Management	20.94	Pakistan
2	Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	18.86	Pakistan
3	Atlas Islamic Stock	Atlas Asset Management	15.27	Pakistan
4	Old Mutual Albaraka Equity	Futuregrowth Specialist Asset Management	15.20	South Africa
5	Public Islamic Select Enterprises	Public Mutual	12.86	Malaysia
6	Public Islamic Opportunities	Public Mutual	12.51	Malaysia
7	Jadwa Saudi Equity	Jadwa Investment	11.86	Saudi Arabia
8	Danareksa Syariah Berimbang	Danareksa Investment Management	11.79	Indonesia
9	WSF Global Equity - USD I	Cogent Asset Management	11.29	Guernsey
10	Danareksa Indeks Syariah	Danareksa Investment Management	10.50	Indonesia
	Eurekahedge Islamic Fund Index		**2.81**	

Based on 73.18% of funds which have reported May 2016 returns as at the 28th June 2016

Top 10 Annualized Standard Deviation for ALL Islamic Funds

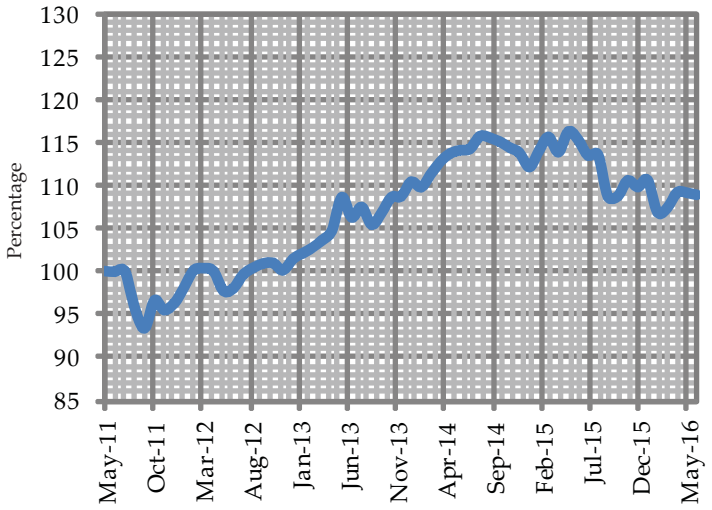
	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Boubyan USD Liquidity	Boubyan Capital Investment Company	0.05	Kuwait
2	Boubyan KWD Money Market	Boubyan Bank	0.06	Cayman Islands
3	Public Islamic Money Market	Public Mutual	0.14	Malaysia
4	PB Islamic Cash Management	Public Mutual Berhad	0.15	Malaysia
5	CIMB Islamic Deposit	CIMB-Principal Asset Management	0.16	Malaysia
6	CIMB Islamic Money Market	CIMB-Principal Asset Management	0.17	Malaysia
7	PB Islamic Cash Plus	Public Mutual	0.22	Malaysia
8	Emirates Islamic Money Market Limited Institutional Share Class I USD	Emirates NBD Asset Management	0.24	Jersey
9	FALCOM SAR Murabaha	FALCOM Financial Services	0.28	Saudi Arabia
10	Watani USD Money Market	National Bank of Kuwait	0.33	Cayman Islands
	Eurekahedge Islamic Fund Index		**8.25**	

Based on 73.18% of funds which have reported May 2016 returns as at the 28th June 2016

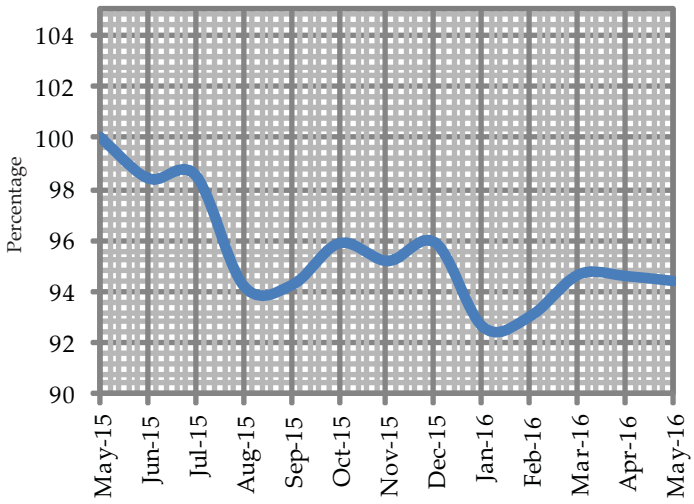
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity, 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.

