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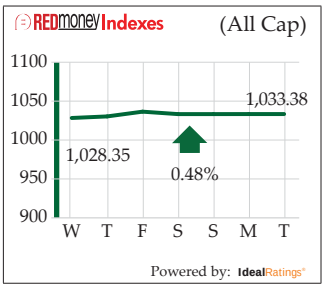




20th July 2016 (*Volume 13 Issue 29*)

COVER STORY

# A select few: The up-and-coming market for private placement

**Private bond placement is a growing trend, with an increasing incidence of high-profile deals that are drawing this shadowy sector into the spotlight. What are the advantages (and disadvantages) of this type of transaction — and could it really help widen the appeal of Islamic finance? LAUREN MCAUGHTRY investigates.**

## A growing trend

For public issuance, which dominates the market, bonds are usually registered with the Securities and Exchange Commission and traded on a public exchange. Private placements, on the other hand, are typically offered only to a select number of sophisticated investors and as a result are less stringently regulated, making their time to market faster and their disclosure requirements less rigorous. However, disadvantages can include the need to offer a higher rate in order to attract investors, as the absence of a rating increases the risk premium.

In recent years, the Islamic debt capital market has seen a growing trend toward private placements as investors become more sophisticated and more comfortable with Shariah compliant debt, and issuers become more familiar with the process. Earlier this year, the Omani government made headlines with a US$500 million six-year sovereign Sukuk Ijarah which it chose to place privately. In June, Abu Dhabi's Al Hilal Bank became the first financial institution in the UAE to issue a private placement, with a swift US$225 million sophomore issuance under its US$2.5 billion trust certificate program. The placement, which was offered to a small number of pre-identified investors, marked the first return of an Abu Dhabi entity to the senior unsecured dollar market since 2013 — giving investors a unique and highly prized proposition.

"We are very pleased to announce this first Islamic private placement in the UAE," said CEO Khaled Abdulla Alkhoori. "Al Hilal Bank's strategy is to diversify its funding base and tenors. We aim to work toward raising funding for [the] medium term to enhance our funding profile and meet balance sheet growth targets."


Hitesh

And it is not just banks that benefit from private placement deals. In December 2015, leading GCC real estate developer DAMAC announced a US$100 million private deal, leading a wave of corporates tapping the private placement market. New rules in 2014 from the UAE's Securities and Commodities Authority (SCA) also made it easier and cheaper for UAE corporates to tap the domestic bond market: including lowering the minimum issuance size, speeding up the approval time and removing the need for SCA approval for unlisted private bond and Sukuk placements. Designed to help diversify corporate funding away from reliance on bank loans, the changes opened up the private placement market to a new trend in growth.

"The level of interest that we are seeing in private placements is definitely higher," confirmed Hitesh Asarpota, the head of debt capital markets and investment banking at Emirates NBD Capital. "The last few months have been very busy for us on all fronts, including on the private placement side, and there is a decent pipeline for the rest of the year."

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# DEALS

**Central Bank of Bahrain**'s BHD26 million (US$68.43 million) Sukuk Ijarah fully subscribed

**Dana Gas** to repurchase **Dana Gas Sukuk**'s US$20 million Sukuk

Indonesian government issues IDR2.54 trillion (US$193.55 million) Sukuk via private placement

**International Islamic Liquidity Management Corporation** receives RM1.42 billion (US$356.57 million) in bids for RM1.11 billion (US$278.73 million) Sukuk auction

**Saudi Binladin** makes delayed SAR1 billion (US$266.54 million) Sukuk payment

**Sunway Treasury Sukuk** to issue Islamic commercial papers

Kuwait confirms tapping international capital market in September

**Bank Sulsebar** lists IDR50 billion (US$3.8 million) Sukuk Mudarabah on Indonesia Stock Exchange

Malaysian local banks working to finalize RM13 billion (US$3.25 billion) Islamic medium-term note program for Pan-Borneo Highway project; to be issued by **DanaInfra Nasional**

**Ekovest** to launch Sukuk Wakalah of up to RM3.64 billion (US$908.64 million)

# NEWS

Japan's **Orix** expands offerings with Mudarabah product through Pakistani acquisitions

**Bank Negara Malaysia** cuts overnight policy rate to 3%

**Guidance Residential** brings Shariah compliant residential mortgage services to Kentucky

**Deloitte** and **Islamic Research and Training Institute** launch new white paper on Islamic finance practice

# ASSET MANAGEMENT

**TA Investment Management** declares income distribution for TA Islamic Fund and TA Growth Fund

**Bank Syariah Mandiri**'s savings fund reaches IDR34.42 trillion (US$2.62 billion) as of May 2016

**Otoritas Jasa Keuangan** issues regulation for collective investment contracts; adds new types of underlying securities

Malaysia's second-largest pension fund plans to become fully Shariah compliant when assets reach 70%, says CEO

**Masraf Al Rayan** to introduce Tradable Investment Fund ETF before end of the year

**Propertylink** to raise AU$500 million (US$378.58 million) via IPO

# TAKAFUL

**Egyptian Takaful Property** to contribute US$200,000 to upcoming nuclear insurance pool

**Insurance Regulatory Authority** of Uganda proposes introduction of Islamic insurance

Saudi Arabian regulator seeks to close insurance firms registering over 50% losses under new regulation

**Khazanah Nasional** considering bidding for stake in **Hong Leong Financial Group**'s Takaful operations

# RATINGS

Capital Intelligence affirms **Boubyan Bank**'s 'BBB+' rating with a stable outlook

**Fitch** places **First Gulf Bank**'s ratings on rating watch positive and affirms **National Bank of Abu Dhabi**'s support-driven ratings

**Capital Intelligence** affirms **Bank AlJazira**'s ratings

**MARC** affirms 'AA+IS' rating on **Westports Malaysia**'s RM2 billion (US$502.22 million) Sukuk Musharakah

Oman's sophomore sovereign Sukuk receives 'Baa1' rating

**Moody's** maintains stable outlook on Qatar's banking system

**Capital Intelligence** affirms UAE's ratings at 'AA-' and 'A1+'

Deterioration in public finances and current account balance results in negative outlook on Qatar

**Tanjung Bin Energy Issuer** maintains 'AA3/Stable' Sukuk rating

**RAM** reaffirms **Lafarge Malaysia**'s Sukuk at 'AA2/Stable/P1'

# MOVES

Philip Hammond now new Chancellor of the Exchequer

Islamic finance expert to take the helm as chairman of **Ewaan Global Residential**

**GIB Capital** appoints new CEO

**IMF** Middle East and Central Asia director to retire in October



# A select few: The up-and-coming market for private placement

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## Public versus private

So why is the private placement market so appealing? "The reason is cost," emphasized Nabil Issa, a partner with King & Spalding. "There are obviously a lot of attractions for a public placement in terms of a wider distribution bringing in a lot of smaller investors, rather than going through the private placement restrictions in terms of sophistication of investors and minimum size of investment. But on the flip side, publicly listed Sukuk are also very expensive and take more time."

> ***"For a Sukuk Ijarah, any firm that has real estate assets can very easily issue a private placement. A number of Sukuk are a hybrid with a portion in relation to existing real estate and [others] in relation to other assets of the company"***

Privately placed Sukuk do not require ratings, which significantly reduces the cost straight away. The level of disclosure in a public document is also far higher than for a private placement, which means that the level of due diligence is also more expensive.

"The regulator is also much tougher in terms of approving a publicly-placed Sukuk so the time to market is much longer due to the back and forth," pointed out Nabil. "The regulator is obviously concerned about wanting to protect the little guy, whereas with privately-placed Sukuk due to the limited number of potential investors and the minimum size of investment, the regulator is much more relaxed in terms of what is required. So the time to market is much quicker and the process is much simpler."

Private placement can also be a stepping stone to a public issuance. "For some corporates, issuing a Sukuk is important from a profile perspective and for some others issuing in [a] private placement format is an easy first step before accessing the public bond/Sukuk markets," commented Hitesh.

## Issuer appetite

It's clear to see the attributes that can make private placement a preferable option to public issuance for some firms. But why not just go straight to a bank and take out a loan — same result, fewer hoops to jump through?

Primarily — and unsurprisingly — it is market conditions that are putting the squeeze on that avenue. Banks are tightening up on liquidity, and there has been a reaction from the market especially following the fall in oil prices — particularly in the UAE but Saudi Arabia has also been affected. Banks are under pressure to spend their liquidity on government projects or to tighten their lending requirements due to lower deposits — meaning less money for corporate finance.

As a result, we are seeing a growing number of mid-sized companies looking to private placements instead of bank lending to fund their capital requirements without going through the hassle of a full public issuance. "We have seen a number of privately placed Sukuk in a wide range of industries including agriculture, housing, real estate projects, financial services and energy-related companies," confirmed Nabil. "For a Sukuk Ijarah, any firm that has real estate assets can very easily issue a private placement. A number of Sukuk are a hybrid with a portion in relation to existing real estate and [others] in relation to other assets of the company."

Nabil

For example, in Malaysia private education book publisher Sasbadi Holdings recently undertook a large private placement to raise RM31.75 million (US$7.93 million) to finance acquisitions and repay bank borrowings. "The board of directors is of the view that the proposed private placement is the most appropriate avenue of fundraising as it enables Sasbadi to raise funds to partly pare down its borrowings, which would give rise to interest savings of RM500,000 (US$125,820) per year," said a spokesperson. The deal allowed the firm to raise additional funds without incurring interest expenses. "This would allow Sasbadi to preserve cash flow for reinvestment and/or operational purposes," the spokesperson added.

## Size matters

It's not always about access. Size can also be an issue when it comes to a fundraising decision. "A private placement is a good option for entities that are not quite ready to do a benchmark bond issuance (minimum US$300-500 million)," suggested Hitesh. "In the case of Drake & Scull International (DSI) for instance, their requirement was approximately US$100 million. DAMAC's decision to do a private placement was also motivated by their requirement for a smaller size."

DSI, a GCC construction firm, tapped the private placement market in November 2014 with an eagerly awaited and high-profile issuance of US$120 million-worth of unrated senior unsecured five-year certificates, managed by Emirates NBD Capital along with Mashreq Al-Islami, Al Hilal Bank and Noor Bank. Notably, the deal was snapped up by investors despite its small size because the highly-rated DSI had no other outstanding debt on the public market, making its private issuance highly sought after.

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## Big fish

Although private placements are an ideal way for new businesses to tap the Islamic market easily and quickly, the same logic can also apply to bigger fish. With the current liquidity squeeze, it is not just corporates who are feeling the pinch. "Investors are still very happy to invest with issuers they feel comfortable with," noted Nabil. "So for financial institutions or sovereigns, it can be an easy and rapid route to market."

> ***"A private placement is a good option for entities that are not quite ready to do a benchmark bond issuance (minimum US$300-500 million)"***

For example, in 2015 National Commercial Bank, Saudi Arabia's largest bank, raised SAR1 billion (US$266.8 million) in June through a privately placed Sukuk, followed by a further SAR2 billion (US$533.6 million) in July — with proceeds used to diversify the bank's funding sources and extend the maturity profile of its liabilities. Most recently, we have also seen Al Hilal's landmark private placement in June — although Hitesh suggests that sometimes, these issuances can be the result of investor demand rather than issuer requirements. "Most private placements for financial institutions are done on a reverse enquiry basis," he told IFN.

For sovereigns too, the asset class can be attractive. Oman tapped the market with a US$500 million placement last month, while in May Bahrain tapped the dollar bond market for the second time in three months with a reported US$435 million privately placed Islamic offering. Bahrain has seen demand for its sovereign debt decline, especially following its downgrade by Moody's to 'Ba2' with a negative outlook. Its weakening fiscal position and growing pile of public debt led to issues earlier this year with a planned US$750 million international bond issuance which had to be cancelled and reissued at the lower amount of US$600 million and offering higher yields to attract investors.

*DAMAC properties*

With sovereign debt from other GCC states flooding onto the market as the region seeks to diversify funding and bolster oil-driven deficits, it is perhaps unsurprising that Bahrain looked to the private placement market to find new sources of capital. And while private placements can be appealing for smaller firms taking their first steps, for the big fish they can also act as a last resort. Potential investors can be more demanding, with conditions such as additional equity often imposed, while an additional risk premium is also common, making issuances more expensive.

## Investor interest

For the investor, the story is much more positive. Especially during volatile markets, private placement bonds can provide fixed income investors with an opportunity to improve portfolio total returns while lowering expected volatility and downside risk, according to investment management firm Asset Allocation and Management Company, which specializes in the insurance industry and manages over US$16.7 billion in assets. "Private placement bonds allow fixed income investors the potential to expand their opportunity set and consistently improve their total returns." The firm points out that: "While the asset class is perceived to be less liquid than the public markets, there is an active secondary market that investors can utilize to meet their liquidity needs. The asset class has proven to be durable in a variety of market conditions and is best suited for investors that have strong legal and credit underwriting skill sets, along with long-standing market relationships."

"Even though the preference for investors is certainly to participate on a public trade, there is also some appetite for privately placed Sukuk," confirmed Hitesh. "Corporate issuers might have to pay a little more for private placements than they would in the public space, to allow for the fact that they are not going to be liquid or tradable."

And with rates currently at record lows, investors are looking for any opportunity to activate their capital to earn better returns. "Investors… might see the private placement as a good opportunity, and are happy to take the return because it's better than putting money in a Murabahah account and earning a very low profit," suggested Nabil. "Lending it out through a private Sukuk will earn a higher level of profit through a company that is usually highly reputable and has a good cash flow, but that, for one reason or another, is not able to get its usual funding from banks directly."

## Going forward

Whatever the reason, there is no doubt that the private placement market is pushing forward. "We have already placed numerous private deals in H1 2016 for corporates and for financial institutions and we expect this small

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and very selective market to continue to grow," noted Hitesh.

> ***"Corporate issuers might have to pay a little more for private placements than they would in the public space, to allow for the fact that they are not going to be liquid or tradable"***

In addition, new markets are now providing whole new pockets of opportunities. "Post-Eid, we are seeing activity come back to life," confirmed Nabil. "We are seeing quite a bit of interest in the UAE and particularly in Saudi Arabia. There are quite a few privatizations being planned, and one of the discussions we are having with these companies is to what extent Sukuk make sense to raise money. The level of liquidity needed for these privatizations is way beyond what the local banks are able to provide, and so the next opportunity in terms of tapping that market would logically be to look at privately placed Sukuk. We have a number of clients now looking at raising money this way and through privately placed funds."

For small firms looking for an easy way to enter the Islamic market and for larger players needing an alternative source of funding, private placement offers a one-stop shop solution. It might account for just a tiny fraction of the total bond market, but this small sector punches way above its weight.

# Iran turning to Shariah compliant mortgage-backed securities for fundraising

**After years of sanctions with very little inflow of foreign investments, Iran is now bracing itself for overwhelming interest by investors that are hungry to capture a slice of its US$400 billion economy, and one particular investment instrument is making headway. The government recently launched Islamic mortgage-backed securities (MBS), approved by the Securities & Exchange Organization (SEO), and is banking on its growth to further expand its capital markets. DANIAL IDRAKI takes a look at the potential of Iran's Shariah compliant MBS, and wonders if it will attract fresh capital into a newly opened economy.**

## The Shariah element of MBS

The Iranian capital market regulator has been studying ways to develop the MBS market for some time to ensure that it not only offers fundamental transactions to investors venturing into this new instrument, but also carries with it a solid protection mechanism.

> *"Bank Maskan is a pioneer in this market, and I strongly believe that other Iranian banks are eager to use the MBS instrument for fundraising"*

There may be suggestions that MBS may not be a suitable investment instrument, what more in the arena of Islamic finance, given the role that the collateral debt obligation played in the US subprime mortgage crisis in 2007/2008 and its subsequent impact on the global economy.

However, Majid Pireh, a senior expert in Islamic finance at the SEO, noted that issuing Shariah compliant MBS will have to rely on the bank's receivable, where a debt should arrive from a real transaction. "[Whereas] in conventional MBS, it is not a necessary element for the debt to be from a real transaction," Majid explained to IFN.

MBS is not a widely utilized instrument in major markets of Islamic countries, as it uses the debt-trading mechanism, and many Shariah scholars have rejected it, according to Majid. "Iranian scholars, however, have approved debt trading in the secondary market," he added.

