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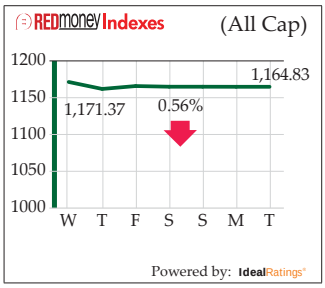


COVER STORY

19th October 2016 (*Volume 13 Issue 42*)

Topping the list: The IFN Service Providers Poll 2016

IFN is proud to bring you the results of the 13th annual IFN Service Providers Poll, honoring the best and brightest of the silent stars supporting the industry through all its ups and downs over the last 12 months. From consultancies to rating agencies, tech firms to standard setters, the Islamic finance industry is made up of more than its parts and every cog in the wheel plays a vital role in ensuring its success.

The IFN Service Providers Poll, now in its 13th year, is recognized beyond dispute as the leading awards of the industry, and prides itself on being the only comprehensive, independent and unbiased guide to the leading players supporting the Islamic financial services sector. Once again this year we received an exceptional response, highlighting the importance of these players to the ongoing functionality of our business.

Due to the niche nature of the industry, it is inevitable that many familiar faces return year after year — but this only emphasizes their success in reincarnating themselves and innovating their services to ensure they remain relevant in a constantly evolving industry. This year we also see some new players rise to the top, marking the growth and progress of a sector that has taken significant strides over the last 12 months amid tough competition and challenging economic circumstances.

With faltering oil prices, volatile commodities, tightening credit conditions, tough lending criteria and political uncertainty sweeping the globe from east to west, 2016 has not been an easy year for anyone: and those who have succeeded deserve ample recognition for their solid performance amid tough times.

Read on to discover who climbed to the top of the pile this year — and how.

Setting the standard

The Bahrain-based AAOIFI yet again took the top spot for Most Outstanding Standard-Setting Body: winning the award for the sixth year in a row and comfortably controlling the proceedings with 45% of the vote. In a category always dominated by the three leading players, Malaysia's IFSB closed the gap somewhat from last year, taking second place with 38% in a close-run race, while the International Islamic Financial Markets (IIFM) came third with 17%.


Dr Hamed

Established in 1991, AAOIFI is supported by over 200 institutional members from over 45 countries worldwide: including central banks and regulatory authorities, financial institutions, accounting and auditing firms and legal firms. It has issued over 95 standards in the areas of Shariah, accounting, auditing, ethics and governance for international Islamic finance.

The organization has had a busy year, forming a new Shariah board in early 2016 and holding its first meeting in March — the first major step in Shariah form since its last Shariah review six years ago. The group split its accounting and auditing board in two, creating a board solely focused on governance and ethics, in a bold move to focus on the importance of regulation and governance within the industry. The meeting led to the election of Shaikh Muhammad Taqi Usmani, a leading Shariah scholar and jurist, and chairman

continued on page 3

Volume 13 Issue 42

DEALS

Indonesia targets to raise IDR3 trillion (US$231.3 million) via Sukuk auction

TH Heavy Engineering to extend maturity of Sukuk Murabahah program by one year

DanaInfra Nasional plans to tap Sukuk market to finance MRT project

International Islamic Liquidity Management auctions three-month US$1.11 billion Sukuk facility

Malaysia issues RM3 billion (US$724.02 million)-worth of GII Murabahah

Kuala Lumpur Kepong fully redeems RM300 million (US$71.87 million) Sukuk Ijarah

Bahrain raises US$1 billion each from Sukuk and bond issuances

BRI Syariah commences bookbuilding process for IDR1 trillion (US$76.8 million) Sukuk Mudarabah

Brunei floats 137th short-term Sukuk Ijarah facility

Tenaga Nasional's unit raises US$750 million from 10-year Sukuk issuance

Malaysia's GII Murabahah oversubscribed by RM3.07 billion (US$731.64 million)

Angkasa Pura I to raise funds from conventional bonds and Sukuk to develop airports

Jordan raises JOD34 million (US$47.9 million) via five-year Sukuk Ijarah; more than three times oversubscribed

Housing Development Finance Corporation's Sukuk postponed

Central Bank of Bahrain's monthly Sukuk Salam facility worth BHD43 million (US$110.17 million) fully subscribed

Ivory Coast to explore possibility of issuing Sukuk to support SME sector; to discuss with the **IDB**'s private sector arm

Warba Bank to issue capital-boosting Sukuk facility of up to US$250 million

NEWS

Nigeria to welcome new fully-fledged Islamic bank in 2017; receiving strong Islamic banking interest from GCC and Chinese players

Jammu and Kashmir Bank considering offering Islamic banking on the back of strong demand

BRI Syariah to float IDR1 trillion (US$76.8 million)-worth of shares via IPO in 2018

Bank Panin Dubai Syariah plans to raise capital through rights issue in 2017

Bank Rakyat approves RM21 billion (US$5.03 billion) for financing products as at the end of September 2016

Meezan Bank and Pak China Investment Company team up to capitalize on trade and investment opportunities in China-Pakistan Economic Corridor

ASSET MANAGEMENT

Parent of **Emirates REIT** receives Emiri decree to operate onshore fund investments in Ras Al Khaimah

SHUAA Capital completes development of Centro Shaheen Jeddah Hotel; funded by Shariah compliant hospitality fund

TAKAFUL

Al Salam Bank-Bahrain and **Takaful International** enter into bancaTakaful agreement

RATINGS

MARC affirms 'B-ID' rating on **Talam Transform**'s settlement Bithaman Ajil debt securities

Moody's affirms **Boubyan Bank**'s ratings; long-term deposit ratings revised to positive

Moody's assigns '(P)A3' rating to **Tenaga Nasional**'s proposed Sukuk

MARC revises rating outlook on **Celcom Networks**'s Sukuk Murabahah program to negative as competition heats up in telco landscape

RAM reaffirms 'AAA/Stable/P1' ratings on **National Bank of Abu Dhabi**

RAM places **Al Bayan**'s Sukuk on rating watch with a negative outlook

MARC withdraws rating on **Malaysian International Tuna Port**'s Bai Bithaman Ajil Islamic debt securities

MOVES

National Bank of Abu Dhabi and **First Gulf Bank** decide on senior management team for upcoming merged entity

Khaled Eissa Al-Failakawy to lead **Kuwait International Bank**'s Disclosure Unit

Saudi Hollandi Bank's managing director resigns; successor to be announced before end of 2016

Giles Cunningham to lead **BLME Holdings** as CEO

Topping the list: The IFN Service Providers Poll 2016

Continued from page 1

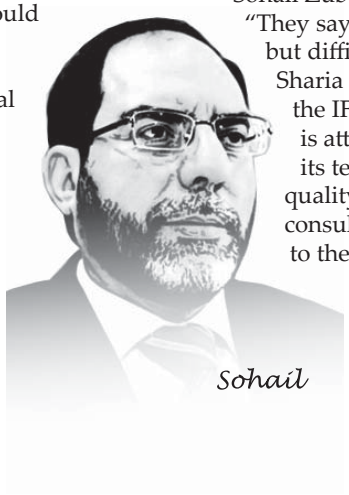
Award	2016 Winner	2015 Winner
Most Outstanding Standard-Setting Body	**AAOIFI**	AAOIFI
Best Islamic Consultancy Firm	**Dar Al Sharia**	Dar Al Sharia
Best Takaful Provider	**Pak Qatar Family & General Takaful (Pakistan)**	Prudential BSN Takaful (Malaysia)
Best Re-Takaful Provider	**Dubai Islamic Insurance & Reinsurance Co (AMAN) (UAE)**	MNRB Retakaful (Malaysia)
Best Interbroker for Islamic transactions	**Bursa Suq Al-Sila'**	Bursa Suq Al-Sila'
Best Islamic Rating Agency	**RAM Ratings**	Moody`s Investors Service
Best Islamic Research Firm	**International Shari'ah Research Academy for Islamic Finance (ISRA)**	ISRA
Best Islamic Advisory Firm	**Dar Al Sharia**	Dar Al Sharia
Best Islamic Index Provider	**S&P Dow Jones Indices**	S&P Dow Jones Indices
Best Islamic Technology Provider	**Path Solutions**	Path Solutions

> ***"In AAOIFI, we are particularly keen to achieve higher degrees of harmonization and standardization in Islamic finance products and practices worldwide, and this would add to the industry's transparency, reliability and credibility"***

of the Shariah Board of the Central Bank of Pakistan, as AAOIFI chairman. The meeting also covered six new Shariah standard exposure drafts along with 11 new research studies and 13 reviews of existing standards and 19 standards currently under review, marking the thoroughness and vigor with which the organization approaches its duties.