EUREKAHEDGE FUNDS TABLES

Eurekahedge Islamic Fund Balanced Index over the last 5 years



Eurekahedge Islamic Fund Balanced Index over the last 1 year



Top 10 Islamic Fund Equity by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Meezan Islamic	Al Meezan Investment Management	16.46	Pakistan
2	Al Meezan Mutual	Al Meezan Investment Management	16.42	Pakistan
3	Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	15.32	Pakistan
4	Atlas Islamic Stock	Atlas Asset Management	14.51	Pakistan
5	Atlas Pension Islamic - Equity Sub	Atlas Asset Management	14.23	Pakistan
6	Osool & Bakheet Saudi Trading Equity	Bakheet Investment Group	13.67	Saudi Arabia
7	Saudi Companies	The Saudi Investment Bank	12.24	Saudi Arabia
8	Al Rajhi Petrochemical and Cement Equity	Al Rajhi Bank	10.64	Saudi Arabia
9	The Iman	Allied Asset Advisors	10.07	US
10	Wafa Gestion Cap Al Moucharaka	AttijariWafa Bank	9.83	Morocco
	Eurekahedge Islamic Fund Index		**4.45**	

Based on 74.76% of funds which have reported May 2016 returns as at the 28th June 2016

Top 10 Islamic Fund Money Market by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Meezan Tahaffuz Pension - Money Market Sub	Al Meezan Investment Management	1.14	Pakistan
2	Atlas Pension Islamic - Money Market Sub	Atlas Asset Management	1.08	Pakistan
3	Manulife Investment Al-Ma'mun	MAAKL Mutual	0.93	Malaysia
4	Public Islamic Money Market	Public Mutual	0.84	Malaysia
5	PB Islamic Cash Plus	Public Mutual	0.84	Malaysia
6	PB Islamic Cash Management	Public Mutual	0.80	Malaysia
7	KAF Dana al-Iddikhar	KAF Investment Funds	0.80	Malaysia
8	FALCOM SAR Murabaha	FALCOM Financial Services	0.64	Saudi Arabia
9	Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	0.39	Saudi Arabia
10	CIMB Islamic Money Market	CIMB-Principal Asset Management	0.20	Malaysia
	Eurekahedge Islamic Fund Index		**0.60**	

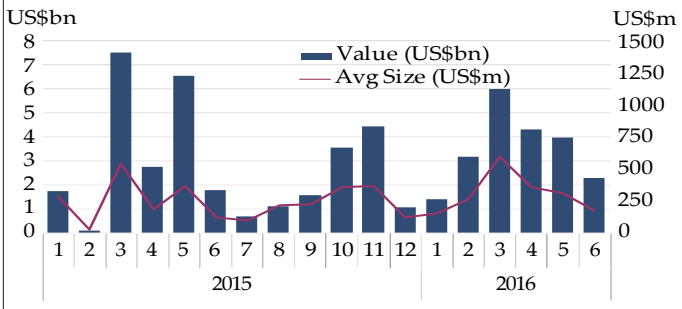
Based on 73.91% of funds which have reported May 2016 returns as at the 28th June 2016