## Guaranteeing system

Issuing MBS in Iran does pose its own unique challenge. Due to the economic sanctions over the years, rating agencies have never rated Iranian securities and issuers, leaving a question mark on the viability of MBS. However, it seeks to utilize a guaranteeing system to ensure that investors are protected, in the event of a default. "Guaranteeing is an important element for Shariah compliant investments. In the case of Iranian MBS, the bank itself will be the guarantor for investors," Majid affirmed. "This way, we will be able to control the Shariah compliant MBS in a more efficient way than conventional MBS," he added.

## Bank Maskan

While local banks are beginning to warm to the idea of Shariah compliant MBS, Bank Maskan, for one, has provided IRR3 trillion (US$99.58 million)-worth of MBS with a yield of 18.5%, and recently committed to issuing up to IRR100 trillion (US$3.32 billion) by the end of the current fiscal year, as announced by the bank's CEO, Mohammad Hashem Botshekan, during a ceremony to launch the new MBS. "It [Bank Maskan] is a pioneer in this market, and I strongly believe that other Iranian banks are eager to use the MBS instrument for fundraising," Majid said.

## Foreign investments

With Iran slowly opening up its doors to foreign investments and GDP growth expected to reach 4.2% and 4.6% in 2016 and 2017 (according to the World Bank's projection) respectively, investors are strategizing to navigate through the exciting yet fairly unfamiliar terrain of the Iranian economy.

For Shariah compliant investors, the appetite is certainly there, given that the country's entire financial system is based on Islamic values, and MBS is expected to be a desirable market. "For the internationalization of the MBS market, we will need to issue a large amount in order for investors to be confident and feel safe. The profits and rate of return itself will be attractive to foreign investors," Majid opined.

With significant improvement in Iran's economic outlook, MBS could just be the turning point for more opportunities to come, especially within the Shariah compliant investment universe.

# Where would Malaysia's Islamic finance industry be without its attractive tax incentives?

**Tax incentives for Islamic financial transactions are a main feature of Malaysia's top-down approach in developing its Shariah finance industry – making its Islamic finance success story almost unparalleled anywhere else in the world. But now that the market is relatively mature, is it time to remove the incentives? More importantly, VINEETA TAN asks, will the industry be able to stand on its own two feet without the support?**

Malaysia's Islamic finance accolades are known to us: it is the largest Sukuk issuer in the world, the largest Islamic banking market in the world after Saudi Arabia, and is the world's biggest Family Takaful market.

Sukuk issuers, particularly corporates not necessarily involved in the Halal industry, and Islamic mortgage subscribers are likely to attribute their preference for Shariah compliant financial instruments over the conventional to the attractive tax incentives that come with Islamic products.

## Incentives extended

Prime Minister Najib Razak's Budget 2016 revealed that the government is extending many of these tax breaks in order to continue luring capital into the Islamic finance space: Until the end of 2017, Shariah compliant home financing instruments are accorded a 20% stamp duty exemption while any additional costs attached to issuing retail Sukuk (such as due diligence professional fees, advertising cost, Bursa Malaysia and Securities Commission fees and primary distribution fees) will receive further deduction until 2018 as with sales tax on Sukuk Ijarah and Wakalah.

Tax incurred from issuing SRI Sukuk are given a five-year extension until 2020 whereas to encourage fund managers to include Islamic funds into their portfolio, exemption from income tax on the statutory income derived from managing Shariah funds are prolonged for another four years until 2020.

While it is all well and good that these incentives are in place to boost the Islamic finance industry, does this mean that the phenomenal growth the Islamic finance pioneer has been experiencing is 'artificial'? And what happens if they are removed?

## Manageable cost

"I do not foresee drastic changes should the incentives be abolished," a senior industry practitioner tells IFN. "Yes, the cost may be more expensive, but the cost of issuance would be manageable because we already have precedents as to how to execute the sale — the impact would therefore be slight."

> ***"The Islamic fund industry is still lagging behind the conventional market and we need to reach an optimal size first before we can stand on our own — therefore such tax exemptions are a much-needed boost"***

## All about demand

Given that it is possible that even a slight premium in cost could push issuers to the conventional market, however, reducing their Shariah compliant debt portfolio may disqualify companies from Bursa Malaysia's list of Shariah compliant equities therefore excluding them from the investment strategies of a significant pool of investors such as Islamic unit trust funds, Takaful funds, Islamic stock brokers and any other Shariah-seeking investors.

"This is a question of demand — and the demand for Islamic instruments in Malaysia is robust. Issuers would still want to capture this segment of the investment circle and this is likely to outweigh the slight difference in costs,"

commented one source. As at the end of 2015, 73.9% of listed securities are certified Shariah-friendly, according to Securities Commission Malaysia.

## Beyond price

Moving away from the capital market to the retail space, a C-suite Islamic banker echoed similar sentiments, explaining to IFN that: "Removing the 20% stamp duty exemption would not make a huge difference in the take-up of Islamic mortgage facilities. Yes, at the end of the day, to a non-Muslim customer, the cheaper product wins, but Islamic facilities have their own added advantage: there is no lock-in period for Shariah compliant mortgages and this is something that appeals to customers."

So it seems that the Malaysia Islamic finance industry has reached a stage where it would be able to hold its own even without special tax treatments but this is not necessarily true for all segments. Take the Islamic asset management industry for example: Shariah compliant assets under management (AUM) account for less than 20% of total AUM of fund management companies at RM132.38 billion (US$33.05 billion) at the end of 2015.

"The Islamic fund industry is still lagging behind the conventional market and we need to reach an optimal size first before we can stand on our own — therefore such tax exemptions are a much-needed boost," the CEO of an Islamic asset management company commented.

# Asian Tiger: Pakistan's Islamic equity market expected to surge

**The Pakistan Stock Exchange is expected to see an explosion in Shariah compliant listings this year, following a new tax incentive introduced in July by the federal government to encourage companies to go Islamic. LAUREN MCAUGHTRY explores the positive growth prospects for the sector amid the latest equity boom for Pakistan.**

The equity market in Pakistan is flourishing: and this month Bloomberg named the Pakistan Stock Exchange the best of the Asian markets, with a recent report claiming that the economy had regained 'tiger' status. The main index, the KSE 100, has gained 19.42% year-to-date, and the increasing rate of annual growth looks positive for the overall market. Privatization reforms, an improved relationship with the IMF and the latest US$46 billion investment from China in the China-Pakistan Economic Corridor have contributed to the boom — while the upgrade by MSCI to its benchmark emerging markets index for the first time since 2008, announced on the 14th June 2016, is expected to have a significant impact. In a research note released last month, JPMorgan Chase estimated that Pakistan could attract US$220 million in inflows, while EFG Hermes has gone even higher with a predicted US$475 million by mid-2017 as a result of the upgrade.

The Pakistan Stock Exchange currently has two Islamic indices: the KMI-30 (launched in 2009 as the Karachi-Meezan-30 Index by Al Meezan Investment Management and the Pakistan Stock Exchange, and tracking 30 screened Islamic stocks based on a free-float market capitalization methodology) and the All Shares Islamic Index (launched in 2015 and comprising the full 225-stock spectrum of companies on the exchange that meet Shariah screening criteria).

The screened list of Shariah compliant securities for the stock exchange is provided by Al Meezan, which recorded a 20.1% return for the KMI-30 in 2015. "With the introduction of [the] KMI-30 Index, there already is awareness about Shariah compliance screening methodology among issuers and many of them try to ensure that their shares and securities fulfill the criteria to be classified as Shariah compliant, so that Islamic banks, Takaful and asset management companies invest in those securities," explained Mohammad Shoaib, CEO of Al Meezan Investment Management, speaking to IFN. "Given that the Shariah compliant segment of market is growing at a much faster pace than its conventional counterpart, inevitably [listings] by such institutions [will] have the impact of generating more demand for those shares/securities."

> ***"An additional benefit of this will be that Islamic financial institutions will have a bigger universe of companies to invest in, which is very important considering their growing size and importance in Pakistan"***

Pakistan has been working hard to develop its Islamic capital market, and the latest incentive is designed to encourage Islamic participation from listed manufacturing firms. Offering an attractive 2% tax rebate, the deal is open to all Shariah compliant companies that derive their income purely from manufacturing activities and which have declared their taxable income for three consecutive years and paid dividends for the last five consecutive years. Recommended by the Securities and Exchange Commission of Pakistan, the rebate is part of a wider set of reforms being introduced to promote the Islamic capital market in the country.

"The introduction of the new fiscal benefit… is an additional sweetener for the companies," confirmed Mohammad. "I have come to know of many listed firms who have welcomed this move and are looking for the criteria to be released by [the] State Bank [of Pakistan], so that they can strive to get into the list of eligible companies for [a] 2% reduction in their tax rate."

The move could have a significant impact on the growth of Islamic finance in the country, as an increasing number of corporates strive to become eligible for the new incentive. At the same time, it will promote the listing of new companies on the stock exchange (as a requirement of eligibility) — thus widening and deepening the Islamic equity market. "An additional benefit of this will be that Islamic financial institutions will have a bigger universe of companies to invest in, which is very important considering their growing size and importance in Pakistan," pointed out Mohammad.

# Kuwaiti Islamic banks capture over one-third of industry profits; show resilience and improved efficiency amid cheap oil pressure

**Despite fiscal pressures driven by an oil rout, Kuwaiti banks have performed relatively well, with Islamic banks improving their efficiency amid tighter liquidity, albeit with a marked slowdown in growth for the banking sector overall. VINEETA TAN takes a closer look.**

"Domestic credit posted a healthy growth, banks' non-performing loan ratio continued its steady decline to reach a historically low level, coverage ratio climbed to a new high, capital adequacy levels stayed robust and net income grew positively, albeit at a much slower pace than in 2014," commented Dr Mohammad Al Hashel, the governor of the Central Bank of Kuwait (CBK).

The six Islamic banks in Kuwait managed to command a slightly larger share of profits at 35.5% (against 34.4% in 2014) while market share of total banking assets dropped slightly to 39.3% from 39.7%. Islamic banks were also able to improve their cost efficiency for the year, which lowered the industry's cost-to-income ratio as a whole, although their conventional peers were significantly more efficient on average. A contributing factor to Shariah banks' relatively lower efficiency is their higher capital adequacy ratios (CARs) compared to conventional banks. The CAR for the banking sector stood at 17.5%, above the CBK's 12.5% requirement.

On a consolidated basis, banks' net income grew by 7% in 2015 against 26.5% a year earlier, and after two years of healthy double-digit growth, the banking sector's growth moderated significantly last year: assets were up a mere 2.6% although domestic assets grew 5.7% on the back of solid expansion in domestic credit which increased by 8.5%, up 2.2 percentage points from 2014. Liquidity also tightened in the year as interbank rates increased in anticipation of a rate hike by the US Federal Reserve: absorption in terms of interventions and Tawarruq for shorter maturities visibly tapered by the end of 2015. Despite banks showing weaker performance in several respects, the Kuwaiti banking community has nonetheless been resilient enough to weather economic shocks, as shown by the CBK's quarterly stress testing proving that banks — individually and collectively — have been able to broadly withstand various shocks in credit, market and liquidity simulated under a wide range of micro and macroeconomic scenarios.

It is also anticipated that growth in private sector credit is likely to remain healthy supported by continued capital spending by the government and a more balanced position by the oil market. "The Kuwaiti banking sector, which has remained unscathed so far, is likely to benefit further from this relatively improved outlook on the domestic front. And the banking sector is well placed to remain resilient in the near term, though the capacity to withstand various shocks does vary across banks," said Dr Mohammad.

# UAE banking sector witnessing slowing growth during second quarter, but Islamic banks holding steadfast

**The economic slowdown in the GCC region as a result of lower oil prices and governments' spending cutbacks has cut into the growth of banks in the UAE during the second quarter of this year, but demand for Islamic banking facilities are growing. DANIAL IDRAKI writes.**

According to the 'Credit Sentiment' report, demand for both business credit and personal financing slowed down across the country, particularly in Dubai, and this reflects the further tightening in credit standards, suggesting a "higher degree of risk aversion in extending financing, especially to SMEs". Respondents of the survey also expect the further tightening in credit standards will continue for the September quarter.

However, 18.7% of senior credit officers surveyed said that demand for Islamic financing had "increased moderately" compared with the preceding quarter, and this appears to be evident as shown by the commendable performance of two Islamic banks in the UAE: Ajman Bank and Abu Dhabi Islamic Bank (ADIB). Out of the 242 survey participants, 22.5% said that demand for Islamic financing is expected to "increase moderately" over the next quarter.

Despite the grim outlook of the Central Bank of the UAE's credit survey, ADIB recorded a net profit of AED989.5 million (US$269.36 million) for the first half of 2016, a 3.8% year-on-year increase from AED953.4 million (US$259.54 million) it posted over the same period in 2015, while its second quarter net profit of AED507.5 million (US$138.15 million) was marginally higher than the AED502.6 million (US$136.82 million) it recorded in the second quarter of 2015. Shariah compliant Ajman Bank saw its profit for the second quarter of 2016 grow to AED32.71 million (US$8.9 million) from AED27.36 million (US$7.45 million) in the similar period last year, up 19% year-on-year.

In terms of business financing, the report showed that 34.7% of respondents reported an increase in demand, 29.7% reported a decrease in demand, while 35.9% reported no change. The results generated a net balance measure of +3.1 for the June quarter and indicated an ongoing demand growth, albeit at a relatively modest pace, down from +13.6 recorded in the 2016 March quarter. This suggested a lack of appetite for business financing, the report noted, and survey respondents reported that Abu Dhabi and Dubai witnessed softening demand, with the latter registering net balance in the negative territory (-0.9).

Demand for personal financing, meanwhile, slowed down across the country during the period, mainly for vehicle financing and non-housing investment categories. Demand came in with a negative net balance measure of -1.8, and survey respondents further expect the coming quarter to see an overall tightening.

# Regulator suspends Gulen-linked Bank Asya following failed coup; says no bids for takeover received

**VINEETA TAN reports on the state of Gulen-tied Bank Asya, following the military coup d'état which the Turkish president is saying Gulen is behind.**

No bids were submitted for Islamic financier Bank Asya's shares resulting in the temporary freeze of the Gulen-linked bank's operations, announced the TMSF Savings Deposit Insurance Fund a few days after the attempted military seizure of power which left at least 265 dead — a coup President Recep Tayyip Erdogan accused former ally cleric Fethullah Gulen of orchestrating.

Once the largest Shariah compliant bank in Turkey, Bank Asya has, however, failed to attract buyers to take over its business which was seized by the TMSF in 2015. It was possibly one of the strongest Islamic finance brands in the country once upon a time before the fallout between President Erdogan and Gulen which dragged the bank (and other Gulen-linked entities) through the mud in the last few years. A government probe into the bank, which some pundits saw as a political move to stifle the now US-based Gulen's significant presence in Turkey, left the bank in financial tatters as it marked the beginning of the exodus of huge deposits and the loss of lucrative government contracts for the Shariah financier. The loss-making bank was seized in May 2015 by the TMSF purportedly due to its failure to fulfill certain obligations, and the process to sell the bank commenced almost immediately.

> *"A government probe into the bank left the bank in financial tatters as it marked the beginning of the exodus of huge deposits and the loss of lucrative government contracts"*

The timing for Bank Asya's sale tender could not be more unfortunate as its conclusion was reached a few days prior to a deadly attempted coup. There are grave concerns about Turkey's economy amid such instability, one that has already been vulnerable to terror attacks prior to the attempted coup d'état which has caused the lira to fall. Deputy Minister Mehmet Simsek, however, reassured the market that the country — one of the better-performing emerging markets – has solid macroeconomic fundamentals and that any repercussion would be short-lived.

Economic woes aside, it is looking even more likely that Bank Asya will be liquidated, bringing the number of participation banks in the country to five — and while the bank may have once been a leader in the space, its dismissal may not be as significant as one may think as it only holds approximately 1% of the market share and the other participation banks are performing well.

# Islamic-conventional refinancing combo saves Saudi power players millions as cost of borrowing soars

**A consortium of Islamic and conventional banks has extended over US$1.83 billion to Saudi Arabia's electricity monopoly allowing it to restructure its existing borrowings for the Kingdom's first non-sovereign-guaranteed independent power producer (IPP) project, a deal some are calling significant as it creates a new pool of liquidity in the oil-rich Gulf nation's infrastructure sector. VINEETA TAN casts an eye over the deal.**

Saudi Electricity Company (SEC) and ACWA Power confirmed that they have restructured the senior financing facilities for the US$2.5 billion Rabigh 1 Independent Power Project — a 1,204 MW fuel oil-fired power project under Rabigh Electricity Company (RABEC) that was also the first major project finance transaction in the GCC in the wake of the 2008 global financial crisis.