AAOIFI launched an ambitious reform agenda at the end of 2015 which it has pursued with vigor over the last 12 months, including reviews of its Sukuk and capital market standards as well as a new standard on the sale of debt, as well as updating its accounting curriculum and reviewing up to 10 of its accounting standards. In 2015, the central banks of Morocco, Kazakhstan and Jordan joined its ranks, while in 2016 the agency welcomed the Capital Market of Authority of Saudi Arabia in what Secretary-General Dr Hamed Hassan Merah called: "A quantum leap for AAOIFI, taking into consideration the Kingdom's central role at various levels. In AAOIFI, we are particularly keen to achieve higher degrees of harmonization and standardization in Islamic finance products and practices worldwide, and this would add to the industry's transparency, reliability and credibility."

Most recently, in October AAOIFI held its 45th meeting in which it adopted Shariah Standard No. 57 on Gold and its Trading Controls, which it developed in collaboration with the World Gold Council and which should open up a whole new realm of opportunities for the industry. Several further standards are expected by year end, including a new regulation covering Islamic credit cards and another standard looking at the liability of investment managers. A draft accounting standard on Murabahah is also expected by the end of 2016, with preliminary studies on Sukuk and Ijarah standards also underway.



Advising the industry

Standards are a key framework within which the industry must operate: but these cannot be applied or adhered to without the invaluable services provided by the stalwart leaders of the consulting and advisory field.

In the category for Best Islamic Consultancy Firm, Dar Al Sharia (a subsidiary of Dubai Islamic Bank) won yet again with 55% of the vote. In a slight shake-up, the Islamic Financial Advisory Services of Meezan Bank in Pakistan surged ahead to take second place for the first time with 24%, while Malaysia's Amanie Advisors came third with 21%.

"It is a great honor to continue to enjoy the trust from the industry for the seventh year in a row," commented Sohail Zubairi, CEO of Dar Al Sharia. "They say it is easier to reach the top but difficult to maintain it. Dar Al Sharia retaining the top position in the IFN poll for the last seven years is attributed to sheer dedication by its team members to deliver high quality and authentic Islamic finance consultancy and advisory services to the clients on a consistent basis. I commend the IFN leadership and team for starting and maintaining the most transparent industry poll."

continued on page 4

Topping the list: The IFN Service Providers Poll 2016

Continued from page 3

In a double win, Dar Al Sharia also won Best Islamic Advisory Firm this year, taking a resounding 51% of the vote and winning the prize for the second year in a row. As one of the stalwarts of the Islamic financial services industry, the group is consistent in its robust and rigorous approach to Shariah advice, the value of which is reflected in its ongoing success and recognition from a highly competitive industry.

Always an exciting race, honorable mentions must also go to Amanie Advisors and again the Islamic Financial Advisory Services of Meezan Bank, which finished neck and neck with 25% and 24% respectively in one of the closest competitions of the year.

> ***"The strong growth in BSAS trading was mainly driven by the adoption of [the] Islamic Financial Services Act (IFSA) in Malaysia and conversion of bank deposits from Mudarabah to Murabahah contracts"***

Best Takaful

The Best Takaful Provider category is always one of the most closely-fought in the contest, and one which often throws up surprises — and 2016 was no exception. Last year's winner, Prudential BSN Takaful, was nowhere to be seen; and instead Pakistan's Pak Qatar Family & General Takaful surged ahead to take the crown.


Jamaluddin

2014 winner Etiqa Takaful took second place, while Abu Dhabi National Takaful Co came a respectable third.

One of the pioneers of Takaful in Pakistan, Pak Qatar Family & General Takaful (Pakistan) has had a strong year and is now present in every major city in the country with a strong expansion program to grow its branch network for both individual and corporate members. The group has created bancaTakaful relationships with a number of leading banks in Pakistan which has cemented its success, and been instrumental in bringing Islamic insurance solutions to the wider public. It has also collaborated with a number of industry players to develop awareness, including a strong relationship with the IBA Center of Excellence. In 2015, the group demonstrated its strength and success with the distribution of a 28% surplus among its individual Family Takaful participants, the eighth year that it achieved a surplus distribution and reflecting its strongly competitive performance throughout the year.

Re-Takaful surprise

The award for Best re-Takaful Provider was another hotly contested category — but the clear winner was Dubai Islamic Insurance and Reinsurance (AMAN) (UAE), last year's runner-up. 2015 winner MNRB ReTakaful of Malaysia took second place, while AIG Re-Takaful (Malaysia) came in third.

The re-Takaful award is always tightly contended, with a variety of strong players that make waves in the industry and compete closely for the top spot. AMAN has had an active year, cementing itself as one of the top players in the GCC with moves such as a collaboration with Emirates Islamic for auto Takaful and the adoption of the UAE national ID card as an alternative to its health insurance card.

It is reassuring to see that MNRB ReTakaful remains in the game, as the firm had a tough few years with losses in 2014 and a withdrawal


Foo

of ratings from Fitch in 2015 followed by an internal restructuring exercise. In April 2016, MNRB Holdings was awarded a license in Malaysia to undertake General and Family re-Takaful after its restructuring, through a newly established re-Takaful division — replacing the former MNRB Retakaful unit, which will continue to manage its outstanding business portfolios. It is good to see that the group is now getting back on its feet.

Broking the deal

Once again and following on the heels of its resounding win in 2015, the Malaysian bourse's commodity Murabahah, Bursa Suq al Sila', raced into first place for Best Interbroker, with a resounding majority.

Overall, the Malaysian exchange has had an excellent year, with its best results since 2008 in the first half of 2016. Bursa Suq Al-Sila' is a Shariah compliant commodity Murabahah trading platform which facilitates Murabahah and Tawarruq transactions. While the securities market, both regionally and globally, has seen a dampened year on the back of economic and political uncertainty, analysts note that Bursa has continued to see strong growth on the back of derivatives and fee income. For the first half of 2016, growth in derivatives (which makes up 19.3% of total revenue) grew by 20.8% (compared to a 5.1% year-on-year decline in securities trading revenue) while higher Bursa Suq al Sila' and market data revenue helped drive growth in fee income.

"Bursa Suq Al-Sila' (BSAS) is honored and proud to be recognized for two consecutive years as Best Interbroker for Islamic Transactions," commented Jamaluddin Nor Mohamad, the director of Islamic capital markets at Bursa Malaysia. "The strong growth in BSAS trading was mainly driven by the adoption of [the] Islamic Financial Services Act (IFSA) in Malaysia and conversion of bank deposits from Mudarabah to Murabahah contracts, as well as the growing interest in tenor-based pricing. The stellar performance has been encouraging as we observe more interest coming from the MENA

continued on page 5

Topping the list: The IFN Service Providers Poll 2016

Continued from page 4

and Asia regions as the platform caters for the large-sized transactions, made possible by the availability of a large supply of physical commodities."