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

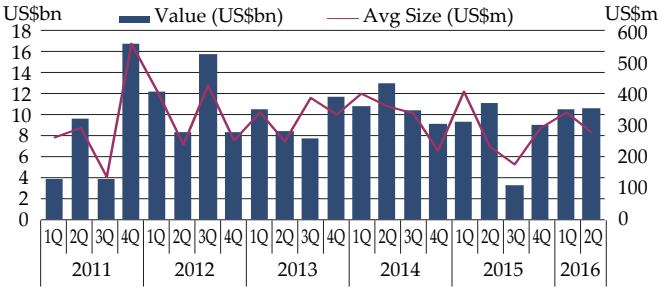
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
29th Jun 2016	Sultanate of Oman	Oman	Sukuk	Euro market public issue	500	Standard Chartered Bank
2nd Jun 2016	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, HSBC, Emirates NBD
2nd Jun 2016	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	350	CIMB Group, AmInvestment Bank
31st May 2016	Al Hilal Bank	UAE	Sukuk	Euro market private placement	225	National Bank of Abu Dhabi
30th May 2016	GovCo Holdings	Malaysia	Sukuk	Domestic market public issue	306	HSBC, RHB Capital, CIMB Group
24th May 2016	Noor Bank	UAE	Sukuk	Euro market public issue	500	Standard Chartered Bank, First Gulf Bank, Dubai Islamic Bank, Sharjah Islamic Bank, Citigroup, Emirates NBD, Noor Bank
24th May 2016	DP World	UAE	Sukuk	Euro market public issue	1,200	JPMorgan, Deutsche Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Barclays, Dubai Islamic Bank, SG Corporate & Investment Banking, Citigroup, Emirates NBD
23rd May 2016	EI Sukuk	UAE	Sukuk	Euro market public issue	750	Standard Chartered Bank, HSBC, Arab Banking Corporation, Maybank, Dubai Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank
17th May 2016	Cagamas	Malaysia	Sukuk	Domestic market public issue	104	CIMB Group
11th May 2016	Ezdan Holding Group	Qatar	Sukuk	Euro market public issue	500	Mashreqbank, HSBC, Abu Dhabi Islamic Bank, Emirates NBD, Barwa Bank
11th May 2016	UEM Sunrise	Malaysia	Sukuk	Domestic market public issue	123	Maybank, CIMB Group
10th May 2016	Boubyan Bank	Kuwait	Sukuk	Euro market public issue	250	Standard Chartered Bank, HSBC, Kuwait Finance House, National Bank of Kuwait, Dubai Islamic Bank, Emirates NBD
28th Apr 2016	Perdana Petroleum	Malaysia	Sukuk	Domestic market public issue	162	UOB
26th Apr 2016	Barwa Bank	Qatar	Sukuk	Euro market private placement	125	National Bank of Abu Dhabi
25th Apr 2016	MEX II	Malaysia	Sukuk	Domestic market public issue	333	CIMB Group
21st Apr 2016	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,164	RHB Capital, Maybank, CIMB Group, Hong Leong Financial Group, AmInvestment Bank
20th Apr 2016	Malaysia Sukuk Global	Malaysia	Sukuk	Euro market public issue	1,500	JPMorgan, HSBC, Maybank, CIMB Group
18th Apr 2016	Kuala Lumpur Kepong	Malaysia	Sukuk	Domestic market public issue	128	Maybank, CIMB Group
15th Apr 2016	Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	387	RHB Capital, AmInvestment Bank
6th Apr 2016	Hilal Services	Saudi Arabia	Sukuk	Euro market public issue	300	Mizuho, Standard Chartered Bank, HSBC, Arab Banking, National Bank of Kuwait, First Gulf Bank, Dubai Islamic Bank, SG Corporate & Investment Banking, CIMB Group, Emirates NBD, Warba Bank, Noor Bank