The dual-currency refinancing package comprised a Saudi riyal-denominated hybrid Wakalah Ijarah tranche worth SAR3.2 billion (US$852.93 million) provided by Alinma Bank and Al Rajhi Bank and a riyal procurement tranche in excess of SAR2.4 billion (US$639.7 million) by the National Commercial Bank, Banque Saudi Fransi, Arab National Bank, Samba Financial Group and the Saudi British Bank. The uncovered US dollar conventional debt of over US$300 million was provided by a group of Korean insurance companies and international banks.

The refinancing was executed at a time when it has become more expensive for Saudi banks to borrow (funding cost reached a seven-year high during this new era of cheap oil and tighter liquidity) which has pushed financiers to be more selective in their credit extension, resulting in a greater likelihood of higher borrowing costs for customers.

Fahad Alsudairi, CFO of SEC, admitted that the restructuring was concluded under "difficult financing conditions"; however, it was a "win-win" situation for all parties: the exercise will save SEC approximately SAR1 billion (US$266.54 million) over the life of the power purchase agreement until March 2033.

"This demonstrates the success of the IPP model in the Kingdom and shows how proactive financial management can improve the economics for all parties concerned," said Thamer Al Sharhan, the chairman of RABEC.

# Company Focus: Brexit presents Equitable Financial Solutions an opportunity to lure Islamic funds into Australia

**As investors scramble the world over in search of safe haven investments after the Brexit volatility threw the UK into economic and political uncertainty, one of Australia's Islamic finance companies, Equitable Financial Solutions (EFSOL), is taking advantage of the situation by expanding its presence in the Middle East in order to attract funds from the region into the Australian property market. DANIAL IDRAKI brings you the story.**

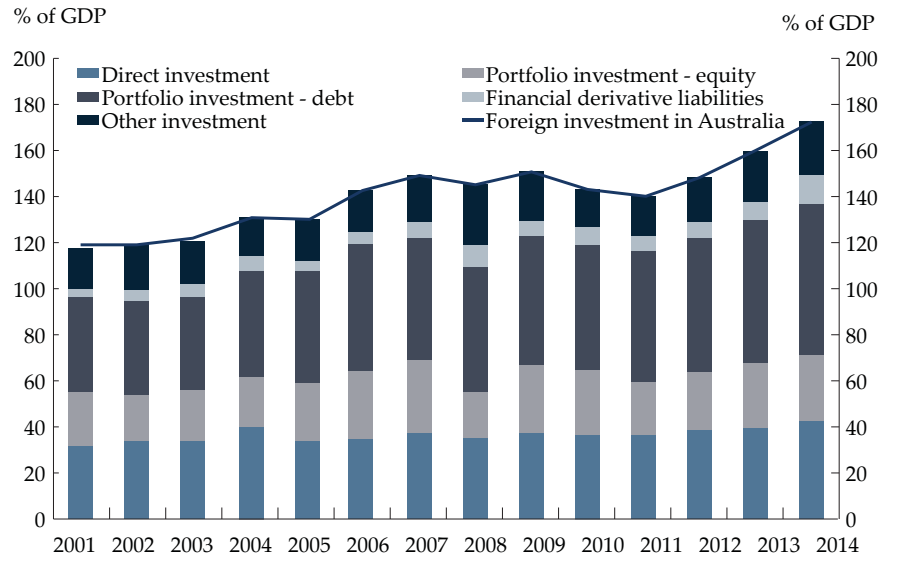
Shariah compliant investors from the Middle East have typically favored property investments in the UK over the years due to its predictability and upside potential. The situation, however, is changing rapidly as investors look to flee the once-safe investment destination, as the result of the UK choosing to leave the EU presents a convoluted outlook.

Three of the UK's largest real estate funds — M&G Investments, Aviva Investors and Standard Life Investments — for example, froze almost GBP9.1 billion (US$12 billion) of assets as they did not have enough cash to immediately repay investors, shortly after the shocking announcement by the UK."The Middle East investment market is very bearish at the moment, mostly due to geopolitical tensions and developments in Europe, particularly Brexit. Markets that generally Middle Eastern investors were 'comfortable' with or were 'knowledgeable' about are suddenly being seen as very risky or volatile," Usman Siddiqui, the managing director of EFSOL, told IFN recently.

EFSOL, which currently manages AU$16 million (US$12.11 million) in assets after it was set up some five years ago, is upbeat that its high-credit grade residential and commercial mortgages will continue to grow steadily with its strategy of attracting Middle Eastern funds into the Australian real estate market. The company also only recently launched its Southeast Asian office in Singapore in April this year to attract funds from the region.

Besides investing in the real estate market, EFSOL also offers Shariah compliant financing in the form of Musharakah, Murabahah and Ijarah structures for property and automobile purchases.

**Chart 1: Forms of foreign investment into Australia (ABS data)**




*Source: ABS catalogue 5352.0, Table 2 — International Investment Position, Australia: Supplementary Statistics, 2014.*


Although Australia recently had its fair share of political drama, with the federal election earlier this month being won by the Liberal/National coalition government in a closely fought battle against the Labor Party, it has maintained fairly strong credit ratings over the years. All of the top three rating agencies — S&P, Moody's and Fitch — have a 'AAA' sovereign rating on the Land Down Under. S&P, however, recently cut Australia's credit rating outlook to negative from stable, followed by Moody's warning that a political deadlock in handling the country's budget deficit could similarly result in a negative outlook.

Despite the minor setback in Australian politics and its impact on credit ratings, Australia has been one of the highest credit-rated countries outside of the EU with uninterrupted growth for the past three decades, and Usman is confident that the market presents a viable alternative opportunity compared to the UK. "Australia was unscathed during the global financial crisis and has maintained the highest credit rating with a stable outlook for many years. For Middle Eastern investors, investing in Australian mortgages is one of the best ways to secure a long-term cash flow during these uncertain times, and frankly, this is the crux of our value proposition," he affirmed.

According to Australia's Foreign Investment Review Board's Annual Report 2014-15, the number of foreign investment proposals continued to grow steadily, with 37,953 proposals receiving foreign investment approval, compared with 24,102 in 2013-14. The real estate sector had a significant increase in approvals with 37,347 approvals in 2014-15, compared with 23,428 approvals in 2013-14, more than tripling the levels of 2012-13. The majority of this increase is related to new approvals and is consistent with the government's policy to increase the housing stock by channeling foreign investment into new dwellings.

"Our challenge, however, is that a lot of Middle Eastern investors 'think' that Australia is either too far away or is not sophisticated enough to provide quality service that they have come to expect locally. EFSOL is here to change this perception, [and] we have set up an office in the Emirates Tower, Dubai, to cater to the investors," Usman explained.

# Sovereign Sukuk: Business as usual

**The sovereign Sukuk space may have been quiet the previous week but activities have picked up this week. DANIAL IDRAKI brings you the usual updates.**

## Bahrain

The monthly issue of the Central Bank of Bahrain (CBB)'s BHD43 million (US$113.18 million) Sukuk Salam securities was subscribed by 100%. The expected return on the issue, which begins on the 20th July 2016 and matures on the 19th October 2016, is 2.09% compared with 2.05% for the previous issue on the 22nd June 2016.

## Indonesia

The government of Indonesia issued a sovereign Sukuk facility (SPNSNT 12102016) with a nominal value of IDR2.54 trillion (US$193.55 million) via a private placement, according to an announcement by the Ministry of Finance. The non-tradable Islamic paper, which matures on the 12th October 2016, carries a yield of 5.62% and a discounted coupon payment.

## Kuwait

Kuwait, which announced plans to raise funds via conventional bonds and/or Sukuk earlier this month, will tap the market in September, according to Finance Minister cum Acting Oil Minister Anas Al-Saleh, as reported by Bloomberg. Anas also said that the government is currently looking to hire banks to manage the offering and has hired consulting firm Oliver Wyman & Co to establish a debt management office.

A special committee with officials from the Ministry of Finance, sovereign wealth fund and the Central Bank of Kuwait will decide on whether to offer Islamic or conventional debt and whether to sell the debt in tranches. It was previously reported that the government was looking to issue up to KWD2 billion (US$6.61 billion) from the domestic market and up to KWD3 billion (US$9.92 billion) from international markets.

## Oman

Oman's US$500 million privately placed Sukuk facility that was priced with a profit rate of 3.5% per annum was assigned a 'Baa1' rating by Moody's. The US dollar Ijarah trust certificates will mature on the 14th July 2022.

**Upcoming sovereign Sukuk**

| Country | Amount | Expected date |
|---|---|---|
| Oman | US$2 billion | TBA |
| Senegal | XOF150 billion | July 2016 |
| 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 | Sept 2016 |
| Maldives | TBA | TBA |
| Sri Lanka | US$1 billion | TBA |
| Germany | US$1 billion | TBA |

# Women and Words: Capturing a diversity dividend in Islamic finance

*By Laura Elder, a cultural anthropologist and teaches in the Department of Global Studies at Saint Mary's College in Notre Dame. Her primary research interests are global political economy, Islam and gender. She can be contacted at lauraeveelder@gmail.com.*

**As seen most recently in the UK, after crises women are often selected to lead recoveries. In times of stability, however, research suggests a partiality toward selecting men for leadership positions both in corporate and governmental sectors. But recent research across the social sciences indicates that gender diversity has positive effects on the bottom line and on the social bottom line as well. If this is the case, then women's leadership during a time of expansion in Islamic finance should have significantly positive effects. But what is the source of these diversity dividends?**

A decade ago, Ronald Burt, an organizational sociologist, showed that people with different social networks within the same organization have viewing blind spots because they cannot access the information available within other networks. Bringing diverse people into such an organization – women for example – means that as outsiders they must broker across the blind spots that divide groups. If they are able to access different information and then translate their insights into policy, people who do not fit within the traditional structures of power and authority in an organization may provide a diversity dividend in terms of efficiency, innovation or profitability.

> ***"Around the world, corporations are now trying to capture this diversity dividend by retaining and promoting those who broker across institutional networks. For Islamic finance, in particular, one positive effect of diversity may derive from a more expansive view of Maslahah"***

Around the world, corporations are now trying to capture this diversity dividend by retaining and promoting those who broker across institutional networks.

For Islamic finance, in particular, one positive effect of diversity may derive from a more expansive view of Maslahah. In both conventional and Islamic banking and finance, the public interest has often been construed to mean whatever is singularly best for the corporate bottom line. Within the body of theory that has developed around commercial partnerships, for example, critiques of inequality in relative bargaining power as well as relative access to information often drop out. Choosing and retaining diverse leadership in Islamic financial services may redress both the public and corporate bottom lines.

# Canada: New era under Trudeau?

**A growing Muslim population (anticipated to double to 6.6% by 2030 according to Pew), a public-private partnership determined to make the country an Islamic finance center, and a government under fresh liberal leadership — is it finally time for Canada to make a material step forward in Islamic finance? VINEETA TAN provides an overview of the Canadian Shariah finance landscape.**

## Regulatory landscape

Canada has yet to implement dedicated Islamic finance legal provisions despite it having a sophisticated financial system and one of the world's safest banking infrastructure. The current tax and accounting framework is also not conducive for Shariah compliant financial transactions. That being said however, the Canadian government has been working toward addressing these issues and the new liberal government under self-styled progressive Prime Minister Justin Trudeau advocating for greater religious acceptance, especially Islam, could prove promising.

A joint task force comprising representatives of the Financial Institutions Steering Committee (including the Bank of Canada and the Department of Finance) have considered the prospects of amending current regulation to accommodate Islamic banks and windows. The government of Ontario has also agreed to review tax and non-tax criteria with the goal of eliminating any biases in favor of conventional finance, which could level the playing field for Islamic finance. Another notable force in pushing for a more compromising regulatory landscape is the Toronto Financial Services Alliance (TFSA), established to build the region's financial sector as a global top 10 financial services center including in the area of alternative financing.

Another vital development is the formation of the Islamic Finance Advisory Board in 2008. The self-regulatory non-profit voluntary body provides Shariah compliant advisory, education and mediation solutions to boost the Islamic finance industry and to introduce a measure of standardization.

## Banking and finance

Like many Western countries such as the US and Australia, Islamic financing activities in Canada mostly take the form of mortgage financing as early as in the 1980s. Provided by cooperatives, the earliest provider was Ansar Co-operative Housing Corporation. The first mainstream financial institution to offer Islamic mortgages is Winnipeg-based Assiniboine Credit Union and the latest to enter the space is Zero Mortgage Canada which partnered with retail store-based mortgage brokerage True North Mortgage to offer the Canadian market Islamic home financing products which are licensed for use in Canada through Dubai-based Zero Global.

Demand for Shariah compliant real estate financing is significant: a study launched by the TFSA projected for demand for Islamic mortgage to swell up to US$17.7 billion in 2020, almost nine times over a five-year period.

Within the banking community, the Canadian Imperial Bank of Commerce, a conventional bank, has an advisor offering Shariah financial advice to customers, but is in the minority. In 2015, Canada's largest independent investment dealer set up shop in the Dubai International Financial Center to assist Canadian issuers tap the Islamic capital markets while Toronto-based Avicenna Capital came to market with the purpose of developing Islamic instruments for corporate investors. Saudi Arabia's Al Awwal Capital has noted that it is exploring opportunities to establish a presence on Canadian shores. According to IFN Correspondent for Canada, Jeffrey Graham, there are a number of efforts underway that will lead to the creation of at least one regulated Islamic banking institution, perhaps as early as at the end of 2017.

## Takaful

The Canadian Islamic insurance market remains small: the Co-operators Group was the first local insurer to provide Takaful solutions in 2008 in collaboration with Ansar Co-operative and Qurtuba Housing Co-op. Canadian operators Sun Life and Manulife offers Islamic products in Southeast Asia. The demographics and mutual insurance model practice of Canada make Takaful a proposition with encouraging potential.

## Capital markets and funds

Canada has yet to introduce any Sukuk instruments, although there are opportunities to do so for infrastructure projects particularly municipal roads, and an issuance from the 'AAA' sovereign would likely be successful. However, tax obstacles remain.

Nonetheless, the country has an Islamic index: the Toronto Stock Exchange launched a Shariah index in 2009. The S&P/TSX 60 Shariah has 22 constituents and correlates with the S&P/TSX 60 Index which represents approximately 73% of Canadian equity market capitalization.

There are several Islamic funds in Canada including the Global Iman Fund by Global Growth Assets and an Islamic mutual fund from Bullion Management Group. Alberta-based Everest Group is also said to be in the process of transforming its existing mortgage and real estate funds to be in compliance with Shariah, becoming Canada's first Shariah compliant asset-backed and income-yielding funds.

## Education

Several higher education institutions offer Islamic finance courses including Centennial College (an online Islamic finance course), the University of Toronto's Rotman School of Management (which rolled out the country's first MBA course in Islamic finance) and McMaster University which also offers an MBA Islamic finance course through its DeGroote Business School.

**Table 1: S&P/TSX 60 Index performance as of the 30th June 2016**

| | Returns (%) | | | Annualized returns (%) | | |
|---|---|---|---|---|---|---|
| Total returns | One-month | Three-month | Year-to-date | One-year | Three-year | Five-year |
| | -0.00 | 1.7 | 8.16 | 0.29 | 5.48 | -2 |
| Price returns | -0.32 | 1.19 | 6.96 | -2.1 | 2.9 | -4.25 |

*Source: S&P*

# Real estate: Strong cross-border appetite

**The real estate and property sector remains one of the most vital asset classes in the Islamic finance industry as bricks and mortars have always been viewed as a safe haven for capital and the industry's favorite asset to back Shariah compliant transactions. DANIAL IDRAKI looks at recent developments across the Islamic real estate and property sector.**

## Financing packages

London-based investment bank Gatehouse Bank in April launched its Shariah compliant financing solutions for clients seeking to acquire or refinance residential properties, with a focus on greater London. In Saudi Arabia, Bidaya — a venture between the Islamic Corporation for the Development of the Private Sector and the Public Investment Fund of the Ministry of Finance — was granted a license with SAR900 million (US$239.66 million) in capital by the Saudi Arabian Monetary Agency in January this year to provide financing for home ownership in the Kingdom. It is the first Saudi home finance company to be awarded the license since the new mortgage regulations were adopted in November 2015.