NASDAQ Dubai came second, emphasizing the growing global competitiveness of the GCC, while 2014 winner DDCAP took third place.


Banerjee

Rating the industry

The contest for Best Islamic Rating Agency is always close, with the leading players fighting a tight battle while smaller regional competitors can often offer sterling competition. Excitingly in 2016, top Malaysian rating agency RAM Ratings took the top spot, beating off the bigger players with a resounding victory that won over two-thirds of the vote. Last year's winner Moody's Investors Service came second, while S&P Ratings took third place.

The win highlights the valuable role played by regional rating agencies in supporting, building and encouraging their local capital markets. RAM provides crucial and independent credit opinions that allow investors and market participants to make informed decisions that contribute materially to the growth and strength of the industry.

"RAM Ratings is honored and grateful for the market's vote of confidence in recognizing our Sukuk rating and Islamic finance thought leadership," said CEO Foo Su Yin of RAM Ratings. "We will continue to be a catalyst for Islamic finance development."

Researching the way

In a relatively small category with just a few key players, the winner of the Best Islamic Research Firm has swung back and forth multiple times over the years. However, in 2016 the International Shari'ah Research Academy (ISRA) once again took the top spot — cementing on last year's success and consolidating its leading position with almost three quarters of the vote. The Islamic Research and Training Institute (IRTI) came second, while Gulf Investment House once again took third place.

The results highlight ISRA's increasing dominance in the research space, and the organization has been extremely active over the past year in developing its activities and making a real contribution to industry knowledge. Most recently, it collaborated with Bank Negara Malaysia to produce the valuable Educator's Manual on Shariah Standards for the industry, which marked an important milestone in Shariah education in Malaysia. The organization is ambitious and optimistic for the future of the industry, and its enthusiasm permeates its global activities — with its latest forecast suggesting that Islamic global banking assets could reach US$3 trillion by 2018.

Indexing the Islamic universe

On the indexing side, S&P Dow Jones Indices (SPDJI) came top yet again — marking a decade of unbroken success, and the longest-running unbroken win in the history of the poll.

"S&P Dow Jones Indices's commitment to Islamic finance is long-standing and continuous and this award is a recognition of this commitment. We are very privileged to serve the community of Islamic financial professionals with our indices, which focus on integrity of data, breadth of coverage and innovative investment approaches," said Alka Banerjee, the managing director of global equity and strategy indices at S&P Dow Jones Indices.

SPDJI won 41% of the vote this year compared with 59% last year, and its dominance seems unchallenged by any serious competitor despite the suggestion last year that the merger of Russell Indexes and the FTSE Group to become FTSE Russell could change the game. However, FTSE did take second place in the contest for 2016, while 2015 runner-up MSCI came third.

Shaping the future

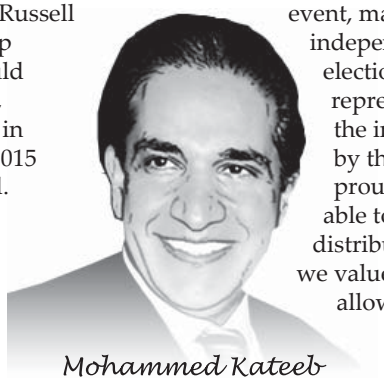
And finally, the industry would be unable to function without the technology that underpins all its operations: from the most basic to the most complex. For the ninth year in a row (and 10th time in total), Path Solutions takes the crown for Best Islamic Technology Provider. This category was extremely close, with a new runner-up emerging this year. Oracle FSS came second in a very tight race, while Malaysia's Silverlake FSS took third place.

Path Solutions is one of the most prolific, hardworking and supportive players of the Islamic finance industry, and takes its role far beyond its day-to-day business activities to support entrepreneurial and technological advances and activities in all its forms. Most recently, for example, the group sponsored the Egyptian Collegiate Programming Contest in order to support the development of young professionals within the industry.

"We are gratified to add to our success this prestigious award that we are winning for the tenth time, in addition to being recognized by such a prominent industry-focused publication," commented Mohammed Kateeb, the group chairman and CEO of Path Solutions. "But what makes this award exceptional, is earning it through the votes of our esteemed clients and partners — a fantastic validation of the value and technology leadership we are bringing to the Islamic finance industry. Certainly, we are determined to continue this impressive trajectory."

Congratulations

As always, IFN extends its heartiest congratulations to all the participants in the IFN Service Providers Poll, the exceptional performance of which represents the growing strength, reach and size of the Islamic finance industry across the world. Thank you also to everyone who voted in this year's event, making it an independent and unbiased election that truly represents the leaders of the industry as voted for by their peers. We are proud and privileged to be able to facilitate and distribute such honors, and we value the support that allows us to do so.


Mohammed Kateeb

New opportunities for Islamic finance in the US

The US not only offers significant opportunities for Shariah compliant finance across multiple asset classes including inward investment into real estate and private equity but also highlights the developing interest in debt transactions and diversification from overseas investors chasing solid yield in a safe environment. On the 12th October, IFN returned to the US for the first time in eight years to an enthusiastic welcome from domestic players and international investors alike, with a comprehensive exploration of the opportunities available in this vast yet fragmented market. LAUREN MCAUGHTRY reports from New York.

The event was launched with a keynote address from Brooklyn State Senator Kevin Parker, who was vocal in his support for Islamic finance both within New York State and across the US. "My interest in Islamic finance grew out of an interest in serving my community," he emphasized. The US hosts the fourth-largest Pakistani community outside of Pakistan, many of whom live in the Tri-State area and especially in Brooklyn, along with a significant population of Muslims from Bangladesh, the Caribbean and other countries.

Senator Parker has been instrumental in proposing an Alternative Investment Bond bill to the State Senate which would allow the New York State Common Retirement Fund to issue Sukuk — as well as working closely with the Dormitory Authority of the State of New York (which provides public construction, financing and allied services) to look at infrastructure financing opportunities. "Getting a state Sukuk [facility] through is important," stressed the senator. "But there are multiple other opportunities already available. New York is open for business — and people like to make money. If we show people in New York that they can make money, the rest of the US will not be far behind."

One issue that was raised despite its sensitive nature was the issue of Islamophobia in the US, and this was a question that participants were keen to tackle. Currently, there are 27 states with bills in place that suggest banning or restricting Shariah or Islam in some shape or form. "This is a real issue," highlighted Parker. "We need to be vocal and active about beating back Islamophobia. This is a country built on religious freedom and we must be the drum majors in the march for justice. In this kind of battle, silence equals consent — and it doesn't just hurt those who are attacked, it hurts us as a nation."

This strong support was echoed by other participants – although the topic of branding for Islamic finance was a repeated point. "We need to face political reality and work with the authorities to get around these issues without scaring people through an unfamiliar lexicon," pointed out one panelist. "We can make this a reality by arguing on its merits, not on its religious principles." However, opinions on the subject varied. "Rebranding is a misnomer," suggested Ibrahim Mardam-Bey, the principal and chief commercial officer with Taylor De Jongh. "There needs to be an evolution through organic growth, not an artificial branding. I think this will happen, and it is happening, because it simply makes more sense."

The theme of driving growth through opportunity was also consistent throughout the day. Ahmed Al Qassim, CEO of Emirates NBD Capital, stressed in his panel session on industry growth that: "There is a large investment pool, and significant capital in the Middle East that is looking to be deployed. We are seeing plenty of appetite."

Michael Orzano, the director of global equity indices with S&P Dow Jones Indices, agreed. "There is a lot of demand from investors seeking income yield," he noted. "The US is providing a very strong opportunity for Islamic finance that has not been seen before," added Patrick Drum, a portfolio manager for Saturna Capital. He noted that due to the rapid growth of negative yield assets, major capital market investors who have mandates not to obtain negative rates have been looking elsewhere for yield — particularly to emerging markets and especially toward Sukuk and Islamic securities allocation. "A large part of our client base are not of the Muslim faith," added Drum. "They are attracted to the returns."