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter



Top 30 Issuers of Global Sukuk *12 Months*

	Issuer	Nationality	Instrument	Market	US$ (mln)	Iss (%)	Managers
1	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,500	7.4	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, CIMB Group, Citigroup
2	Jimah East Power	Malaysia	Sukuk	Domestic market public issue	2,100	6.3	HSBC, Maybank, CIMB Group
3	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,891	5.6	HSBC, RHB Capital, Maybank, CIMB Group, AmInvestment Bank, Hong Leong Financial Group
4	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	1,836	5.5	Natixis, Standard Chartered Bank, JPMorgan, National Bank of Kuwait, Gulf International Bank, Natixis, CIMB Group, Emirates NBD
5	Malaysia Sukuk Global	Malaysia	Sukuk	Euro market public issue	1,500	4.5	JPMorgan, HSBC, Maybank, CIMB Group
6	DP World	UAE	Sukuk	Euro market public issue	1,200	3.6	JPMorgan, Deutsche Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Barclays, Dubai Islamic Bank, SG Corporate & Investment Banking, Citigroup, Emirates NBD
7	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	1,192	3.6	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group, AmInvestment Bank
8	Sultanate of Oman	Oman	Sukuk	Euro market public issue	1,149	3.4	Bank Muscat, Standard Chartered Bank
9	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	1,111	3.3	Maybank, Bank Islam Malaysia, CIMB Group, RHB Capital, AmInvestment Bank
10	Danga Capital	Malaysia	Sukuk	Domestic market public issue	1,110	3.3	RHB Capital, AmInvestment Bank, Standard Chartered Bank, DBS, CIMB Group
11	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	3.0	Standard Chartered Bank, HSBC, Emirates NBD, HSBC
11	Axiata SPV2	Malaysia	Sukuk	Euro market public issue	1,000	3.0	Deutsche Bank, CIMB Group, HSBC, Maybank, Bank Mandiri (Persero)
13	Sarawak Energy	Malaysia	Sukuk	Domestic market public issue	774	2.3	RHB Capital, Kenanga Investment Bank, AmInvestment Bank
14	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	2.2	Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank
14	EI Sukuk	UAE	Sukuk	Euro market public issue	750	2.2	Standard Chartered Bank, HSBC, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank
16	Rantau Abang Capital	Malaysia	Sukuk	Domestic market public issue	595	1.8	CIMB Group, AmInvestment Bank, RHB Capital
17	Sime Darby	Malaysia	Sukuk	Domestic market public issue	535	1.6	Maybank
18	Arab National Bank	Saudi Arabia	Sukuk	Domestic market public issue	533	1.6	JPMorgan, Deutsche Bank, HSBC, Arab National Bank
19	Noor Bank	UAE	Sukuk	Euro market public issue	500	1.5	Standard Chartered Bank, First Gulf Bank, Dubai Islamic Bank, Sharjah Islamic Bank, Citigroup, Emirates NBD, Noor Bank
19	Emirate of Sharjah	UAE	Sukuk	Euro market public issue	500	1.5	Bank of Sharjah, HSBC, Barclays, Dubai Islamic Bank, Sharjah Islamic Bank, Commerzbank Group
19	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	500	1.5	Standard Chartered Bank, HSBC, Arab Banking Corporation, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD
19	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
23	Hilal Services	Saudi Arabia	Sukuk	Euro market private placement	500	1.5	Standard Chartered Bank, Mizuho, HSBC, Arab Banking Corporation, National Bank of Kuwait, First Gulf Bank, Dubai Islamic Bank, SG Corporate & Investment Banking, CIMB Group, Emirates NBD, Warba Bank, Noor Bank
24	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
25	Ezdan Holding Group	Qatar	Sukuk	Euro market public issue	497	1.5	Mashreqbank, HSBC, Abu Dhabi Islamic Bank, Emirates NBD, Barwa Bank
26	Cagamas	Malaysia	Sukuk	Domestic market public issue	439	1.3	CIMB Group, Maybank
27	Almarai	Saudi Arabia	Sukuk	Domestic market public issue	427	1.3	HSBC, Samba Capital
28	Kuala Lumpur Kepong	Malaysia	Sukuk	Domestic market public issue	417	1.2	Maybank, CIMB Group
29	Barwa Bank	Qatar	Sukuk	Euro market private placement	375	1.1	National Bank of Abu Dhabi
30	Putrajaya Holdings	Malaysia	Sukuk	Domestic market public issue	374	1.1	Maybank, CIMB Group, AmInvestment Bank
	Total				**33,591**	**100**	

DEALOGIC LEAGUE TABLES

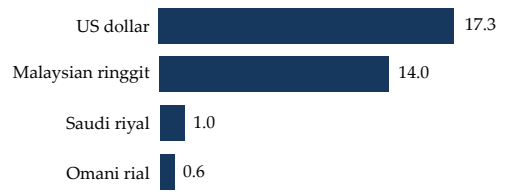
Top Managers of Sukuk *12 Months*

	Manager	US$ (mln)	Iss	%
1	CIMB Group	5,099	36	15.2
2	Maybank	4,283	31	12.8
3	Standard Chartered Bank	3,178	20	9.5
4	RHB Capital	3,173	31	9.5
5	HSBC	2,995	21	8.9
6	AmInvestment Bank	1,943	19	5.8
7	Emirates NBD	1,440	14	4.3
8	Dubai Islamic Bank	1,195	12	3.6
9	Deutsche Bank	1,170	5	3.5
10	National Bank of Abu Dhabi	956	8	2.9
11	JPMorgan	843	4	2.5
12	Citigroup	816	4	2.4
13	Bank Muscat	649	1	1.9
14	Natixis	551	2	1.6
15	Noor Bank	468	7	1.4
16	Kenanga Investment Bank	382	8	1.1
17	Hong Leong Financial Group	343	3	1.0
18	National Bank of Kuwait	311	3	0.9
19	First Gulf Bank	300	4	0.9
20	Barwa Bank	260	3	0.8
21	DBS	253	2	0.8
22	Abu Dhabi Islamic Bank	243	3	0.7
23	Sharjah Islamic Bank	226	3	0.7
24	Gulf International Bank	214	1	0.6
25	Samba Capital	213	1	0.6
26	QInvest	204	3	0.6
27	Barclays	203	2	0.6
28	Arab Banking Corporation	180	3	0.5
29	SG Corporate & Investment Banking	145	2	0.4
30	UOB	139	1	0.4
	Total	**33,591**	**119**	**100**