## I-REITs and real estate funds

In July 2015, Eskan Bank announced that it is planning to list its REIT on the Bahrain Bourse, with the Securities and Investment Company appointed as the lead arranger. The Shariah compliant REIT — which is to be only the second Shariah compliant listed REIT in the Gulf region — will provide investors an opportunity to invest in a number of real estate assets at a nominal value.

Mashreq and Arady Properties recently 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. The investment vehicle is structured as a six-year, close-ended fund which is regulated by the Dubai Financial Services Authority, and will deploy US$300 million of equity paired with debt to acquire assets with strong yielding potential.

Mazaya Qatar Real Estate Development and full service brokerage firm Global Securities had in April entered into an MoU to roll out Shariah compliant real estate investment funds in Turkey. To be structured with a particular focus on near-completion projects and income-producing assets, the funds will be offered to qualified investors, locally and internationally.

In October 2015, London Central Portfolio partnered with Al Rayan Bank to finance its latest Shariah compliant property fund, the London Central Apartments III, focusing on Prime Central London's private rented sector. The asset manager targets to raise GBP100 million (US$131.8 million) in funds which will be invested to expand the existing portfolio and is projecting returns in excess of 10% annually over a five-year period.

## New Shariah compliant financing deals

*The US*

The US is increasingly becoming a preferred destination for Shariah compliant investments in the property market. Soho Properties marked the growing trend when it had in May secured US$219 million in Shariah compliant funding for the construction of its Tribeca condominium tower at 45 Park Place in Manhattan, expected to be delivered in 2018.

Saudi Arabia's Islamic investment firm Sidra Capital in April broke into the US market with a SAR350 million (US$93.28 million) purchase of a South Carolina property to kick-start its future US acquisition plans. The acquisition was made by Shariah compliant real estate specialist 90 North Partners. UAE-based Gulf Islamic Investments also recently made its first foray into the US market with the acquisition of a Class A commercial building in Pennsylvania for US$48 million, using a five-year Shariah compliant financing facility.

*Europe*

While the US is certainly a hit with growing Shariah compliant funds flowing into the country, Europe is also seeing a fair share of activities. German property investment fund manager, Greenman Investments, is one of the latest to capitalize on the growing Middle Eastern demand when the firm recently

concluded the first closing of its Shariah compliant Greenman IncomePRO fund in the amount of EUR31 million (US$34.19 million). The money raised from the IncomePRO fund will be used to acquire three German retail properties. The fund, launched in 2015, is in collaboration with London-based RiverCrossing Capital, an Islamic fund manager.

*Australia*

Another market showing heightened Shariah compliant real estate deals is Australia. National Australia Bank (NAB) closed its debut Islamic financing deal worth AU$19.9 million (US$15.07 million) in August 2015 to fund a real estate purchase by Crescent Wealth. The funding platform designed by NAB utilized the Wakalah structure.

In February this year, Singapore's Basil Property Trust — a Shariah compliant cross-border business space fund managed by AEP Investment Management — made its debut foray into the Australian property sector with the acquisition of 41 George Street, in the Brisbane CBD, from two Queensland Investment Corporation funds for a total of AU$159.8 million (US$120.99 million).

Malaysia's national pilgrimage fund, Lembaga Tabung Haji, had in 2015 concluded one of the first Islamic finance transactions in the Australian commercial property sector — a 40% stake purchase in 747 Collins Street using the commodity Murabahah structure, while the fund's property development arm (TH Properties) completed the AU$220 million (US$166.57 million) Bay Pavilions property development in Sydney in November 2015.

# Daud speaks

*By Daud Vicary, the president and CEO of the International Center of Education in Islamic Finance (INCEIF), The Global University of Islamic Finance.*

**Eid Mubarak.**

Despite it being Ramadan, it has been a very busy month, which has included a trip to the Gulf just prior to the UK Brexit vote. Something I will comment on later.

The Gulf trip went well. As ever, traveling during Ramadan has its challenges; however, the warmth of the hospitality in both Doha and Dubai was most gratifying. As indeed, was the attentive listening that I received in support of the new Endowment Fund that my university has just launched. Nelson Mandela said that: "Education is the most powerful weapon that we have." There is no doubt in my mind that this holds true, in particular, for Islamic finance and that public support, whether great or small, will make a tremendous difference to those students who do not have their own means to pay for their education. The future growth of Islamic finance will be dependent on developing the minds and capabilities of these talented people.

On to the Brexit. Like most people, I suppose, I was stunned and shocked by the result. It actually appeared to shock some of those who were campaigning to leave! Judging by the continuing media buzz since the results were made known on the 24th June 2016, there is still a great deal of soul-searching going on. Indeed, some schools of thought believe that the actual exit from the EU may not actually happen. We shall, of course, have to wait and see. The implications for Islamic finance at this point are somewhat unclear, apart from a rather nasty outbreak of enhanced Islamophobia in the UK. To my mind, there could be some impact on the future of London as a major financial center and the UK as an education center, which may in turn have a knock-on effect on the development of Islamic finance in the UK. My crystal ball, which I prefer not to use too often, is showing sure signs of cloudiness! However, I believe we should continue to strive positively toward ensuring that the true value proposition of Islamic finance is revealed and demonstrating that the impact of Islamic finance is beneficial for all humanity. As ever, I am optimistic that we can overcome these sorts of bumps in the road, whether man-made or acts of God, and we will continue to respond and adapt as an industry. This is not a time to jump ship!

Until the next time, there is much to do and not a moment to lose.

# Update on Indonesia's corporate Sukuk so far in 2016

INDONESIA

*By Farouk Abdullah Alwyni*

**Maybank Indonesia has issued its 'Shelf Registration Sukuk Mudarabah I Maybank Indonesia Tranche II' facility (Sukuk Mudarabah) amounting to IDR700 billion (US$53.34 million). The offer period for this Sukuk Mudarabah was from the 6th to the 7th June 2016 and the listing on the Indonesian Stock Exchange was on the 13th June 2016.**

The aforementioned Sukuk is part of the 'Public Offering of Shelf Registration Sukuk Mudarabah I Maybank Indonesia' with targeted funds amounting to IDR1 trillion (US$76.2 million). This Sukuk facility has a three-year maturity period with an indicative return of 8.25% per annum. Tranche I of this Sukuk in the amount of IDR300 billion (US$22.86 million) was issued in July 2014. Bank Syariah Mandiri is another bank expected to issue Sukuk in the third quarter of 2016.

Unlike the government Sukuk, which has become a leading Islamic finance instrument in the country, the growth of corporate Sukuk has been much slower. As of the end of 2015, total corporate Sukuk issued amounted to IDR16.11 trillion (US$1.23 billion), less than 5% compared with IDR359.97 trillion (US$27.43 billion)-worth of Sukuk issued by the government. However, it is important to note that the year of 2015 actually showed a major increase in terms of the number of issuances and the amounts.

As shown in Table 1, in 2014, there were only seven issuances amounting to IDR962 billion (US$73.3 million) compared with 16 issuances amounting to IDR3.16 trillion (US$240.79 million) in 2015. This is not to mention the issuance of a US$500 million global unrated Sukuk facility by Garuda Indonesia, the state-owned Indonesian airline, which was not recorded in OJK's statistical data.

However, it remains to be seen whether the issuance of corporate Sukuk in 2016 could be more, if not at least the same, than the year of 2015. The slow growth of corporate Sukuk issuance in Indonesia compared with Malaysia actually should prompt the relevant authorities to evaluate on how business-friendly the existing regulations are.

> ***"The slow growth of corporate Sukuk issuance in Indonesia compared with Malaysia actually should prompt the relevant authorities to evaluate on how business-friendly the existing regulations are"***

It is important to ensure that all of the regulations issued so far are able to address the issues of bureaucratic barriers faced by the corporates. In addition, fiscal incentives for companies issuing Sukuk should really be put on the table if the authorities are serious in promoting the growth of Islamic finance.

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**Table 1: Corporate Sukuk issuance 2013-15**

| Year | Sukuk issuance | | Cumulative Sukuk issuance | |
|---|---|---|---|---|
| | Total value (in billion IDR) | Total number | Total value (in billion IDR) | Total number |
| 2013 | 2,204 | 10 | 11,994 | 64 |
| 2014 | 962 | 7 | 12,956 | 71 |
| 2015 | 3,158 | 16 | 16,114 | 87 |

*Source: Indonesia's Financial Services Authority (OJK)*

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# Islamic banking implementation process ongoing in Morocco

MOROCCO

*By Dr Ahmed Tahiri Jouti*

**The slow pace of the Islamic banking implementation process in Morocco was sharply criticized by local and foreign experts as well as observers. Indeed, the legal framework was adopted in November 2014 but banks are still waiting for the green light to launch their Shariah compliant activities.**

For this reason, Bank Al-Maghrib, the central bank of Morocco, held a press conference on the 30th June 2016 represented by its general manager and head of the Banking Supervision Department to give an overview on the progress of the implementation process.

The following elements were discussed.

## Shariah governance framework

Nine scholars, a coordinator and three external experts were appointed to the Central Shariah Board of Participative Finance (part of the Higher Council of Ulamas). A follow-up committee was created for better collaboration between the Higher Council of Ulamas and the central bank.

## Regulatory framework

The central bank has prepared three circulars and submitted them to the Central Shariah Board (Higher Council of Ulamas) for approval. The circulars are related to:

- Islamic finance products
- investment and saving accounts, and
- Islamic windows.

The central bank also prepared two circulars that did not require the approval of the Higher Council of Ulamas and which related to:

- Shariah compliance functions in participative banks, and license applications.

Seven other circulars are currently being drafted relating to prudential rules and accounting.

## Tax framework

The Ministry of Finance has introduced many amendments related to Islamic financial products this year to ensure the tax neutrality with conventional banking products. Nevertheless, the central bank has declared that many other tax issues have still not been addressed.

## Licensing process

The central bank has received 10 license applications of which seven are for fully-fledged Islamic banks and three for Islamic windows. Among the seven applications for fully-fledged Islamic banks, five are from local conventional banks while the rest are from GCC banks. Four local conventional banks that have foreign partners are BMCE Bank, Credit Immobilier et Hotelier Bank, Banque Populaire and Credit Agricole Maroc.

The three applications for Islamic windows are from the Moroccan subsidiaries of French banks: BNP Paribas, Credit Agricole and Societe Generale.

## Challenges

The following are the challenges and issues listed by the central bank that need to be addressed:

- The Takaful legal framework needs to be adopted.
- The tax framework needs to be completed.
- An Islamic interbank market needs to be implemented.
- Shariah compliant liquidity management instruments need to be further developed.

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# Brexit from 6,500 miles away

REAL ESTATE

*By Philip Churchill*

**The shock of waking on Friday morning to find that the UK public had voted to leave the EU was compounded by the prospect of flying to Kuala Lumpur on the Sunday. Not that I dislike meeting our Islamic investors in Malaysia, quite the opposite, but I feared that the timing could not be worse and that everyone would be scared and with no desire to invest in anything until the dust had settled. Thankfully I was wrong.**

They say that bad news travels in threes, but I couldn't determine which was the worst: voting to leave the UK, the UK losing it's 'AAA' rating or England losing to Iceland in football! Certainly plenty of topics for discussion with both institutional and private investors, but the mood was fairly upbeat.

There seemed to be a sense of relief that it was UK rather than Malaysian politics making the headlines for a change, and with Malaysian business tycoon Yeoh Tiong Lay appearing on television excited by the prospect of adding further UK assets to his YTL Corporation at a reduced price, this message of potential opportunity was a recurring theme.

I've spoken before about the resilience and flexibility of Islamic investors, with equal appeal in buying UK real estate at a reduced price, sticking with US dollar investments for a while and picking and choosing from the best of continental European assets.

The exchange rate will clearly make a big difference. The heyday of Malaysian investment into the UK was with the exchange rate below RM5.5 to the pound. It's been a long 12 months since the Malaysian currency was at that level, but at RM5.2 to the pound at the time of writing, it must be tempting again.

> ***"With Islamic finance already a global business, perhaps it is an opportunity for the UK to apply its skill set in that regard to an even larger audience"***

Discussion of course was focused on defensive UK sectors that would be largely immune from the fallout from leaving the EU, with London offices probably not the best place to invest in at the moment.

So, a silver lining and a relief for me. Approximately 6,500 miles away certainly provided a refreshing perspective and with Islamic finance already a global business, perhaps it is an opportunity for the UK to apply its skill set in that regard to an even larger audience.

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# Real estate investment companies' role in developing Turkish real estate market

**As a natural outcome of a developing and expanding economy, increasing population and urban transformation projects in Turkey, financing for real estate investments has become an important issue for the market. BURAK GENCOGLU writes.**

**REAL ESTATE**

*By Burak Gencoglu*

**The real estate market of Turkey has expanded and demonstrated an outstanding performance during the past couple of years. In addition to the increase in demand and high-quality office and retail space, decreasing interest rates and the mortgage system have been the main reasons for the remarkable growth of the real estate market.**

In terms of real estate investments, real estate investment companies (REICs) have a significant role in the Turkish real estate market. Real estate investment trusts are structured as REICs, since 'trust' is not a model existing in Turkey. REICs can be defined as the institutions which can only invest in real estate, capital market instruments based on real estate, real estate projects and rights based on real estate. There are currently 31 REICs currently operating in the Turkish real estate market. REICs were introduced more than 20 years ago in 1995 after the Capital Markets Board (CMB) completed the required legal arrangements.

REICs, which comply with the requirements of the CMB, operate as corporate income tax-exempt stock companies and they are listed on an organized stock market in Istanbul. REICs are also considered as a useful vehicle that offers easy access to the profits of huge real estate portfolios in the real estate market. Therefore, they have attracted the attention of both local and foreign investors. REICs have a high growth potential; however, in order to achieve the desired levels, it is crucial for these companies to have opportunities to boost their investments such as establishing new financing instruments.

## Lease certificates as a financing method for REICs

While REICs play an important role for the real estate market, it is of utmost importance to provide finance for their investments and diversify their financing instruments. REICs traditionally provide financing for their investments through their equity capital or bank loans. However, REICs have also added lease certificates (Sukuk) into their financing sources in recent years. One of the main advantages of REICs is that since they are listed on the stock market, they can also benefit from capital market financing opportunities.

The real estate market has become more familiar with Islamic finance instruments, namely lease certificates, due to the legislative developments during the past years. However, as an alternative to the traditional financing instruments, lease certificates are still at the development stage. REICs can incorporate asset leasing companies (ALCs), which issue lease certificates, to provide funds to be used by REICs in the investment projects.

The main regulation regarding lease certificates is the communiqué numbered III-61.1 (communiqué) enforced by the CMB and published on the Official Gazette dated the 7th June 2013 and numbered 28670. The communiqué regulates matters such as the guidelines for defining the lease certificate types, establishment, articles of association of ALCs and rights and assets which can be acquired by these companies.

As per the communiqué, lease certificates may be issued in five different forms. These are the lease certificates which may be based on: (i) ownership (Sukuk Ijarah), (ii) management agreements (Sukuk Musharakah), (iii) trading (Sukuk Murabahah), (iv) partnership (Sukuk Mudarabah) and (v) contractor agreements (Sukuk Istisnah) or by combining these different structures. Lease certificate holders generate revenues in the same ratio as their percentage on the underlying assets and rights.

As a regulatory requirement, REICs should have a minimum of 50% real estate investment within their portfolio. However, in order to establish the issuance structure of lease certificates, REICs should transfer their real estates to ALCs. Since such a transfer transaction affects the distribution of the REIC's asset portfolio, it is essential to protect the minimum 50% real estate investment ratio which should be held by the REIC itself.

Therefore, REICs should direct the financing provided through the lease certificate issuance to new real estate investments which will enable them to meet the minimum requirement. This way, the portfolio distribution of REICs can be protected to comply with the real estate-related investment limit.

Lease certificates are considered as an advantageous method to carry out the securitization of the real estates owned by REICs. The issuance of lease certificates may provide a less costly financing tool compared with bank loans and other traditional methods due to factors such as the ALC and its asset-based structure. Additionally, the Turkish real estate sector attracts a considerable number of foreign investors who prefer to invest in Islamic finance instruments.