Anxiety around the US elections was of course much-discussed, but on the whole the attitude was positive. "When the dust settles, this concern should fade away," said Nasr El Hage, the managing director of the Ritz Banc Group. "It won't affect the appetite long-term. In fact, the major challenge we have today is finding enough products. There is a lot of capital-chasing, not enough deals."

Anup Patel, the president and chief investment officer with Arch Street Capital, agreed — and stressed the importance of trust and strong relationships with local partners. "We are in an environment where there is more capital than there are good opportunities. And to get access to the best transactions you have to have access to a US-based counterparty that is able to move rapidly and negotiate the best terms."

Hosted by PwC and sponsored by Emirates NBD, King & Spalding, Talyor De Jongh, Moody's, Guidance Residential and the Financial Accreditation Agency, the event saw upwards of 120 delegates, with a strong atmosphere of positivity and excitement for the future.

With growing activity from both overseas and domestic players and increasing expressions of interest toward Islamic alternatives as challenging market conditions drive players to seek more creative methods of raising capital, the US looks once again to be a market on the rise. IFN looks forward with anticipation to returning next year.

Straight to Web Feature

Justifications of avoiding Riba (Part II): The test of obedience

In this article, MABROOR MAHMOOD expounds on the test of obedience as one of the justifications of avoiding Riba.

To read the full article, log on to www.islamicfinancenews.com.

Global and African multilateral financial players strengthen Islamic finance commitment to unlock wealth of opportunities in the region

"Not so long ago, 'Africa as a home of Islamic finance' was considered by many as a mapping exercise or a theoretical concept. Today, thanks first to the African citizens, playmakers, regulators and investors, our dream has become a reality," remarked Khaled Al Aboodi, CEO of the Islamic Corporation for the Development of the Private Sector (ICD), addressing the 450-strong global audience of government leaders, policymakers, decision-makers and Islamic finance industry elites, at the Africa Islamic Finance Forum 2016. VINEETA TAN brings you an exclusive look at the seminal Africa Islamic Finance Forum from Abidjan.

Held in Abidjan on the 17th October, the two-day high-level event is a reflection of the commitment by African nations to Islamic finance evident by the quality of its speakers: Niale Kaba, the minister of planning and development of Ivory Coast, officiated the ICD-led event with a welcome speech; Prime Minister Danial Kablan Duncan; Dr Sidi Ould Tah, the director-general of the Arab Bank for the Development of Africa (BADEA); Tiemoko Meyliet Kone, the governor of the Central Bank of West African States (BCEAO); Ousmane Diagana, the vice-president of ethics and the chief ethics officer of the World Bank; and Khaled each delivered a keynote address.

From Nigeria, Somalia, Ivory Coast, Sudan, Kenya and beyond, Islamic finance experts and senior decision-makers from various African states agreed that Islamic finance is a vital instrument for financial inclusion and capital diversification with the capacity to unlock liquidity in the region and attract wealth from the Gulf. Africa's will to reform and undertake serious reforms to increase the productive base of the continent to develop the middle class, the region's great infrastructure needs to boost it to emerging country level and a strong population growth rate creating significant demand, are drivers for Islamic finance in the continent.

Among sectors identified as areas for high Islamic finance growth in Africa are SMEs, microfinancing and the Sukuk market, especially in light of the massive infrastructure needs of the region (of up to US$97 billion). Yet, market participants are cognizant that the current regulatory framework is not yet conducive enough to ensure cost efficiency and the timely execution of Shariah compliant financial transactions: double taxation, Shariah disharmony and tedious documentation which lacks standardization remain issues.

"When we heard of Islamic finance, we were excited because at that time, our bond issuance was very well received and we were excited to tap the Sukuk market," shared Felister Kivisi, the director of the debt management office of the National Treasury of Kenya. "However, we soon realized that it isn't that easy," Kivisi noted, adding that the lack of a comprehensive legal infrastructure and tax neutrality were holding the country back from issuing a sovereign Sukuk facility, one that has been postponed multiple times over the last few years.

Nonetheless, regulators and multilateral financial institutions are taking concrete steps to overcome these barriers. Kone revealed that the Central Bank is working on an Islamic finance framework that is expected to be effective January 2017; BADEA has confirmed it will support the BCEAO in laying out such a framework while the ICD's Khaled affirmed that the ICD is working with several African governments to resolve the issue of double taxation.

Multilateral institutions are also strengthening their resolve to facilitate the mobilizing of resources and assist in developing and issuing Islamic financial products. At the Forum, Bassary Toure, the vice-president of the West African Development Bank (BOAD), confirmed that the BOAD is launching an Islamic finance window it hopes to become operational in 2017. "The BOAD wants to become an agency to execute international Islamic financial transactions, establish special funds [and] cooperate with Islamic financial institutions to create a leverage effect. This window will aim at making [the] BOAD a reference institution in Africa with the role of executing transactions and initiatives," said Toure. The ICD continues its strong support for African players: the IDB's private sector arm at the event signed an MoU with Afriland First Bank under which both entities will cooperate to establish an Islamic window in Ivory Coast.

The Africa Islamic Finance Forum 2016 continued on the 18th October, hosting the launch of a Sukuk index, a collaboration between the ICD and the West African Stock Exchange. The index will list the sovereign Sukuk of Senegal, Ivory Coast and Togo amounting to CFA766 billion (US$1.28 billion).

"This will be one of the sizeable Sukuk listings worldwide and a relevant answer to those who did not believe in the pioneering role that Africa has to play in the finance area," said Khaled, who further revealed that the ICD is exploring dual listing options at the Kuala Lumpur Stock Exchange (Bursa Malaysia) in order to boost quantum trade and also to offer investors of the Middle and Far East with exposure to the WAEMU.

Strong calls for mandatory independent Shariah audit for Islamic financial institutions

The Islamic Finance Council UK (UKIFC) and International Shari'ah Research Academy for Islamic Finance (ISRA) are urging governments and Shariah financial institutions around the world to implement mandatory independent audit of Shariah compliance in Islamic finance, in the wake of louder calls for trust, transparency and accountability from financial market participants. VINEETA TAN explores further.

> ***"Ensuring and maintaining the integrity of the Shariah is paramount to sustaining future confidence and growth in the Islamic finance sector. By providing an additional check, external Shariah audit will play an important role toward providing reassurance to scholars, financial institutions and customers"***

"Ensuring and maintaining the integrity of the Shariah is paramount to sustaining future confidence and growth in the Islamic finance sector. By providing an additional check, external Shariah audit will play an important role toward providing reassurance to scholars, financial institutions and customers," explained Omar Shaikh, an advisory board member of the UKIFC.

In the aftermath of the 2008 financial crisis, corporate governance in financial institutions has been under strict scrutiny as authorities and market players scramble to fix a failed system, appease stakeholders and work to prevent another collapse. Just like their conventional counterparts, Islamic financial institutions too have not escaped the spotlight; they are, however, subjected to arguably more stringent criteria as Islamic financial institutions have an added layer of Shariah governance.

As it stands, most Islamic financial institutions worldwide self-regulate Shariah compliance through their in-house boards of scholars; depending on jurisdictions, Islamic financial institutions may also need to comply with a centralized Shariah supervisory authority whose authority is binding. The current mechanism is raising flags as to whether the current model of governance is fit for purpose.

The UKIFC and ISRA in their External Shariah Audit Report noted that there is currently no independent third party publicly reaffirming the view of Shariah supervisory boards (SSB) on Shariah compliance. "This immediately raises a number of questions, most fundamentally: Are the SSB members inadvertently in danger of being in an impaired position in that they are being asked to audit products they themselves have designed and signed off as compliant? Is there a need for an additional independent external check on Shariah compliance; and if so, then what should be its scope? If the work of internal Shariah auditors is to be relied on, how independent are they, and what is their level of expertise in conducting an audit?"