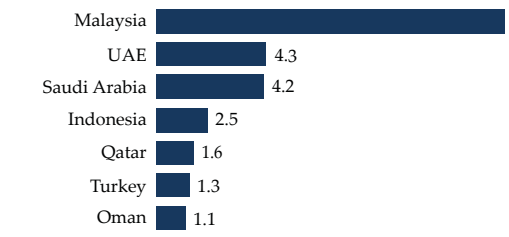
Top Islamic Finance Related Project Finance Mandated Lead Arrangers *12 Months*

	Mandated Lead Arranger	US$ (million)	No	%
1	China Development Bank	821	2	11.9
2	National Commercial Bank	483	3	7.0
3	Banque Saudi Fransi	446	3	6.4
4	Samba Capital & Investment Management	442	3	6.4
5	HSBC	365	2	5.3
6	Aga Khan Fund for Economic Development	354	2	5.1
7	Export Development Canada	299	2	4.3
7	Mitsubishi UFJ Financial Group	299	2	4.3
7	Sumitomo Mitsui Financial Group	299	2	4.3
10	Al Rajhi Capital	236	1	3.4
10	Bank Al-Jazira	236	1	3.4
10	BNP Paribas	236	1	3.4
10	NATIXIS	236	1	3.4
10	Riyad Bank	236	1	3.4
10	Saudi Investment Bank	236	1	3.4

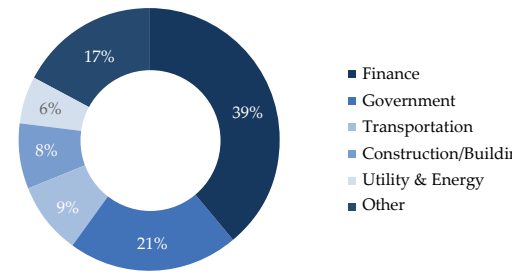
Sukuk Volume by Currency US$ (billion) *12 Months*



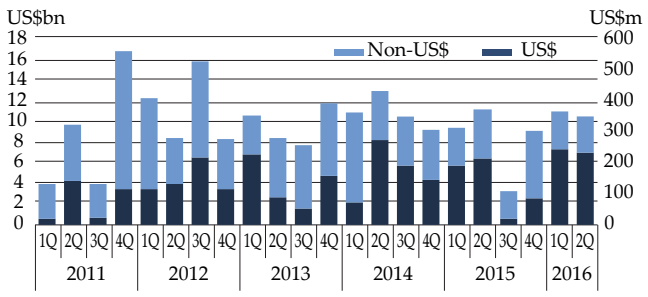
Sukuk Volume by Issuer Nation US$ (billion) *12 Months*



Global Sukuk Volume by Sector *12 Months*



Global Sukuk Volume - US$ Analysis



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

	Legal Advisor	US$ (million)	No	%
1	Allen & Overy	1,532	1	16.7
1	Latham & Watkins	1,532	1	16.7
3	Adnan Sundra & Low	1,361	1	14.8
3	Zaid Ibrahim & Co	1,361	1	14.8
5	Clifford Chance	758	1	8.3
5	White & Case	758	1	8.3
7	Anjarwalla Collins & Haidermota	172	2	1.9
7	Haidermota & Co	172	2	1.9
7	Lincolns Law Chamber	172	2	1.9
7	Linklaters	172	2	1.9
7	Mohsin Tayebaly & Co	172	2	1.9
7	Pinsent Masons	172	2	1.9
7	Riaalaw	172	2	1.9