Interest-free and Islamic finance tools have increasing popularity both in Turkey and in the world as they attract the Gulf investors. Therefore, Turkey is enacting legislation to provide a favorable tax regime for investors and issuers to promote Islamic finance instruments such as the lease certificates.

By promoting the lease certificates to be issued by REICs, investors may benefit from the advantageous regimes stipulated for both REICs and lease certificates.

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# DEALS

## CBB's Sukuk fully subscribed

**BAHRAIN**: The monthly issue of the Central Bank of Bahrain (CBB)'s Sukuk Ijarah worth BHD26 million (US$68.43 million), which carries a maturity of 182 days, has been fully subscribed, according to a statement. The expected return on the issue, which began on the 14th July 2016 and matures on the 12th January 2017, is 2.2%.

Separately, the monthly issue of the Sukuk Salam facility by the CBB's worth BHD43 million (US$113.21 million), which carries a maturity of 91 days, has also been fully subscribed, according to a statement. The expected return on the issue, which begins on the 20th July and matures on the 19th October 2016, is 2.09%.

## Dana Gas to buy back Sukuk

**UAE**: Dana Gas Sukuk, the issuer, in a bourse filing said that it has been advised by Dana Gas, its parent company and the obligor of the Sukuk, of a buyback of the US$20 million 9% ordinary Sukuk Reg S facility, which will be delivered to its principal paying agent, Deutsche Bank (London branch), in due course for effecting cancellation. The company also clarified that following the cancellation of the aforementioned Sukuk, the total outstanding of the 9% ordinary Sukuk would be approximately US$350 million.

## Indonesian government sells Sukuk privately

**INDONESIA**: The government of Indonesia has issued a sovereign Sukuk (SPNSNT 12102016) facility with a nominal value of IDR2.54 trillion (US$193.55 million) via a private placement, according to an announcement on the Ministry of Finance's website. The non-tradable Islamic paper, which matures on the 12th October 2016, carries a yield of 5.62% and a discounted coupon payment.

## IILM auctions Sukuk

**MALAYSIA**: The International Islamic Liquidity Management Corporation (IILM) announced in a filing to Bank Negara Malaysia that it received RM1.42 billion (US$356.57 million) in bids from the auction of its short-term Sukuk facility worth RM1.11 billion (US$278.73 million) on the 13th July.

## Saudi Binladin makes delayed Sukuk payment

**SAUDI ARABIA**: Multinational construction conglomerate Saudi Binladin has made a SAR1 billion (US$266.54 million) Sukuk payment that matured in late June after a delay of several weeks, and had used money from a SAR2.5 billion (US$666.35 million) financing facility it secured from two local banks in May, according to Reuters quoting banking sources. Saudi Binladin issued the short-term 364-day Sukuk Murabahah facility in late June 2015, priced with a profit rate of 2.5%.

## STSSB to issue ICP

**MALAYSIA**: Sunway Treasury Sukuk (STSSB) announced on Bank Negara Malaysia's website that it will issue RM100 million (US$25.18 million) in Islamic commercial papers (ICP) via tender on the 20th July 2016. Maturing on the 22th August 2016, the 'MARC-1IS'-rated paper is STSSB's 115th series of ICP.

## Kuwait plans international bond sales

**KUWAIT**: Kuwait, which announced plans to raise funds via conventional bonds and/or Sukuk earlier this month, will tap the market in September, according to Finance Minister cum Acting Oil Minister Anas Al-Saleh, as reported by Bloomberg. Anas also said that the government is currently looking to hire banks to manage the offering and has hired consulting firm Oliver Wyman & Co to establish a debt management office. A special committee with officials from the Ministry of Finance, sovereign wealth fund and the Central Bank of Kuwait will decide on whether to offer Islamic or conventional debt and whether to sell the debt in tranches. It was previously reported that the government was looking to issue up to KWD2 billion (US$6.61 billion) from the domestic market and up to KWD3 billion (US$9.92 billion) from international markets.

## Bank Sulsebar lists Sukuk Mudarabah

**INDONESIA**: Bank Pembangunan Daerah Sulawesi Selatan dan Sulawesi Barat (Bank Sulsebar) has listed its five-year Sukuk Mudarabah II facility worth IDR50 billion (US$3.8 million) with a yield of 9.35%, together with its IDR500 billion (US$38 million) bonds on the Indonesia Stock Exchange, according to a statement. The debt facilities, which received respective ratings of 'idA+(sy) and 'idA+' from PEFINDO, were issued on the 15th July.

## DanaInfra to issue Sukuk for highway project

**MALAYSIA**: DanaInfra Nasional will be issuing Sukuk on behalf of the federal government of Malaysia for the Pan-Borneo Highway project in East Malaysia, according to Reuters. A group of banks has been selected for the first issue and are working to finalize a RM13 billion (US$3.25 billion) Islamic medium-term note (IMTN) program to fund the initial works, with the first issue expected in August or September 2016 and to be around RM10 billion (US$2.5 billion) backed by a federal government guarantee.

**DEAL TRACKER** Full Deal Tracker on page 27

| EXPECTED DATE | COMPANY'S NAME | SIZE | STRUCTURE | ANNOUNCEMENT DATE |
|---|---|---|---|---|
| August-September 2016 | DanaInfra Nasional | RM10 billion | Sukuk | 19th July 2016 |
| TBA | Ekovest | RM3.64 billion | Sukuk Wakalah | 19th July 2016 |
| September 2016 | Government of Kuwait | up to KWD5 billion | Sukuk | 4th July 2016 |
| July 2016 | 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 |

### Ekovest's Sukuk in the offing

**MALAYSIA**: Ekovest, via Lebuhraya DUKE Fasa 3 (the issuer), has made a lodgment to the Securities Commission Malaysia (SC) for the launch of a Sukuk Wakalah facility under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. According to a filing to Bursa Malaysia, the issuer proposes to issue Sukuk of up to RM3.64 billion (US$908.64 million) in nominal value with tenures of up to 23 years under the Shariah principle of Wakalah Istithmar.

AmInvestment Bank has been appointed as the principal advisor and lead arranger and together with CIMB Investment Bank, Maybank Investment Bank and RHB Investment Bank as the joint lead managers and joint bookrunners for the said Sukuk.

# AMERICAS

### Guidance Residential operates in Kentucky

**US**: Shariah compliant Guidance Residential has launched its operations in Kentucky, enabling the Islamic mortgage provider to expand its products and services to the state, according to a statement.

# ASIA

### Orix expands Islamic finance business

**JAPAN**: Orix has become the first Japanese leasing company to handle Mudarabah products, after its recent acquisitions of Standard Chartered Services of Pakistan as well as a Pakistani leasing company for a total of about JPY1 billion (US$9.64 million), according to Nikkei Asian Review. Orix will be leveraging on its acquisitions in Pakistan and is looking to offer Mudarabah products in other Islamic countries.

### BNM reduces OPR

**MALAYSIA**: Bank Negara Malaysia (BNM) has reduced the overnight policy rate (OPR) to 3%. According to a statement, BNM has also correspondingly cut the ceiling and floor rates of the corridor for the OPR to 3.25% and 2.75% respectively. As a result of this OPR revision, several banks have also reviewed their rates including Maybank which will revise its Islamic base rate and base financing rate to 3% and 6.65% per annum respectively and CIMB Group which will lower its base rate from 4.1% to 3.9% and base lending rate (BLR) from 6.95% to 6.75%, effective the 22nd July while its deposit rates will be revised downwards by up to 20bps. These 20bps reductions are for loans/financing products for its Malaysian business. Concurrently, AMMB Holdings (AmBank Group) has also said that it will reduce its BR and BLR by 20bps to 3.8% and 6.65% respectively from the 19th July 2016.

# GLOBAL

### Deloitte and IRTI releases Islamic finance white paper

**GLOBAL**: Deloitte's Islamic Finance Knowledge Center (IFKC) and the Islamic Research and Training Institute (IRTI) have launched a new white paper on governance and regulation in Islamic finance practice, according to a press release. The report is the first publication in IFKC's new Islamic finance insights series 'Leading by Engaging' which consists of a series of white papers and policy documents meant to address industry issues and present practical analyses and policy briefings to practitioners.

### Multilateral organizations support KOTAKU

**GLOBAL**: The National Slum Upgrading Program, an Indonesian national collaborative platform which is also known locally as KOTAKU, is set to receive financing support from multiple sources including the central and local governments, the IDB, the World Bank (WB) and the Asian Infrastructure Investment Bank (AIIB). According to a statement, the Indonesian government is providing the bulk of the financing at around US$1.3 billion for the five-year program, which is also supported with parallel financing from the IDB. The WB has approved US$216.5 million in financing together while the AIIB is co-financing the project with an additional US$216.5 million. It was also mentioned that Australia's Department of Foreign Affairs and Trade has also been providing technical assistance to the KOTAKU program under separate legal arrangements.

# MIDDLE EAST

### Sukuk listings on NASDAQ Dubai grow

**UAE**: NASDAQ Dubai has achieved a total nominal value of listings of US$44.56 billion following the admission of Noor Bank's US$500 million Tier 1 Sukuk, marking the 11th Sukuk listing in Dubai in 2016 as well as the first perpetual Tier 1 Sukuk issued this year from the UAE, according to a statement.

### Meethaq's SSB approves new products and services

**OMAN**: The Shariah Supervisory Board (SSB) of Meethaq, the Islamic banking arm of Bank Muscat, approved a number of initiatives including introducing new products and services especially electronic banking services during its third meeting of 2016, according to Muscat Daily. The board also discussed investments in the secondary Sukuk market.

### KHCB collaborates with RMK Projects

**BAHRAIN**: Shariah compliant Khaleeji Commercial Bank (KHCB) has inked an MoU with RMK Projects Developments Arm (RMK Projects), a subsidiary of RMK Kooheji Group, for the provision of customized financial solutions to potential buyers for the purchase of apartments at the Nasmah Star Tower, according to a statement.

## Saudi Binladin delays Murabahah payment

**SAUDI ARABIA**: Saudi Binladin has requested for an extension until the 31st August 2016 from a consortium of banks which provided the SAR817 million (US$217.66 million) Murabahah financing facility that matured on the 15th July, according to Reuters citing unnamed sources. The request for delay on the payment was because the Saudi government had yet to reimburse the construction firm for work carried out on the Kingdom's Grand Mosque site. Banks involved in the provision of the financing facility were mainly from the UAE including Emirates NBD, Noor Bank, Dubai Islamic Bank and Ajman Bank, the sources added.

# RESULTS

## Bank Muscat

**OMAN**: Bank Muscat registered a 27.7% growth in net income from Islamic financing for the six-month period ended June 2016, amounting to OMR11.76 million (US$30.44 million) from OMR9.21 million (US$23.84 million) in the same period last year. According to a statement, net Islamic financing for the first half of 2016 also rose 61.1% to OMR749 million (US$1.94 billion) from OMR465 million (US$1.2 billion), while Islamic deposits grew 43.7% to OMR733 million (US$1.9 billion) from OMR510 million (US$1.32 billion).

## Banque Saudi Fransi

**SAUDI ARABIA**: Banque Saudi Fransi (BSF), which provides Tawafoq Islamic banking services, reported a net profit of SAR2.13 billion (US$567.67 million) during the first half of 2016, a 2.9% rise compared with SAR2.07 billion (US$551.68 million) recorded in the same period last year. According to a statement, net profit for the second quarter of 2016 rose 3.15% year-on-year to SAR1.05 billion (US$279.84 million).

## Ajman Bank

**UAE**: Ajman Bank saw its profit for the second quarter of 2016 grow to AED32.71 million (US$8.9 million) from AED27.36 million (US$7.45 million) in the similar period last year, up 19% year-on-year, according to its unaudited consolidated financial statement.

## Al Madina Takaful

**OMAN**: According to Al Madina Takaful's preliminary unaudited financial results, the company made a post-tax net profit and surplus attributable to shareholders of OMR834,077 (US$2.16 million) in the first half of 2016, as compared with a profit of OMR1.42 million (US$3.68 million) a year before. The company generated OMR12.21 million (US$31.61 million) in gross contributions for its General Takaful business against OMR12.6 million (US$32.62 million) in 2015, and OMR1.26 million (US$3.26 million) in gross contributions for Family Takaful during the January-June 2016 period, as compared with OMR978,794 (US$2.53 million) the previous year.

## Alizz Islamic Bank

**OMAN**: Alizz Islamic Bank recorded a net loss after provisions and tax of OMR2.09 million (US$5.41 million) for the period ended the 30th June 2016, 31.55% lower compared with the net loss of OMR3.05 million (US$7.9 million) it posted over the same period in 2015, a filing with the bourse shows. Its net operating income, however, rose 90.07% to OMR4.41 million (US$11.42 million) from OMR2.32 million (US$6 million) for the period ended the 30th June 2015.

Separately, Capital Intelligence Ratings has affirmed the long and short-term ratings on the Oman national scale of Alizz Islamic Bank at 'omBBB-' and 'omA3' respectively, with both ratings remaining on a stable outlook, according to a statement.

## Bank Nizwa

**OMAN**: Bank Nizwa cut losses for the first half of 2016, realizing a 77% improvement in net loss after tax from OMR3.2 million (US$8.28 million) to a loss of OMR727,000 (US$1.88 million). The Islamic bank announced in a statement that it made an operating profit pre-provision and tax of OMR129,000 (US$333,929) from a OMR2.67 million (US$6.91 million) loss a year before. Total assets grew by 40% to stand at OMR421.34 million (US$1.09 billion) as at the 30th June 2016.

## Bank Sohar

**OMAN**: For the April-June 2016 period, Bank Sohar, which also provides Islamic banking solutions via Sohar Islamic, posted an 11.7% quarter-on-quarter increase in net profit to OMR4.65 million (US$11.96 million), according to Muscat Daily. The bank's net profit for the first six months of 2016 after considering the available-for-sale investment gains/losses, dividend, impairments and provision for restructured accounts, declined 36.47% to OMR8.81 million (US$22.65 million) from OMR13.87 million (US$35.66 million) last year.

## National Bank of Oman

**OMAN**: For the first six months of 2016, National Bank of Oman recorded a 10% growth in net interest income and income from Islamic financing, generating OMR50 million (US$129.43 million) as at the end of June 2016 against the corresponding period in 2015. According to a bourse filing, the bank saw net profit after tax rise by 5% year-on-year to OMR29.4 million (US$76.1 million) while total assets were up 9% to OMR3.56 billion (US$9.22 billion).

## United National Bank

**UAE**: United National Bank experienced a 22% drop in profit to AED922 million (US$250.95 million) in the first half of 2016, the bank said in a statement. Net interest income and net income from Islamic financing declined 15% year-on-year to AED1.26 billion (US$342.95 million) whereas total assets contracted 2% to AED102.2 billion (US$27.82 billion) as at the end of June 2016.

## Bank Dhofar

**OMAN**: Maisarah Islamic Banking Services made a net profit of OMR1.76 million (US$4.56 million) in the first half of 2016, a 55.94% year-on-year growth, according to the unaudited consolidated conventional and Islamic banking results of Bank Dhofar. Consolidated net profit after tax for the period showed a 15.65% increase to OMR26.17 million (US$67.74 million) while total assets grew by 12.11% to OMR3.8 billion (US$9.84 billion).

## Abu Dhabi Islamic Bank

**UAE**: Abu Dhabi Islamic Bank recorded a net profit of AED989.5 million (US$269.32 million) for the first half of 2016, a 3.8% year-on-year increase from AED953.4 million (US$259.5 million) it posted over the same period in 2015, according to a press release. Revenue for the period also rose 7.8% to AED2.67 billion (US$726.72

million) from AED2.48 billion (US$675.01 million) for the first half of 2015.

## Riyad Bank

**SAUDI ARABIA**: For the six-month period ending the 30th June 2016, Riyad Bank made a net profit of SAR2.32 billion (US$618.08 million), a 0.87% increase from the corresponding period in the previous year as a result of an 11.5% reduction in total operating expenses. According to a bourse filing, net profit for the second quarter was up 1.6% year-on-year to SAR1.15 billion (US$306.52 million). Total assets stood at SAR227.78 billion (US$60.71 billion) as at the end of June 2016.