Out of the many nations with Islamic finance jurisdictions, only a few have issued specific guidelines for external Shariah audit: Oman and Pakistan. Bahrain is poised to be the next one to adopt external Shariah audit regulations following the issuance of a related consultation paper by the Central Bank of Bahrain.

"We strongly believe that the next step in creating robustness in this industry and in safeguarding all relevant stakeholders is an appropriate external Shariah audit framework – which many central banks, including the Central Bank of Bahrain, are considering introducing in the near future," commented Dr Ahmed Abdul Hameed AlShaikh, the deputy director of the Bahrain Institute of Banking & Finance.

Kenya makes Islamic finance inroads; one step closer to joining the OIC

As the Islamic finance industry gains momentum across markets in Africa, Kenya is making further inroads and pushing through a reform for Shariah compliant financial transactions in the country after it established a new dedicated body to oversee the industry as well as to help prepare for the issue of its debut Sukuk. In addition, the eastern African nation appointed international consultants to develop an Islamic finance policy that will act as a precursor for the country to join the OIC. DANIAL IDRAKI writes.

The National Treasury procured the services of Islamic Finance Advisory and Assurance Services, an international consultancy firm specializing in Islamic finance, and Simmons and Simmons, an international law firm, to provide global benchmarking and technical advisory to the newly established Islamic Finance Project Management Office, according to Principal Secretary Kamau Thugge, as quoted by the Star Kenya.

The new body is made up of nominees from the Central Bank of Kenya, Insurance Regulatory Authority, Retirement Benefits Authority, Saccos Societies Regulatory Authority and Capital Markets Authority.

Furthermore, the joint consultative committee will act as a stepping stone for Kenya to join the 57-member OIC, which will allow Kenya to tap into financing from the IDB. "The implementation of these reforms will leapfrog our plan of attaining membership in the OIC in order to start accessing cheaper [financing] from the IDB," Thugge noted. He added that the committee is also expected to put in place a national Shariah governance framework to guarantee standards and compliance with Islamic laws, including the setup of the National Shariah Supervisory Board.

Thugge added that Kenya, with an estimated 11% of its population professing the Islamic faith, will consider issuing a sovereign Sukuk facility once the Islamic finance reforms have been implemented. Talks of a sovereign Islamic debt issuance have been circulating since early this year, as Kenya puts the final touches on the details of the regulatory framework to facilitate the issuance. Kenya currently does not have a dedicated legislation for Islamic banking and finance, although Shariah compliant financial transactions are recognized by the Central Bank of Kenya through the amendment of Section 45 of the Central Bank of Kenya Act, made possible by the Finance Act of 2010.

Islamic banking is growing steadily in Kenya as the Republic currently hosts two fully-fledged Shariah banks: Gulf African Bank and First Community Bank. There are at least six Islamic banking windows: Chase Iman, National Amanah, Barclays La Riba, Kenya Commercial Bank, Standard Chartered and KCB Group. Dubai Islamic Bank, meanwhile, is looking to commence operations in the Republic before the end of 2016, after having received in-principle approval from regulators to begin business. The government also has plans to position Kenya as a center of excellence for Shariah finance as outlined in its Capital Markets Master Plan – a 10-year blueprint until 2023 engineered to transform the Republic into a capital markets investment hub of the African region.

Company Focus: QInvest Portfoy's growing appetite for Islamic investments in Turkey

The growth of Shariah compliant investments in Turkey has picked up in recent times as the country continues its economic development along the trajectory of Islamic principles, and QInvest Portfoy, one of Turkey's Islamic asset managers, is wasting no time in putting in place the nuts and bolts to capture the Islamic growth opportunities. DANIAL IDRAKI speaks to the asset management firm to find out its ambitions in the Islamic space.

QInvest Portfoy was acquired by QInvest in March this year, as the Qatari Islamic investment group looks to position itself in the Turkish market and take advantage of the growing Shariah investment flows into the country, given that more global investors are now setting their eyes on the emerging Islamic finance market that has a lot to offer.

Islamic equity fund and real estate investment fund

With assets under management of close to US$500 million, the firm is currently working on developing an Islamic equity fund and a Shariah compliant real estate investment fund (REIF) to add to its existing Sukuk fund portfolios. "We are in the process of developing an Islamic equity fund, focusing on small and medium-sized companies with growth potential, as well as exploring the possibilities associated with establishing a Shariah compliant REIF which will appeal to both Islamic and conventional investors in and outside of Turkey," Murat Vanli, the general manager at QInvest Portfoy, told IFN.

Murat believes that Turkey has a great deal of potential in the REIF segment, and expects the market to be flooded with a number of options in the future, with a focus on different kinds of real estate and land investments with both capital gain and rental income objectives. "Investors will be able to invest in single projects, as well as diversified portfolios of promising projects via REIF structures provided by the asset management industry," he noted.

It is not difficult to see why QInvest Portfoy is upbeat about establishing an Islamic REIF in Turkey, as the country's real estate sector, which makes up

around 5% of total GDP, has been on an upward trend with Turkish home prices doubling over the last five years and jumped 18% in 2015, according to figures from property consultancy Knight Frank.

Islamic pension funds

Besides the real estate sector, QInvest Portfoy is also targeting pension funds for its Islamic investments, which it believes still have quite some room to grow. "We see multi-asset pension funds, especially Islamic pension funds, growing further toward a more meaningful size relative to the industry's total, and relative to the country's GDP. QInvest Portfoy in past years has focused mainly in Islamic pension funds management and has built experience and expertise in this area, and we recently established our own mutual funds and have started to utilize this expertise for our retail and high-net-worth clients," Murat explained.

Current Sukuk funds

Furthermore, the firm currently has two Sukuk funds: a Turkish lira Sukuk fund and a US dollar-denominated global Sukuk fund. "Our Turkish lira Sukuk fund has a short-term investment strategy, mainly investing in local papers. This fund targets short-term Turkish lira investors, who seek higher returns and more flexible liquidity management compared to Islamic Turkish lira bank deposits," Murat commented. Its global Sukuk fund, on the other hand, invests in US dollar-denominated global Sukuk and targets hard-currency investors who seek considerably higher returns than Islamic US dollar bank deposits, but have a more medium to long-term investment horizon.

"Credit risk and duration risk are actively managed here, and the fund can shift between strategies in order to seek yield in longer duration[s] or riskier credit, as market conditions evolve. However, there are limits to both, such as the fund maintains a minimum weighted average credit rating of 'IG (BBB-)' and does not exceed a term of six years in average duration," Murat added.

The Turkish lira Sukuk fund currently has a year-to-date return of around 8% which corresponds to an annual return of around 10%. "This is pretty much a money market instrument, so it's probably safe to say that the annual returns would hover around 10% net in the medium term as well. The US dollar Sukuk fund has a year-to-date return of 6.3% which would correspond to around an 8% annual, but of course, it's been a bull year mostly for the US dollar Sukuk. In the medium to long term, our clients should expect to receive between 4% and 6% net returns on this investment fund," said Murat.

> ***"Investors will be able to invest in single projects, as well as diversified portfolios of promising projects via REIF structures provided by the asset management industry"***

Turkey's domestic market

On the wider front of the domestic Islamic finance market, Murat expressed that he would like to see more corporate issues from the real sector, especially with a medium to long-term duration. "We would like to see the Islamic profit curve evolve to match the conventional yield curve, so that the local Islamic funds are also able to apply more active duration strategies, rather than only provide liquidity and yield pick-up in the short end of the curve," Murat opined, adding that he hopes the Turkish market will also have more flexible fund legislation, along with derivatives and structured products in the Shariah compliant universe.