DEALOGIC LEAGUE TABLES

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

	Mandated Lead Arranger	US$ (mln)	No	%
1	Abu Dhabi Islamic Bank	993	9	6.6
2	Samba Capital	722	6	4.8
3	Mashreqbank	711	8	4.7
4	Saudi National Commercial Bank	675	5	4.5
5	SABB	640	4	4.2
5	Banque Saudi Fransi	640	4	4.2
7	China Development Bank	621	1	4.1
8	Noor Bank	600	8	4.0
9	Emirates NBD	517	7	3.4
10	First Gulf Bank	513	8	3.4
11	Dubai Islamic Bank	474	8	3.1
12	Abu Dhabi Commercial Bank	437	6	2.9
13	Standard Chartered Bank	385	4	2.6
14	Al Rajhi Capital	366	2	2.4
15	Maybank	338	1	2.2
15	CIMB Group	338	1	2.2
17	Al Hilal Bank	307	3	2.0
18	HSBC	302	4	2.0
19	AKFED	292	2	1.9
20	Bank Albilad	292	2	1.9
21	Alinma Bank	260	2	1.7
22	National Bank of Abu Dhabi	251	3	1.7
23	Kuwait Finance House	248	3	1.6
24	Arab Banking Corporation	238	4	1.6
25	Natixis	234	3	1.6
26	Riyad Bank	229	1	1.5
27	Arab National Bank	201	2	1.3
28	European Bank for Reconstruction & Development	170	1	1.1
29	Gulf International Bank	165	2	1.1
29	Ahli United Bank	165	2	1.1

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

	Bookrunner	US$ (mln)	No	%
1	Mashreqbank	1,550	4	20.2
2	Abu Dhabi Islamic Bank	1,328	5	17.3
3	Noor Bank	586	4	7.6
4	Maybank	338	1	4.4
4	CIMB Group	338	1	4.4
6	Abu Dhabi Commercial Bank	327	1	4.3
7	Arab Banking Corporation	277	4	3.6
8	Saudi National Commercial Bank	267	1	3.5
8	SABB	267	1	3.5
8	Samba Capital	267	1	3.5

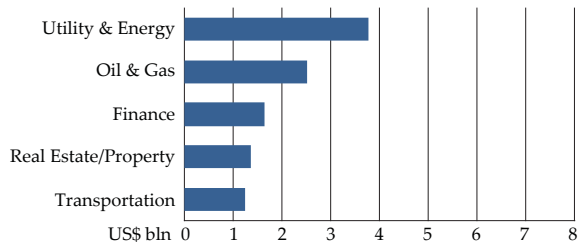
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
15th Apr 2016	Yanbu Aramco Sinopec Refining	Saudi Arabia	4,700
27th Jun 2016	ACWA Power International	Saudi Arabia	2,686
9th Mar 2016	Dhuruma Electricity	Saudi Arabia	1,138
15th Jun 2016	PNB Jersey	Malaysia	889
21st Dec 2015	Engro Powergen	Pakistan	851
28th Jul 2015	GEMS Education	UAE	817
16th Aug 2015	ACWA Power International	Saudi Arabia	769
11th Dec 2015	Cititower	Malaysia	751
29th Nov 2015	Gulf Marine Services	UAE	620
1st Mar 2016	National Oil & Gas Authority	Bahrain	570

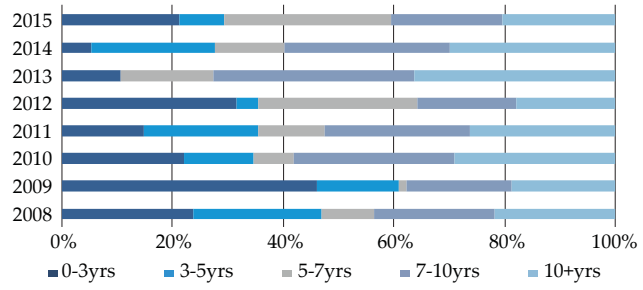
Top Islamic Finance Related Financing by Country *12 Months*

	Nationality	US$ (mln)	No	%
1	Saudi Arabia	4,515	4	29.9
2	UAE	4,416	16	29.3
3	Pakistan	1,613	3	10.7
4	Malaysia	959	2	6.4
5	Qatar	700	2	4.6
6	Turkey	645	3	4.3
7	Bahrain	570	1	3.8
8	Jordan	550	2	3.6
9	Egypt	475	3	3.2
10	India	368	1	2.4