## Al Rajhi Bank

**SAUDI ARABIA**: Al Rajhi Bank recorded a net profit of SAR2.05 billion (US$546.14 million) for the second quarter this year, up 5.72% year-on-year compared with SAR1.94 billion (US$516.84 million) the bank posted in the same period in 2015, according to a bourse filing.

## National Commercial Bank

**SAUDI ARABIA**: National Commercial Bank realized a 2.01% increase in net profit for the first six months to SAR5.07 billion (US$1.35 billion) as compared with the SAR4.97 billion (US$1.32 billion) made in the same period of 2015 driven by a 6.8% accretion in total operating income. A filing to Tadawul shows that the bank made a 3.17% quarter-on-quarter improvement in net profit to SAR2.44 billion (US$650.04 million). Total assets shrunk by 1.89% year-on-year reaching SAR452.67 billion (US$120.6 billion) as of the 30th June 2016.

## Bank Albilad

**SAUDI ARABIA**: Bank Albilad reported a net profit of SAR183.9 million (US$48.99 million) for the second quarter of 2016, 10.94% lower year-on-year compared with SAR206.5 million (US$55.01 million) it recorded in the same period of 2015, according to a bourse filing.

## Emirates Islamic

**UAE**: Emirates Islamic reported a net profit of AED137 million (US$37.29 million) for the first half of 2016, while its second quarter net profit came in at AED92 million (US$25.04 million), according to a press release. The bank's total assets stood at AED57.2 billion (US$15.57 billion), an increase of 8% from the end of 2015.

## Qatar Islamic Bank

**QATAR**: Qatar Islamic Bank (QIB) achieved a net profit attributable to the shareholders of the bank of QAR1.06 billion (US$290.91 million) for the six-month period ended the 30th June 2016, representing a growth of 18% over the same period in the previous year, according to a press release. QIB's total assets reached QAR135 billion (US$37.05 billion), an increase of 15% compared with June 2015.

## Weqaya Takaful Insurance and Reinsurance Co

**SAUDI ARABIA**: Weqaya Takaful Insurance and Reinsurance Co made a pre-Zakat new profit of SAR4.66 million (US$1.24 million) in the January-March 2016 period, an improvement from the net loss before Zakat of SAR2.65 million (US$706,331) made in the same period of 2015. According to a bourse filing, the company increased its earning per share to 23 Saudi halala (6.13 US cents) from a loss per share of 13 Saudi halala (3.46 US cents) over the same period.

## Masraf Al Rayan

**QATAR**: For the first half of 2016, Masraf Al Rayan achieved a 5.3% growth in net profit to QAR1.05 billion (US$288.16 million) with total assets reaching QAR88.4 billion (US$24.26 billion), up 8.3% year-on-year, according to a statement. The bank's non-performing financing ratio stood at 0.08% while return on assets reached 2.38%.

# ASSET MANAGEMENT

## TAIM declares income distribution

**MALAYSIA**: TA Investment Management (TAIM) has declared a gross income distribution of 1.5 Malaysian cents (0.38 US cent) for TA Islamic Fund and 3 Malaysian cents (0.75 US cent) for TA Growth Fund to registered unitholders as at the 30th June 2016, according to a statement.

## Bank Syariah Mandiri's savings fund grows

**INDONESIA**: Bank Syariah Mandiri's savings fund reached IDR34.42 trillion (US$2.62 billion) as of May 2016, largely contributed by two of its main retail funds, Republika.co.id reported. The bank's Tabungan BSM savings fund rose 5.68% to IDR16.38 trillion (US$1.25 billion) from IDR15.5 trillion (US$1.18 billion) in the same period last year, while its Mabrur Junior savings fund recorded a growth of 98.25% to IDR18.04 trillion (US$1.37 billion) compared with IDR9.1 trillion (US$693.42 million) in May 2015.

## OJK publishes new CIC regulation

**INDONESIA**: Otoritas Jasa Keuangan (OJK) has issued a new regulation: POJK Nomor 23/POJK.04/2016 for collective investment contracts (CIC), which include a slew of new provisions from the previous version. Under the new regulation, OJK has added new types of securities to be the underlying assets of real estate investment funds including debt securities, fixed-income Islamic securities, asset-backed securities (conventional and Islamic) which are not offered via a public offering and have received a rating, and units of CIC real estate investment trusts (conventional and Islamic) not offered via a public offering with the limit not more than 15% of the net asset value of the fund, according to OJK's Shariah educational portal.

## KWAP aims to be fully Islamic

**MALAYSIA**: Kumpulan Wang Persaraan (KWAP), Malaysia's second-largest pension fund which manages about RM120 billion (US$29.96 billion), is aiming to become a fully-fledged Islamic pension fund when its Shariah compliant assets, which currently stand at 55%, reach 70%, said Wan Kamaruzaman Wan Ahmad, KWAP's CEO, as reported by Bloomberg. Wan Kamaruzaman, however, said that there is no definitive timeframe to achieve the target, adding that an Islamic finance ecosystem must be developed and complement the fund's expectations.

## Masraf to roll out new fund

QATAR: Masraf Al Rayan confirmed in a statement that it will introduce a new investment fund before the end of this year known as the Tradable Investment

Fund ETF, which will be dealing in equities listed on the Qatar Stock Exchange (QSE) that are compatible with the provisions of Shariah based on the AlRayan Islamic Index. The investment fund will be rolled out in coordination with QSE and Qatar Financial Market Authority.

### Propertylink to go public

**AUSTRALIA**: Propertylink, which is seeking to raise AU$500 million (US$378.58 million) via an IPO, has lodged its prospectus and product disclosure statement with the Australian Securities and Investments Commission, eyeing a listing on the Australian Stock Exchange. The Sydney-based property fund manager, which offers Shariah compliant products, has a US$1.6 billion portfolio of industrial and office buildings. The firm manages nearly AU$100 million (US$75.72 million) in assets for two investors from the Middle East — the Bahrain-based Al Salam Bank and Saudi-based SEDCO Holding.

## TAKAFUL

### EGTAK to participate in nuclear insurance pool

**EGYPT**: Egyptian Takaful Property and Liability Insurance (EGTAK) intends to contribute approximately US$200,000 to a planned insurance pool for nuclear facilities and projects in Egypt, said Managing Director Ahmed Arfeen, according to Amwal Al Ghad.

### IRA to promote Islamic insurance

**UGANDA**: The Insurance Regulatory Authority (IRA) of Uganda has proposed the introduction of Takaful as the nation tries to deepen the penetration of insurance, according to Uganda's The Observer quoting Ibrahim Kaddunabbi, CEO of the IRA. The IRA intends to start working on promoting Islamic insurance in the first quarter of next year. The Ugandan government in January 2016 introduced Islamic banking to the country by passing the Financial Institutions (Amendments) Bill 2015.

### New law for Saudi insurance players

**SAUDI ARABIA**: The Saudi Arabian Monetary Agency (SAMA) has reached an agreement with the Ministry of Commerce and Investment to close insurance companies that have registered more than 50% losses, according to Arab News citing SAMA's vice-governor, Abdulaziz Saleh Al-Furaih. The media also reported that of the 30 listed insurance companies on the Saudi Stock Exchange, 10 have come under pressure to rectify their financial status after suffering heavy losses.

### Khazanah mulls bid for Takaful stake

**MALAYSIA**: Khazanah Nasional, Malaysia's sovereign wealth fund, is said to be considering an offer for Hong Leong Financial Group's 65% stake in Hong Leong MSIG Takaful, as well as its 70% holding in Hong Leong Assurance, according to Bloomberg quoting unnamed sources. The bid could be valued at around RM3.2 billion (US$798.8 million), according to the sources.

## RATINGS

### CI affirms Boubyan Bank

**KUWAIT**: Capital Intelligence (CI) has affirmed the 'BBB+' financial strength rating (FSR) of Boubyan Bank with a stable outlook, according to a statement. The FSR is supported by the lower non-performing Islamic financing facilities ratio and enhanced Islamic financing facilities loss reserve, the strong capital base and ratios, as well as the improved profitability at the net level.

### Fitch places FGB on RWP and affirms NBAD

**UAE**: Fitch in a statement has placed First Gulf Bank (FGB)'s long and short-term issuer default ratings (IDRs), support rating floor (SRF) and viability rating (VR) on rating watch positive (RWP), while affirming all support-driven ratings of National Bank of Abu Dhabi (NBAD) with stable outlooks. It has also placed NBAD's VR on rating watch negative.

The RWP on FGB's IDRs and SRF reflects Fitch's view of potentially higher support propensity of the bank by the UAE authorities and the government of Abu Dhabi ('AA/Stable/F1+') after the completion of its merger with NBAD. The affirmation of NBAD's SRF at 'AA-', which is one notch above Abu Dhabi's domestic systemically important banks' SRF of 'A+', meanwhile, reflects the bank's current flagship status and high systemic importance in the UAE and Abu Dhabi in particular.

### CI affirms Bank AlJazira

**SAUDI ARABIA**: Capital Intelligence (CI) has affirmed the financial strength rating of Shariah compliant Bank AlJazira at 'BBB', according to a statement. The rating agency also affirmed the bank's long-term foreign currency rating (FCR) at 'BBB+', and the short-term FCR at 'A2'. All ratings carry a stable outlook.

### MARC affirms Westports Malaysia's Sukuk at 'AA+IS'

**MALAYSIA**: MARC has affirmed its 'AA+IS' rating on Westports Malaysia's RM2 billion (US$502.22 million) Sukuk Musharakah program with a stable outlook, according to a statement. The company's affirmed rating is supported by its strong cash flow generating ability, stemming from a steady operational and sound productivity performance. Westports's outstanding amount under the Sukuk program is RM1.15 billion (US$288.77 million) as at the end of 2015. The first two payments of RM50 million (US$12.56 million) each are due in April 2021 and May 2021 respectively.

### 'Baa1' for Oman's sovereign Sukuk

**OMAN**: Moody's has accorded a 'Baa1' rating to Oman's US dollar Sukuk issued on the 29th June, according to a statement. Priced with a profit rate of 3.5% per year, the US$500 million Ijarah trust certificates were issued on a private placement basis and will mature on the 14th July 2022.

### Stable outlook on Qatar's banking system

**QATAR**: Moody's has maintained a stable outlook on Qatar's banking system, unchanged since 2010, according to a statement. The outlook reflects the rating agency's expectation that the operating conditions of Qatari banks — five of which are Islamic — will remain favorable as a result of high government spending amid low oil prices. Moody's

expects Qatar's GDP to grow 4.1% for 2016 despite continued low oil prices, due to strong government spending on infrastructure projects that will drive economic expansion and support the FIFA World Cup in 2022.

## UAE's ratings affirmed

**UAE**: Capital Intelligence has affirmed the UAE's long-term foreign and local currency ratings of 'AA-' and its short-term foreign and local currency ratings of 'A1+' with a stable outlook, according to a statement.

## Qatar's outlook negative

**QATAR**: Capital Intelligence in a statement said that it has affirmed the long-term foreign and local currency ratings of 'AA-' and also the short-term foreign and local currency ratings of 'A1+' on Qatar on the back of the state's substantial economic wealth. The outlook for Qatar's ratings, however, is negative, reflecting the deterioration in public finances and the current account balance in view of the steep decline in hydrocarbon prices, in addition to the rapid increase in central government debt.

## TBE Issuer's Sukuk reaffirmed

**MALAYSIA**: Tanjung Bin Energy Issuer (TBE Issuer)'s RM3.29 billion (US$832.91 million) Sukuk Murabahah (2012/2032) facility has been reaffirmed at 'AA3/Stable' by RAM. The rating agency said in a statement that the reaffirmation reflects TBE Issuer's continued strong debt-servicing ability, underlined by expected healthy cash flows from the recently completed super-critical 1,000 MW coal-fired power plant in Johor.

## RAM reaffirms Lafarge Malaysia's Sukuk

**MALAYSIA**: RAM has reaffirmed the 'AA2/Stable/P1' ratings on Lafarge Malaysia's RM350 million (US$87.37 million) Islamic securities program, with the ratings reflecting the company's established business position in the local cement sector, according to a statement.

## UMW Holdings's Sukuk downgraded

**MALAYSIA**: RAM has downgraded the long-term ratings of UMW Holdings's Islamic debt programs to 'AA2' from 'AAA' and revised the outlook to stable from negative, according to a statement. Concurrently, its short-term issue rating of 'P1' has been reaffirmed. The rating agency added that the downgrades are premised on a weakened operating performance and financial profile.

# MOVES

## UK Government

**UK**: **Philip Hammond** has been appointed as the new Chancellor of the Exchequer following the resignation of **George Osborne** from the government.

## Ewaan Global Residential

**SAUDI ARABIA**: Ewaan Global Residential has appointed Islamic finance expert **Abdullah Muhammad Ahmed Ashy** as its chairman as of July 2016, according to a press release. Prior to his appointment, Abdullah held several important roles at the IDB's Islamic Corporation for the Development of the Private Sector as well as at several other institutions in the field of asset management, auditing and others.

## GIB Capital

**SAUDI ARABIA**: GIB Capital, a wholly-owned subsidiary of Gulf International Bank, a pan-GCC universal bank that offers Shariah compliant banking, has appointed **Osamah Mohammed Shaker** as its new CEO effective the 29th June 2016, according to a statement. Osamah was previously the director-general of banking control, overseeing and regulating all the commercial banks in Saudi Arabia, as well as being the senior advisor to the deputy governor for supervision at the Saudi Arabian Monetary Agency.

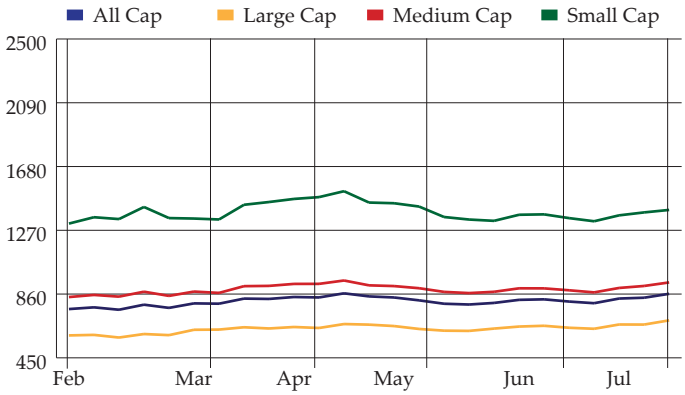
## IMF

**GLOBAL**: **Masood Ahmed**, the director of the Middle East and Central Asia Department of the IMF who forged collaborations with the IDB, will retire from the fund in October after the IMF-World Bank Annual Meetings, IMF Managing Director **Christine Lagarde** confirmed in a statement. The search process to identify a successor to Masood will begin immediately.