Sovereign Sukuk: Bahrain and Jordan make headway while Ivory Coast mulls SME Sukuk

In another exciting week in the sovereign Sukuk space, Bahrain and Jordan kept the momentum going with the successful issuance of their respective Islamic debt offerings, while Ivory Coast is considering issuing a Sukuk facility to support the country's SME sector. Regular issuers from key markets, meanwhile, kept the market busy with its usual Islamic debt issuances. DANIAL IDRAKI brings you the usual updates.

Upcoming sovereign Sukuk

Country	Amount	Expected date
Oman	US$2 billion	TBA
Iran	IRR60 trillion	2016
Nigeria	TBA	First quarter 2017
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	TBA
Maldives	TBA	TBA
Sri Lanka	US$1 billion	TBA
Germany	US$1 billion	TBA

Bahrain

Bahrain on the 12th October concluded the issuance of an eight-year US$1 billion Sukuk facility and a 12-year US$1 billion eurobond facility. The Regulation S facilities have been admitted to listing on the Irish Stock Exchange. Bank ABC, BNP Paribas, Credit Suisse, JPMorgan and Standard Chartered Bank were the joint lead managers for both facilities while Norton Rose Fulbright acted as the advisor.

The monthly issue of the Sukuk Salam facility by the Central Bank of Bahrain (CBB) worth BHD43 million (US$110.17 million), which carries a maturity of 91 days, was fully subscribed. The expected return on the issue, which begins on the 19th October and matures on the 18th January 2017, is 2.02%.

Jordan

Jordan has closed the inaugural issuance of a JOD34 million (US$47.9 million) Sukuk Ijarah facility, which was three times oversubscribed, according to a statement. The five-year tenor facility has an expected profit rate of 3.01% and was priced inside the Kingdom's existing curve for conventional bonds. The sovereign issuance is part of the comprehensive joint Technical Assistance Package provided by Japan International Cooperation Agency and the Islamic Corporation for the Development of the Private Sector which also acted as the transaction technical support and advisor.

Ivory Coast

Ivory Coast is keen to explore the possibility of issuing Sukuk to support the country's SME sector and intends to work with the Islamic Corporation for the Development of the Private Sector (ICD) in this respect, said Niale Kaba, the minister of planning and development of Ivory Coast, during the Africa Islamic Finance Forum 2016 in Abidjan. Ivory Coast has issued two sovereign Sukuk to fund its infrastructure needs with the help of the ICD.

Malaysia

The Malaysian government's RM3 billion (US$714.96 million) GII Murabahah offering issued on the 14th October received a total of RM6.07 billion (US$1.45 billion) from a total of 256 bids. According to a filing with Bank Negara Malaysia, the facility, to mature on the 30th September 2026, was sold at a profit rate of 4.07%.

Indonesia

The government of Indonesia is targeting to raise IDR3 trillion (US$231.3 million) via an auction of sovereign Sukuk (SPN-S 19042017 and four project-based Sukuk series) conducted on the 18th October to finance the 2016 State Budget, according to an announcement on the Ministry of Finance's website.

Brunei

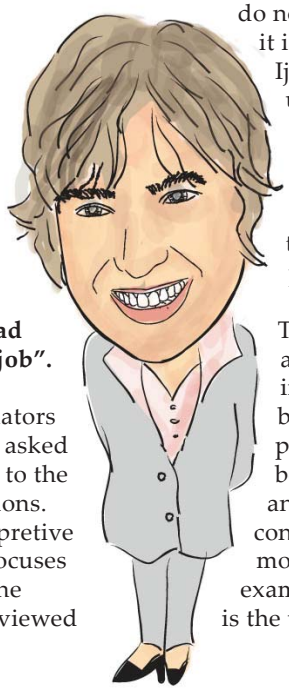
Autoriti Monetari Brunei Darussalam (AMBD) issued a BN$32 million (US$22.85 million) Sukuk Ijarah facility at a rental rate of 1.13%. The central bank noted in a statement that the 137th Sukuk Ijarah securities will mature on the 12th October 2017, based on a 364-day tenor. To date, the country has issued over BN$10.22 billion (US$7.3 billion)-worth of short-term Sukuk Ijarah securities with the total holdings of Brunei government Sukuk outstanding until the 13th August standing at BN$468.2 million (US$334.26 million).

Women and Words: Interpreting public interest among Malaysia's female Shariah advisors

By Laura Elder, a cultural anthropologist who 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.

In interviews, many female Shariah advisors have explicitly stated that they chose to specialize in commercial transactions rather than family law because of the flexibility and room for interpretive innovations or Ijtihad. And indeed, they take joy in the rigorous and exciting scholarship entailed in designing and evaluating new products in Islamic finance. One Shariah advisor, for example, stated that she views "being born in Malaysia as quite lucky because the decision-making process in Shariah is not viewed as a gender issue; Malaysians view Ijtihad as both men's and women's job".

At the same time, many regulators explained to me that they are asked to examine contract structure to the exclusion of other considerations. And indeed, Malaysia's interpretive approach to Islamic finance focuses on the structure rather than the intention of contracts. But, if viewed from the point of view of public interest or Maslahah, this interpretive tradition may have unintended consequences. For example, another Shariah advisor explained that: "Within Muamalat, rulings are much more diverse but if we follow only the Shafi'i school, then only 1 in 10 products will be approved but within Muamalat, we can allow other Madhhab's views. Most of the products in Islamic finance are coming from minority views and this is the reason for the criticism from the GCC region. We [in Malaysia] see Muamalat as a wide and flexible area [while they do not] but in this community, it is suitable to practice Ijtihad in this way…But in using justification of Uruf [custom] and Maslahah [public interest], we must acknowledge that if circumstances change, then we will disallow these products."



This particular Shariah advisor's frame for interpretation includes both regulators and the public interest lurking behind financial rulings and regulations. And she continues: "One of the most popular products, for example, in personal finance is the use of Bai Al Inah. If we don't have this, then people will opt for conventional finance [so that they can get a return on their money] or even loan sharks and the criminal underworld. Hence, this product is very much needed [to go against] conventional finance or illegal activities. Hence, it is justified on the basis of serving community needs, which are different than those of the GCC. These are very rich countries where the need for personal financing is small and only one Madhhab is accepted." In this case, the basis for community or public interest is the need to compete with conventional banks.

And indeed, recent comparisons on the risk and return results of Islamic banks versus their conventional counterparts in Malaysia show that, at least over the past 10 years, there is no statistically significant difference in risk-weighted returns between Islamic and conventional banks. However, recent innovations in 'Islamic first' product sales in Malaysia – all customers are offered only Islamic products unless they ask for alternatives – put these justifications into question. For example, other scholars argue that the interests of consumers are served best when comparisons of risks and rewards are most consistently accessible and most transparent.

Women in Islamic Finance

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

Oman: Continuous enhancement needed

Off to a great start, Oman commanded the attention of the global Islamic finance industry with its strong entry in 2011. How has the industry fared so far? VINEETA TAN finds out.

Regulatory environment

Oman has been consistently enhancing its Islamic finance regulatory infrastructure since issuing the royal decree authorizing Islamic finance in May 2011.

The Islamic Banking Regulatory Framework (IBRF) was released in December 2012, a dedicated Islamic banking department to oversee the sector was established by the Central Bank of Oman (CBO) in 2015 and in April 2016, the Capital Market Authority (CMA) implemented Sukuk regulations which outline the processes of structuring and issuing Sukuk.

While the IBRF has served its purpose, industry participants, however, have called for a revisit of the framework to be updated and adapted to reflect the evolving needs of the market.

Industry players have also noted a disconnect between layers of regulations, and often what is allowed by one department is prohibited by another (ie a disconnect between the IBRF and the commercial banking law, or between the CBO and other government ministries) which can make the operational process for Islamic banks lengthy and difficult.