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

JULY 2016		
25th	Latest Developments in Risk Management & Basel III for Financial Institutions	Kuala Lumpur, Malaysia
AUGUST 2016		
16th	Shariah Non- Compliance Risk Management and Reporting for Islamic Banking & Finance	Kuala Lumpur, Malaysia
SEPTEMBER 2016		
6th	Islamic Investment Products & Accounts	Kuala Lumpur, Malaysia
21st	IFN Investor Forum	Kuala Lumpur, Malaysia
26th	IFN Pakistan Forum	Karachi, Pakistan
28th	IFN Turkey Forum	Istanbul, Turkey
OCTOBER 2016		
9th	IFN Project & Infrastructure Forum	Dubai, UAE
11th	IFN US Forum	New York, US
17th – 18th	Africa Islamic Finance Forum	Abidjan, Africa
24th	Kuwait Forum	Kuwait City, Kuwait
NOVEMBER 2016		
7th	IFN Iran Forum	Tehran, Iran
28th	Saudi Arabia Forum	Jeddah, Saudi Arabia
MARCH 2017		
TBA	IFN Oman Forum	Muscat, Oman
TBA	China OIC Forum	TBA
APRIL 2017		
10th – 11th	IFN Asia Forum	Kuala Lumpur, Malaysia
MAY 2017		
9th – 10th	IFN Europe Forum	Chambre de Commerce, Luxembourg
18th	IFN Indonesia Forum	Jakarta, Indonesia

Islamic Finance news

How to subscribe: Subs@REDmoneygroup.com

INDIVIDUAL SUBSCRIPTION
- 1 Year at US$1,250 nett
- 2 Years at US$2,250 nett

COMPANY-WIDE SUBSCRIPTION
- 1 Year at US$5,250 nett
- 2 Years at US$9,450 nett

(Max: 10 Individual Subscriptions)

GROUP-WIDE SUBSCRIPTION
- 1 Year: US$12,500
- 2 Years: US$22,500

Each subscription will receive:
- 50 issues of Islamic Finance *news*
- Daily news alerts
- Exclusive login details for each subscriber
- Unlimited access to entire archived library
- All additional supplements, guides and reports

Deputy Publisher & Director
Geraldine Chan (Dubai office)
geraldine.chan@REDmoneygroup.com
Tel: +971 4 427 3623

Subscriptions Manager
Dia Jabassini
dia.jabassini@REDmoneygroup.com
Tel: +603 2162 7800 ext 38

Subscriptions Director & Head of Educational Institutions
Faizan Haider
faizan.haider@REDmoneygroup.com
Tel: +603 2162 7800 x 24

Islamic Finance news

Group Managing Editor Lauren McAughtry, lauren.mcaughtry@REDmoneygroup.com

Editor Vineeta Tan, vineeta.tan@REDmoneygroup.com

Senior Contributions Editor Sasikala Thiagaraja, sasikala.thiagaraja@REDmoneygroup.com

Senior Copy Editor Kenny Ng, kenny.ng@REDmoneygroup.com

Senior Journalist Danial Idraki, danial.idraki@redmoneygroup.com

Journalist Nurul Ashikin Abd Halim, nurul.ashikin@REDmoneygroup.com

Head of Production Hasnani Aspari, hasnani.aspari@REDmoneygroup.com

Senior Production Manager Norzabidi Abdullah, zabidi.abdullah@REDmoneygroup.com

Senior Graphic Designer Eumir Shazwan Kamal Bahrin, eumir.shazwan@REDmoneygroup.com

Senior Production Designer Mohamad Rozman Besiri, rozman.besiri@REDmoneygroup.com

Associate Publisher Steve Stubbs, steve.stubbs@REDmoneygroup.com, Tel: +603 2162 7800 x 55

Associate Publisher Sandra Spencer, sandra.spencer@REDmoneygroup.com, Tel: +9714 427 3624

Finance Director Faizah Hassan, faizah.hassan@REDmoneygroup.com

Deputy Publisher & Director Geraldine Chan *(Dubai office)*, geraldine.chan@REDmoneygroup.com

Managing Director Andrew Tebbutt, andrew.tebbutt@REDmoneygroup.com

Managing Director & Publisher Andrew Morgan, andrew.morgan@REDmoneygroup.com

Published By: REDmoney

MALAYSIA
Suite 22-06, 22nd Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: +603 2162 7800
Fax: +603 2162 7810

UAE
PO Box 126732, 16th Floor,
X2 Tower, Jumeirah Lake
Tower (JLT), Jumeirah Bay,
Dubai, UAE
Tel: +971 4 427 36 23
Fax: +971 4 431 4614

NE-IFN13/27