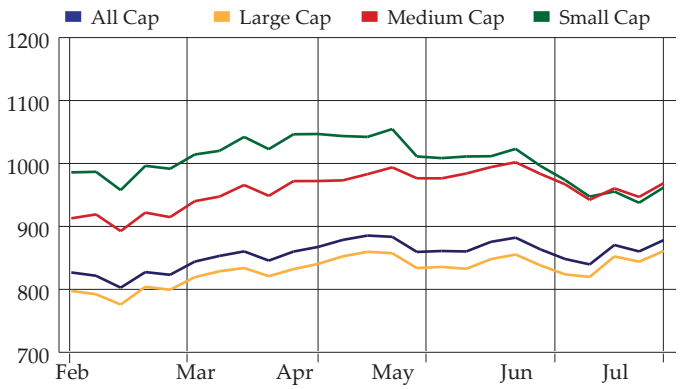
| Expected date | Company's name | Size | Structure | Announcement Date |
|---|---|---|---|---|
| August-September 2016 | DanaInfra Nasional | RM10 billion | Sukuk | 19th July 2016 |
| TBA | Ekovest | RM3.64 billion | Sukuk Wakalah | 19th July 2016 |
| September 2016 | Government of Kuwait | up to KWD5 billion | Sukuk | 4th July 2016 |
| July 2016 | 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 | Neelum Jhelum Hydropower Company | PKR100 billion | Sukuk | 23rd 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 | The Philippines | TBA | Sukuk | 6th June 2016 |
| Jun-16 | Pengurusan Air SPV | RM1.4 billion | Sukuk | 3rd June 2016 |
| TBA | GFH Financial Group | US$150 million | Sukuk | 2nd June 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 | US$1 billion | Sukuk | 18th May 2016 |
| TBA | Aktif Bank | TRY100 million | Sukuk | 9th May 2016 |
| By 2017 | Republic of Maldives | TBA | Sukuk | 29th April 2016 |
| Second half 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 | Ziraat Participation Bank | 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

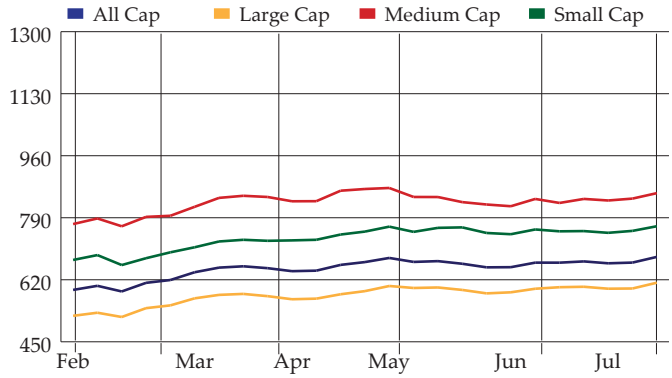
**REDmoney Asia ex. Japan** *6 Months*



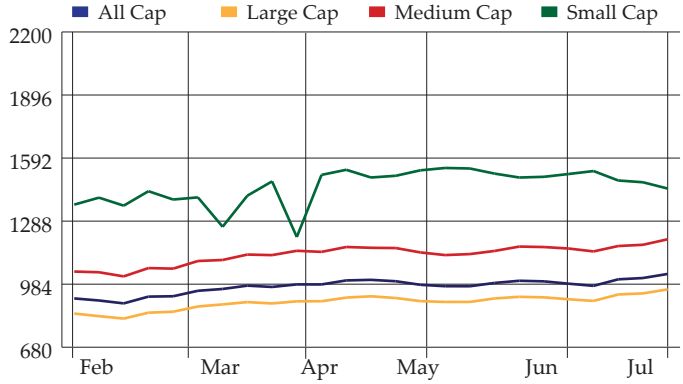

**REDmoney Europe** *6 Months*



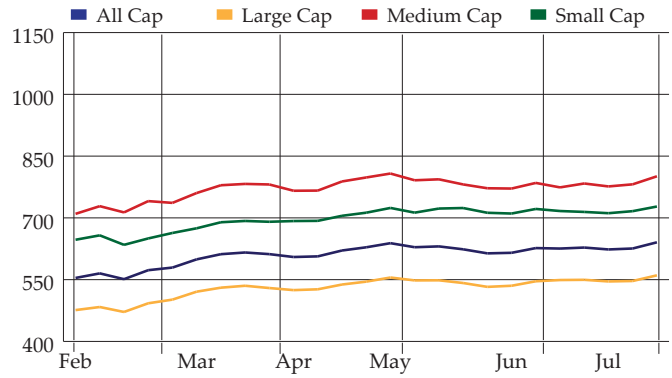

**REDmoney GCC** *6 Months*



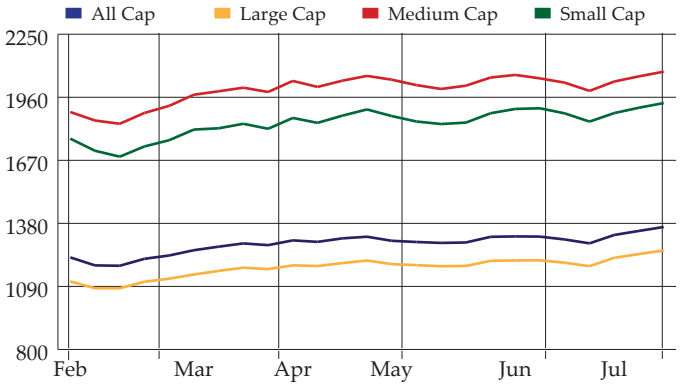

**REDmoney Global** *6 Months*



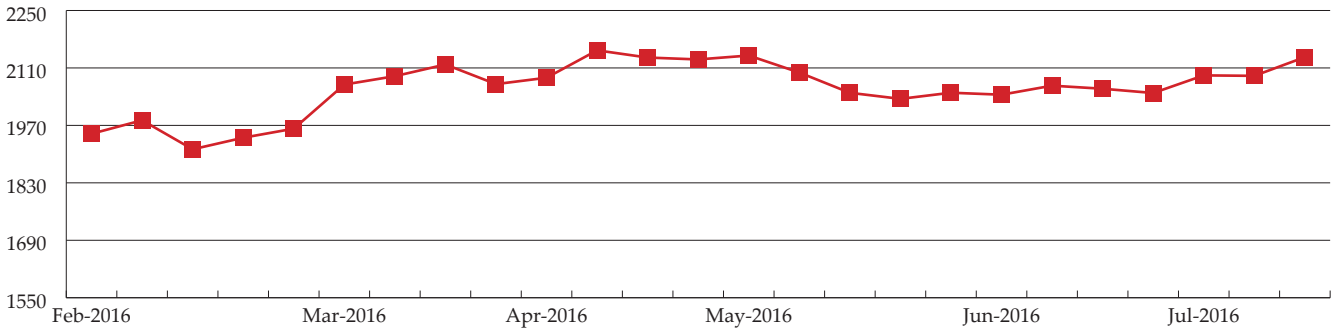

**REDmoney MENA** *6 Months*




**REDmoney US** *6 Months*

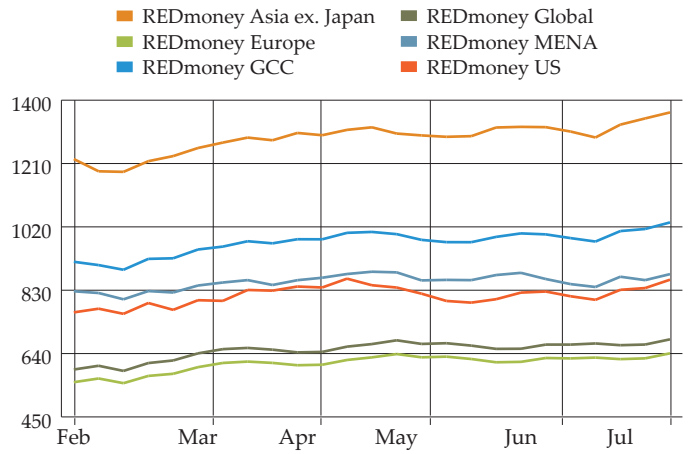



**SAMI Halal Food Participation (All Cap)** *6 months*

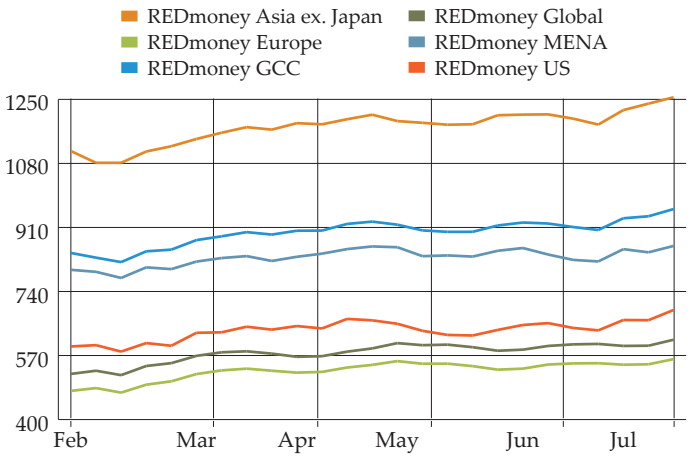


# REDMONEY SHARIAH INDEXES

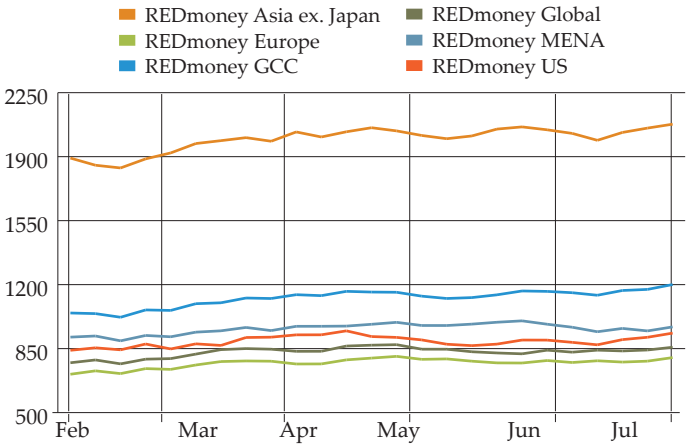
## REDmoney Global Shariah Index Series (All Cap) *6 Months*



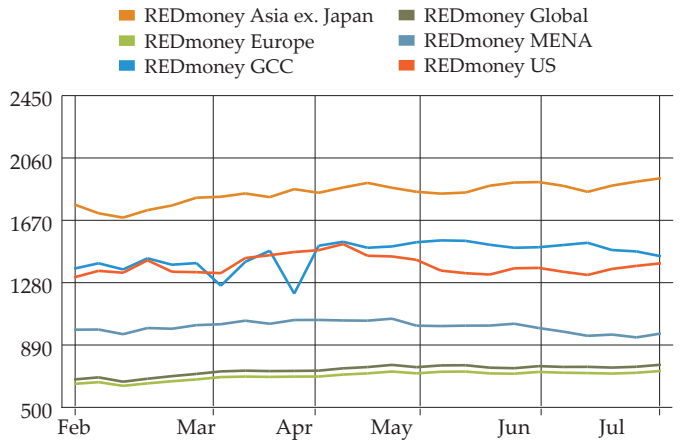

## REDmoney Global Shariah Index Series (Large Cap) *6 Months*




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



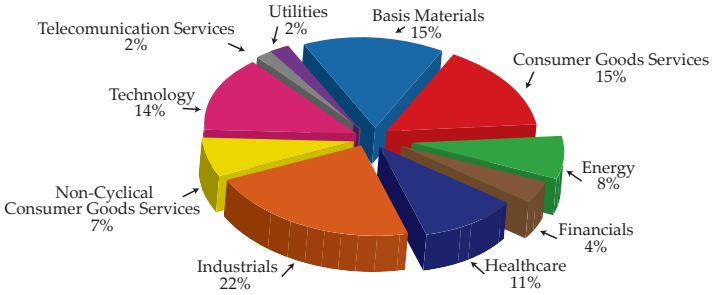

## REDmoney Global Shariah Index Series (Small Cap) *6 Months*




## 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®

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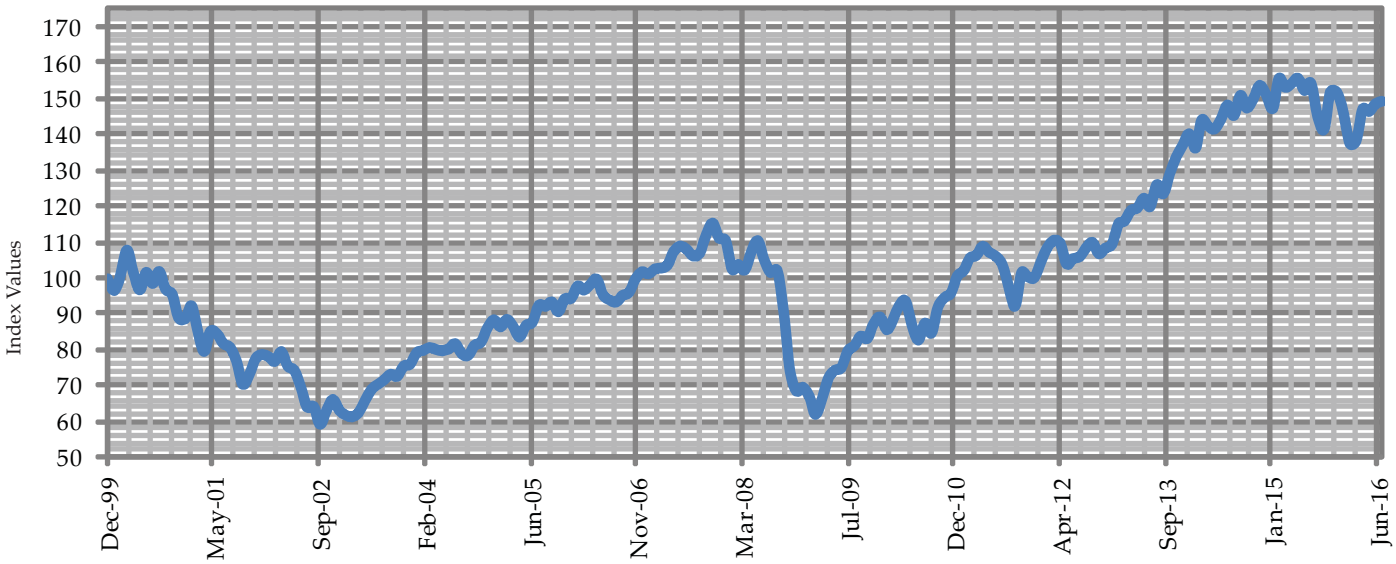
Tel +603 2162 7800

# EUREKAHEDGE FUNDS TABLES

## Eurekahedge North America Islamic Fund Index




## Top 10 Monthly Returns for Asia Pacific Islamic Funds

| | Fund | Fund Manager | Performance Measure | Fund Domicile |
|---|---|---|---|---|
| 1 | CIMB S&P Ethical Asia Pacific Dividend ETF | CIMB-Principal Asset Management (S) | 3.02 | Singapore |
| 2 | Pakistan International Element Islamic Asset Allocation | Arif Habib Investment Management | 2.09 | Pakistan |
| 3 | Am-Namaa' Asia-Pacific Equity Growth | AmInvestment Management | 2.03 | Malaysia |
| 4 | Public Islamic Sector Select | Public Mutual | 1.78 | Malaysia |
| 5 | AMB Dana Yakin | Amanah Mutual | 1.73 | Malaysia |
| 6 | CIMB Islamic Equity Aggressive | CIMB-Principal Asset Management | 1.69 | Malaysia |
| 7 | Public Ittikal | Public Mutual | 1.58 | Malaysia |
| 8 | Public Islamic Select Enterprises | Public Mutual | 1.55 | Malaysia |
| 9 | Public Islamic Opportunities | Public Mutual | 1.47 | Malaysia |
| 10 | Public Islamic Dividend | Public Mutual | 1.46 | Malaysia |
| | **Eurekahedge Islamic Fund Index** | | **0.48** | |

*Based on 44.96% of funds which have reported June 2016 returns as at the 15th July 2016*

## Top 10 Monthly Returns for Middle East/Africa Islamic Funds

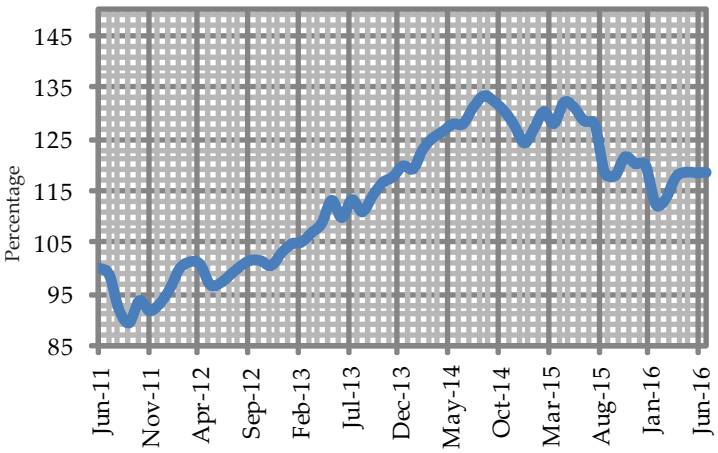
| | Fund | Fund Manager | Performance Measure | Fund Domicile |
|---|---|---|---|---|
| 1 | NBAD Islamic MENA Growth | National Bank of Abu Dhabi | 2.19 | UAE |
| 2 | Emirates Global Sukuk Fund USD Institutional Share Class (Acc) | Emirates NBD Asset Management | 0.72 | Jersey |
| 3 | FALCOM Saudi Equity | FALCOM Financial Services | 0.52 | Saudi Arabia |
| 4 | FALCOM SAR Murabaha | FALCOM Financial Services | 0.23 | Saudi Arabia |
| 5 | Al Rajhi Petrochemical and Cement Equity | Al Rajhi Bank | 0.17 | Saudi Arabia |
| 6 | Al Rajhi Multi Asset Balanced | Al Rajhi Bank | 0.10 | Saudi Arabia |
| 7 | Emirates Islamic Money Market Limited Institutional Share Class I USD | Emirates NBD Asset Management | 0.08 | Jersey |
| 8 | Al Rajhi Multi Asset Growth | Al Rajhi Bank | -0.08 | Saudi Arabia |
| 9 | Al Rajhi Saudi Equity | Al Rajhi Bank | -0.21 | Saudi Arabia |
| 10 | Al Rajhi GCC Equity Fund | Al Rajhi Bank | -0.44 | Saudi Arabia |
| | **Eurekahedge Islamic Fund Index** | | **(0.20)** | |