Banking and finance

There are two fully-fledged Shariah banks in Oman: Bank Nizwa and Alizz Islamic Bank, and six Islamic banking windows: Al Yusr (operated by Oman Arab Bank), Meethaq Islamic Banking (Bank Muscat), Sohar Islamic (Bank Sohar), Muzn Islamic Banking (National Bank of Oman), Al Hilal Islamic Banking (Ahli Bank) and Maisarah Islamic Banking Services (Bank Dhofar).

Despite the banking market being overcrowded (22 banks serving a population of fewer than four million), Shariah banks and windows are performing well.

Latest CBO data shows that as at the end of July 2016, total Islamic banking assets accounted for 8.5% of the total banking system assets, or OMR2.7 billion (US$6.99 billion).

Total Islamic banking deposits were up 57.49% year-on-year to OMR1.9 billion (US$4.92 billion) while total Islamic financing extended increased by 53.09% to OMR2.1 billion (US$5.44 billion) from OMR1.4 billion (US$3.63 billion).

Takaful

Unlike their banking counterparts, insurance operators are prohibited from offering Islamic products on a window basis. There are currently two Islamic insurers: Al Madina Takaful and Takaful Oman Insurance which entered the Takaful space in 2014; and there are talks about a third player entering the market — Oman United Insurance, which has received board approval to convert its business to be in full compliance with the Shariah.

Shariah compliant insurance in Oman has had a slow start but development is expected to pick up following the introduction of dedicated regulations for Takaful in March 2016. Designed based on AAOIFI guidelines, the new law has been engineered with the intention of providing market players with flexibilities. For example, all Shariah matters are to be decided by respective Shariah boards.

The framework is expected to provide much-needed clarity and guidance to operators in order to boost the market share of Takaful, which stands at 8.7% of total written premiums in the Sultanate; however, the CMA recognizes that there is still room for improvement regulatory-wise on an international level.

Sukuk

Oman is growing its nascent Sukuk market: the country has issued two sovereign Sukuk so far – one local currency paper and one US dollar facility.

The government first sold its inaugural Sukuk in November 2015 to great success. Initially planned for OMR200 million (US$517.77 million), the government decided to upsize the Ijarah offering to OMR250 million (US$647.22 million) at an annual cut-off yield of 3.5% after receiving firm commitments of OMR336 million (US$869.86 million) from a wide array of conventional and Islamic investors from banks, Islamic windows as well as institutions (See Case Study Vol 12 Issue 47: 'Oman's debut Sukuk — an atypical paper').

The government followed suit with a US$500 million six-year dollar Sukuk issuance in July 2016. Like the rial facility, the dollar paper also employed an Ijarah structure and was priced at a 3.5% profit rate; however, the international Sukuk facility was issued via a private placement (See Case Study Vol 13 Issue 34: 'Oman debuts US dollar Sukuk: A player worthy of note').

In July 2016, the Sultanate also witnessed the sale of its sophomore corporate Sukuk — a US$76 million Sukuk Wakalah by Mohammed Al Barwani Holding (See Case Study Vol 13 Issue 30: 'MB Holding's maiden Sukuk'). Tilal Development Company in October 2013 was the first Omani corporate to have floated Sukuk — a OMR50 million (US$129.53 million) Ijarah facility due in 2018 (See Case Study Vol 10 Issue 47: 'Oman's maiden corporate Sukuk issuance — Tilal Development Company)'.

Islamic index

As at the 4th September 2016, a total of 15 companies were included into the Muscat Securities Market's Shariah index for the year 2016.

Outlook and challenges

It is acknowledged that Oman has had an impressive Islamic finance growth across multiple sectors: banking, Takaful and Sukuk. Its strong political will, as well as solid demand, is the driving force behind its success.

Nonetheless, there is still ample room for development including continuous engagement between regulators and industry participants to discuss needs and enhance the regulatory infrastructure, better communication and alignment of procedures between regulatory and government bodies and the continuous development in the human capital space.

Islamic institutional asset management

Shariah compliant asset management on an institutional level appears to be developing on a gradual pace, as investors begin to open up to the idea of investments that are in line with religious principles. DANIAL IDRAKI evaluates the institutional asset management landscape and provides a rundown of its progress over the past year.

Global overview

In a recent report, the Boston Consulting Group noted that the global asset management industry endured a year of flat growth in 2015, rising just 1% to US$71.4 trillion from US$70.5 trillion, after growing 8% the year before and at an average annualized rate of 5% from 2008 through 2014. The lack of growth was due largely to continued tepid net flows and the generally negative and turbulent performance of global financial markets. At the same time, the rising value of the US dollar reduced asset values in dollar terms.

The Islamic asset management industry, however, is filled with enormous potential due to increasing awareness and strong demand for product diversity. According to a recent industry study, Islamic funds form a US$60 billion industry forecasted to grow to at least US$77 billion by 2019, while the latent demand for Islamic funds is projected to grow to US$185 billion. Islamic investors and asset managers listed Sukuk and equities as being the preferred asset types for 2015 and 2016.

Malaysia

Malaysia remains at the forefront when it comes to Islamic asset management, and Islamic funds have been a key growth driver for the country's asset management industry, as reflected by the 8% growth of Islamic assets between December 2015 and June 2016, according to data compiled by the Securities Commission. While overall assets under management (AUM) in Malaysia grew by just 1% in the second quarter ending the 30th June 2016, Islamic assets beat the market to increase their share by 6% quarter-on-quarter, and Shariah compliant assets now account for almost a fifth (19%) of total AUM in Malaysia, and the country remains the largest for Islamic AUM globally.

In September, CIMB-Principal Islamic Asset Management (Ireland) secured approval from the Central Bank of Ireland to launch its Global Sukuk UCITS fund — Malaysia's first global Sukuk fund under the Undertakings for Collective Investment in Transferable Securities (UCITS) funds structure. The Ireland-domiciled fund seeks to maximize total returns over the medium to long term by investing in a diversified portfolio of Shariah compliant fixed income securities issued by governments, government-related entities, corporations and supranational entities based primarily in the Middle East and Asia.

Incepted in early 2015, Maybank Islamic Custody Services has grown its AUM to RM9 billion (US$2.14 billion) in less than a year. The bank noted that its AUM are expected to increase further as more new clients, mainly from financial institutions and non-bank financial institutions, come on board. Continuing to target these firms, the bank is also eyeing government-linked and fund management companies.

In November 2015, Maybank Asset Management partnered with Australia's Hastings Management to explore Shariah compliant infrastructure opportunities in the ASEAN region. Under the partnership, the two entities will explore establishing the first Malaysia-domiciled US dollar denominated global infrastructure fund by a Malaysian institution and co-managed by a global infrastructure asset manager.

Indonesia

Over in Indonesia, Manulife Aset Manajemen Indonesia launched a US dollar-denominated Shariah offshore mutual fund in February this year, the first of its kind in Indonesia following new regulations by Otoritas Jasa Keuangan. The mutual fund, with a minimum initial investment of US$10,000, will allocate between 80-100% of assets under its management to Shariah stocks in several Asia Pacific countries with up to 20% to fixed income, Sukuk or Shariah compliant money markets.

Reliance Manajer Investasi also launched its maiden Shariah fund, Reliance Saham Syariah, following the approval from Otoritas Jasa Keuangan. The fund is not only targeting retail investors but also Takaful companies, pension funds, institutions, Islamic education foundations, Islamic hospitals, the Muslim community, Shariah hotels and pilgrimage funds.

Bangladesh

In Bangladesh, Asian Tiger Capital Partners launched an open-ended Shariah compliant fund with an initial fund size of BDT100 million (US$1.24 million) in August this year. The fund will cater to the long-term capital market investment needs of the Islamic investment community in the country, and the Investment Corporation of Bangladesh, Islami Bank Bangladesh and Padma Life Insurance have committed to investing in the initial subscription.