*Based on 33.33% of funds which have reported June 2016 returns as at the 15th July 2016*

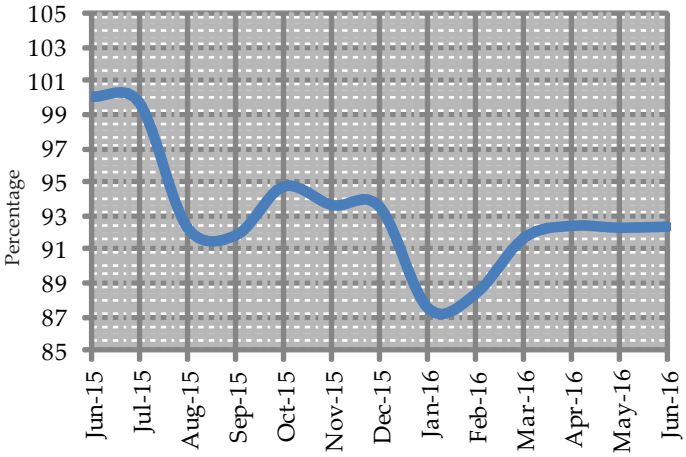
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity, 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 Equity Index over the last 5 years




Eurekahedge Islamic Fund Equity Index over the last 1 year




Top 10 Islamic Fund Equity by 3 Months Returns

| | Fund | Fund Manager | Performance Measure | Fund Domicile |
|---|---|---|---|---|
| 1 | Pakistan International Element Islamic Asset Allocation | Arif Habib Investment Management | 9.61 | Pakistan |
| 2 | Osool & Bakheet Saudi Trading Equity | Bakheet Investment Group | 8.07 | Saudi Arabia |
| 3 | Al Rajhi Petrochemical and Cement Equity | Al Rajhi Bank | 7.02 | Saudi Arabia |
| 4 | Public Asia Ittikal | Public Mutual Berhad | 7.00 | Malaysia |
| 5 | Al Meezan Mutual | Al Meezan Investment Management | 6.96 | Pakistan |
| 6 | NBAD Islamic MENA Growth | National Bank of Abu Dhabi | 6.73 | UAE |
| 7 | Public China Ittikal | Public Mutual | 5.45 | Malaysia |
| 8 | PB Islamic Asia Equity | Public Mutual | 5.22 | Malaysia |
| 9 | PB Islamic Asia Strategic Sector | Public Mutual | 4.70 | Malaysia |
| 10 | Public Islamic Asia Dividend | Public Mutual | 4.70 | Malaysia |
| | **Eurekahedge Islamic Fund Index** | | **0.69** | |

*Based on 47.47% of funds which have reported June 2016 returns as at the 15th July 2016*

Top 10 Islamic Fund Globally Investing by 3 Months Returns

| | Fund | Fund Manager | Performance Measure | Fund Domicile |
|---|---|---|---|---|
| 1 | Deutsche Noor Precious Metals Securities - Class A | DWS Noor Islamic Funds | 31.86 | Ireland |
| 2 | AmPrecious Metals | AmInvestment Management | 23.12 | Malaysia |
| 3 | CIMB Islamic Greater China Equity | CIMB-Principal Asset Management | 5.48 | Malaysia |
| 4 | Oasis Crescent Balanced High Equity Fund of Funds | Oasis Crescent Management Company | 2.84 | South Africa |
| 5 | BLME Sharia'a Umbrella SICAV-SIF Global Sukuk - Class A USD | Bank of London and The Middle East | 2.00 | Luxembourg |
| 6 | Oasis Crescent Balanced Stable Fund of Funds | Oasis Crescent Management Company | 1.80 | South Africa |
| 7 | Oasis Crescent Global Property Equity | Oasis Global Management Company (Ireland) | 0.75 | Ireland |
| 8 | Al Rajhi Global Equity | UBS | 0.69 | Saudi Arabia |
| 9 | Al Rajhi Commodity Mudarabah - USD | Al Rajhi Bank | 0.42 | Saudi Arabia |
| 10 | BLME Umbrella Sicav - SIF - USD Income - Class B | Bank of London and The Middle East | 0.22 | Luxembourg |
| | **Eurekahedge Islamic Fund Index** | | **1.10** | |

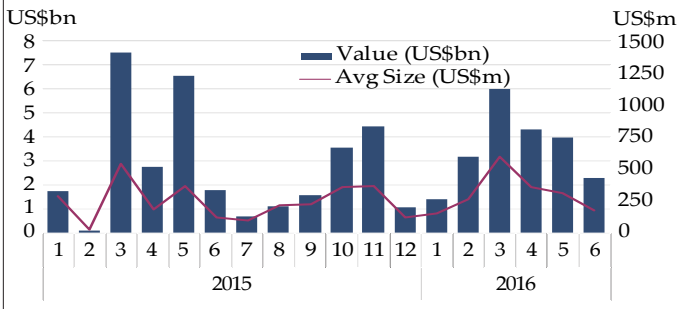
*Based on 47.83% of funds which have reported June 2016 returns as at the 15th July 2016*

**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

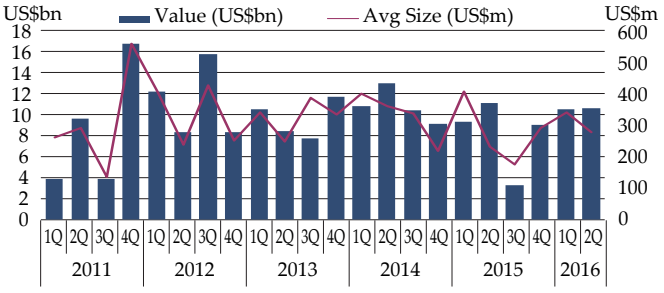
## Most Recent Global Sukuk

| 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*

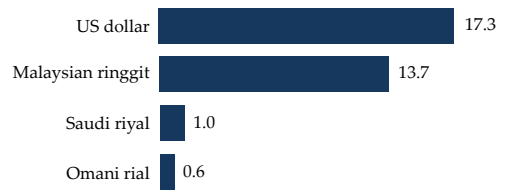
| | Issuer | Nationality | Instrument | Market | US$ (mln) | Iss (%) | Managers |
|---|---|---|---|---|---|---|---|
| 1 | Perusahaan Penerbit SBSN Indonesia III | Indonesia | Sukuk | Euro market public issue | 2,500 | 7.5 | Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, CIMB Group, Citigroup |
| 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 | 5.7 | 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 | 3.5 | 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 | 2.3 | Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank |
| 14 | EI Sukuk | UAE | Sukuk | Euro market public issue | 750 | 2.3 | 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 | 1.3 | Maybank, CIMB Group |
| 29 | Barwa Bank | Qatar | Sukuk | Euro market private placement | 375 | 1.1 | National Bank of Abu Dhabi |
| 30 | Kuveyt Turk Katilim Bankasi | Kuwait | Sukuk | Euro market public issue | 350 | 1.1 | HSBC, Kuwait Finance House, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates NBD, Kuwait Projects, QInvest, Noor Bank |
| | **Total** | | | | **33,348** | **100** | |

# DEALOGIC LEAGUE TABLES

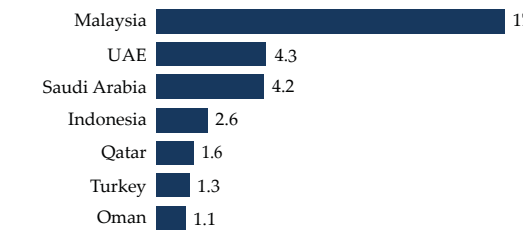
## Top Managers of Sukuk *12 Months*

| | Manager | US$ (mln) | Iss | % |
|---|---|---|---|---|
| 1 | CIMB Group | 5,020 | 35 | 15.1 |
| 2 | Maybank | 4,229 | 32 | 12.7 |
| 3 | RHB Capital | 3,137 | 30 | 9.4 |
| 4 | Standard Chartered Bank | 3,099 | 19 | 9.3 |
| 5 | HSBC | 2,995 | 21 | 9.0 |
| 6 | AmInvestment Bank | 1,864 | 18 | 5.6 |
| 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 | 2.5 |
| 13 | Bank Muscat | 649 | 1 | 2.0 |
| 14 | Natixis | 551 | 2 | 1.7 |
| 15 | Noor Bank | 468 | 7 | 1.4 |
| 16 | Kenanga Investment Bank | 377 | 7 | 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** | **33,348** | **119** | **100** |

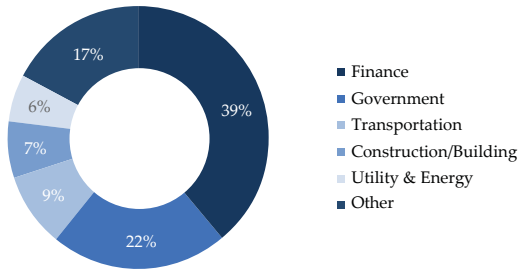
## Sukuk Volume by Currency US$ (billion) *12 Months*



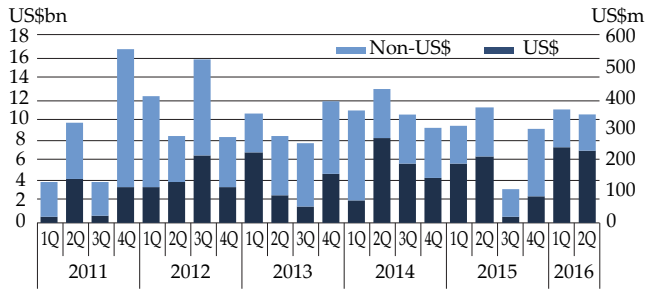

## Sukuk Volume by Issuer Nation US$ (billion) *12 Months*




## Global Sukuk Volume by Sector *12 Months*




## Global Sukuk Volume - US$ Analysis




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

| | Mandated Lead Arranger | US$ (million) | No | % |
|---|---|---|---|---|
| 1 | China Development Bank | 821 | 2 | 9.7 |
| 2 | Al Rajhi Capital | 663 | 2 | 7.8 |
| 3 | Banque Saudi Fransi | 579 | 4 | 6.8 |
| 4 | Alinma Bank | 550 | 2 | 6.5 |
| 5 | HSBC | 497 | 3 | 5.9 |
| 5 | Samba Capital & Investment Management | 497 | 3 | 5.9 |
| 7 | National Commercial Bank | 491 | 3 | 5.8 |
| 8 | Mitsubishi UFJ Financial Group | 377 | 3 | 4.4 |
| 9 | Aga Khan Fund for Economic Development | 354 | 2 | 4.2 |
| 10 | NATIXIS | 314 | 2 | 3.7 |

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

| | Legal Advisor | US$ (million) | No | % |
|---|---|---|---|---|
| 1 | Allen & Overy | 2,447 | 2 | 22.9 |
| 2 | Latham & Watkins | 1,532 | 1 | 14.4 |
| 3 | Adnan Sundra & Low | 1,361 | 1 | 12.7 |
| 3 | Zaid Ibrahim & Co | 1,361 | 1 | 12.7 |
| 5 | Norton Rose Fulbright | 915 | 1 | 8.6 |
| 6 | Clifford Chance | 758 | 1 | 7.1 |
| 6 | White & Case | 758 | 1 | 7.1 |
| 8 | Anjarwalla Collins & Haidermota | 172 | 2 | 1.6 |
| 8 | Haidermota & Co | 172 | 2 | 1.6 |
| 8 | Lincolns Law Chamber | 172 | 2 | 1.6 |
| 8 | Linklaters | 172 | 2 | 1.6 |
| 8 | Mohsin Tayebaly & Co | 172 | 2 | 1.6 |
| 8 | Pinsent Masons | 172 | 2 | 1.6 |

# 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 | Mashreqbank | 711 | 8 | 4.8 |
| 3 | Samba Capital | 681 | 5 | 4.6 |
| 4 | SABB | 640 | 4 | 4.3 |
| 4 | Banque Saudi Fransi | 640 | 4 | 4.3 |
| 6 | Saudi National Commercial Bank | 634 | 4 | 4.2 |
| 7 | China Development Bank | 621 | 1 | 4.2 |
| 8 | Noor Bank | 600 | 8 | 4.0 |
| 9 | Emirates NBD | 517 | 7 | 3.5 |
| 10 | Dubai Islamic Bank | 474 | 8 | 3.2 |
| 11 | First Gulf Bank | 472 | 7 | 3.2 |
| 12 | Abu Dhabi Commercial Bank | 437 | 6 | 2.9 |
| 13 | Standard Chartered Bank | 385 | 4 | 2.6 |
| 14 | Al Rajhi Capital | 366 | 2 | 2.5 |
| 15 | Maybank | 338 | 1 | 2.3 |
| 15 | CIMB Group | 338 | 1 | 2.3 |
| 17 | Al Hilal Bank | 307 | 3 | 2.1 |
| 18 | HSBC | 302 | 4 | 2.0 |
| 19 | AKFED | 292 | 2 | 2.0 |
| 20 | Bank Albilad | 292 | 2 | 2.0 |
| 21 | Alinma Bank | 260 | 2 | 1.7 |
| 22 | National Bank of Abu Dhabi | 251 | 3 | 1.7 |
| 23 | Kuwait Finance House | 248 | 3 | 1.7 |
| 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 |

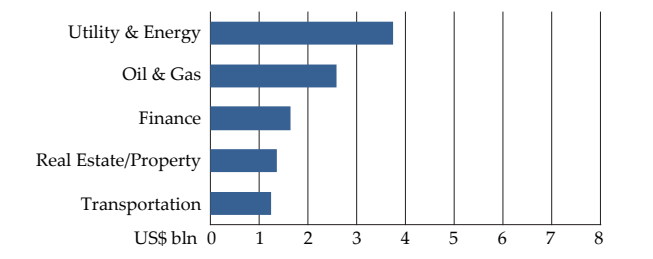
## Top Islamic Finance Related Financing Deal List *12 Months*

| 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 |

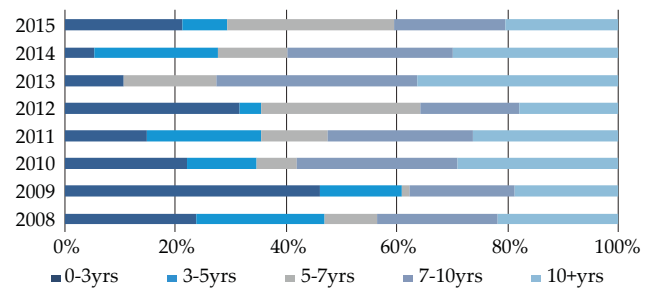
## Top Islamic Finance Related Financing by Country *12 Months*

| | Nationality | US$ (mln) | No | % |
|---|---|---|---|---|
| 1 | Saudi Arabia | 4,515 | 4 | 30.2 |
| 2 | UAE | 4,292 | 15 | 28.7 |
| 3 | Pakistan | 1,613 | 3 | 10.8 |
| 4 | Malaysia | 959 | 2 | 6.4 |
| 5 | Qatar | 700 | 2 | 4.7 |
| 6 | Turkey | 645 | 3 | 4.3 |
| 7 | Bahrain | 570 | 1 | 3.8 |
| 8 | Jordan | 550 | 2 | 3.7 |
| 9 | Egypt | 475 | 3 | 3.2 |
| 10 | India | 368 | 1 | 2.5 |

## Top Islamic Finance Related Financing by Sector *12 Months*




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




**Are your deals listed here?**
If you feel that the information within these tables is inaccurate, you may contact the following directly: Shireen Farhana (Media Relations)
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dealogic

| | | |
|---|---|---|
| **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, Ivory Coast |
| 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***

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Published By: REDmoney

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NE-IFN13/28