China

Fullgoal Asset Management (Hong Kong) is making its first foray into Shariah compliant investing when it announced in May that the company is partnering with Dubai-based Mawarid Finance to launch a Shariah compliant fund to tap into investment opportunities in the stock market of the world's second-largest economy. The fund will invest in Shariah compliant equities in a number of China's 2,800 listed companies.

Qatar

In Qatar, Investment House appointed independent asset management firm Amwal as the fund manager for its Al-Beit Al Mali Fund in January this year. The Islamic equity fund, which is domiciled in Qatar, is open only to private and institutional investors.

Australia

In Australia, Propertylink, which offers Shariah compliant products, recently raised AU$502 million (US$382.12 million) via an IPO at a price of 89 Australian cents (67.75 US cents) a share. The Sydney-based property fund manager manages nearly AU$100 million (US$76.12 million) in assets for two investors from the Middle East – the Bahrain-based Al Salam Bank and Saudi-based SEDCO Holding.

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.

Unusually, I have had no overseas travel in the last month as things have been pretty busy on the domestic front here in Malaysia. September and the early part of October appear to be conference season and I have had more than my fair share of speaking and panel engagements. Predominantly, the themes have either been around the alignment of Islamic finance to ethical and responsible finance, or the role of leadership from an Islamic perspective.

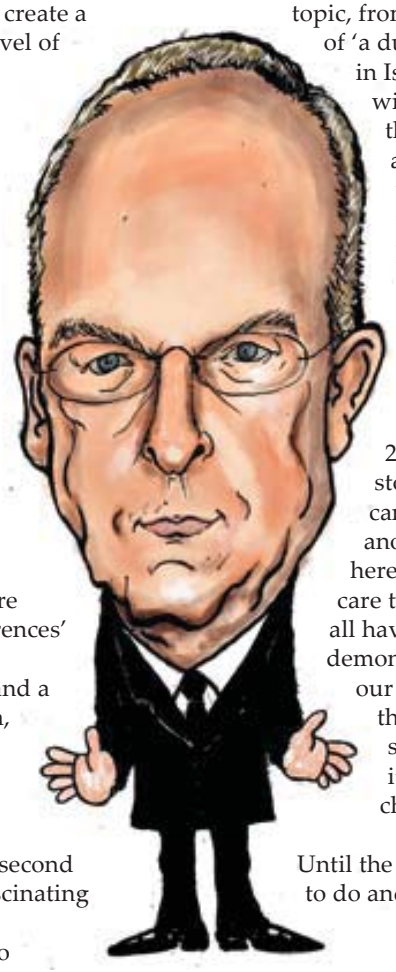
> ***"Driving down the lines of 'more similarities than differences' and 'this is good for business' does command a good level of attention, even among the most skeptical of those listening"***

I would like to share with you some themes and thoughts regarding both of these topics: responsible finance and leadership. One of the appealing things about the alignment of Islamic finance to environmental, social and governance (ESG) is that it allows you to speak to a different audience compared to the usual Islamic finance crowd and to get a message across that Islamic finance is not only just for Muslims, but also that there are many similarities with the ESG movement and the UN PRI standards.

This helps to get an entirely different audience on to more or less the same page and thereby broaden the appeal of Islamic finance and create a broader and deeper level of awareness.

The message does, however, need to be crafted with some skill so that the speaker 'speaks to the audiences listening'. Frequent references to Shariah and Arabic terminology for contracts are pretty much a no-no in this space.

Usually, in my experience, driving down the lines of 'more similarities than differences' and 'this is good for business' does command a good level of attention, even among the most skeptical of those listening.



That brings me to the second area, leadership. A fascinating subject which I have approached, at the two conferences where I have spoken on this topic, from the Islamic perspective of 'a duty of care'. Quite simply, in Islam, we are entrusted with the stewardship of the planet, all humanity and all living things and we have a duty of care to ensure that these are passed on to the next generation in as good a shape as we found it, or indeed better shape. It was this duty of care that inspired me to convert to Islam 25 years ago, and the story about that perhaps can be told another day in another article. My point here in linking the duty of care to leadership is that we all have to walk the talk and demonstrate this duty through our actions, rather than through our words. It is as simple as that, although it does remain a great challenge for most of us.

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

The blunt end

By Mohammed Khnifer, an Islamic debt capital markets banker at a supranational banking institution as well as an AAOIFI-certified Shariah advisor and auditor.

"Desperate 'Islamic banks' do desperate things!"

Some might be startled about the above phrase. We always come across those rosy stories about our Islamic finance industry. But we barely hear about the non-Shariah activities being undertaken by a 'few' treasurers of these ethical banks.

> ***"When the entire system is secular, self-monitoring of your investment almost does not exist"***

I was awestruck when I realized that a few Islamic banks in some jurisdictions are literally purchasing conventional financial instruments to manage their liquidity and make profits for shareholders. It is a bit hard to believe that as we are living in an industry that has or about to reach its maturity!

This, of course, begs the question of who turned a blind eye to such activities at the top management. This will also involve hiding such investments from the Shariah committee and betraying the trust of shareholders. This is the second time I hear of such incidents. The first time was in 2009 by some treasurers of an Islamic bank.

While the main responsibility is being shared by the management, the regulatory authorities are to be blamed as well for not providing their Islamic banks with Shariah compliant instruments (to manage their liquidity).

With the spread of Islamic banks/ windows across the globe, such isolated incidents are expected to increase. These new jurisdictions to Islamic finance are not catching up to the 'treasury requirements' of these newly created ethical institutions.

When the entire system is secular, self-monitoring of your investment almost does not exist. The thinking in this case is to make a profit with conventional investments since the Islamic alternative does not exist.

This has to stop and the regulatory authorities have to put an end to it. The portfolio of these banks must be scrutinized by their internal Shariah committees. Otherwise, we are no different from conventional banks. Being an Islamic bank means your full operations are Shariah compliant.

@MKhnifer

Islamic insurance in Afghanistan yet to take off

AFGHANISTAN

By Manezha Sukhanyar

Despite high demand for Islamic financial products and services, the insurance market in Afghanistan is conventional under the regulations of the Afghanistan Insurance Authority (AIA) which is under the aegis of the Ministry of Finance. In spite of the wide usage of insurance services around the world, utilizing insurance services is not a common practice in the Afghan society and is limited to just business and construction works. The lack of insurance knowledge and cultural and religious concerns are the main reasons for the public to avoid these services.

The absence of Takaful services in Afghanistan is another challenge faced by Islamic financial institutions. Currently, there are four private insurance companies providing insurance services in the country and with no other options, Islamic financial institutions are offering conventional insurance. However, convincing religious customers to utilize conventional insurance is not that easy since these customers avoid such non-Shariah compliant products which are against their religious beliefs. Most importantly, Afghans are not aware of the benefits of insurance which makes the task of convincing them more difficult.

Islamic financial institutions with Islamic windows that provide finance facilities via Murabahah and Ijarah structures are exposed to a high level of risk, since the subject matter of transactions is not insured.

> ***"Islamic financial institutions with Islamic windows that provide finance facilities via Murabahah and Ijarah structures are exposed to a high level of risk, since the subject matter of transactions is not insured"***

Recently, the AIA is undergoing a negotiation process to enter into a Takaful insurance MoU with a Malaysian insurance institute under the authority of Bank Negara Malaysia. In view of this development, watch this space to see if the Takaful sector will get a place in the Afghan market.

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Fast-tracking the New Zealand-GCC free trade agreement

NEW ZEALAND

By Mohamed Nalar

New Zealand Trade Minister Todd McClay visited Saudi Arabia in September and met with his Saudi Arabian counterpart, Minister of Commerce and Investment Dr Majid Abdullah Al Qasabi and agreed to work toward the early completion of the New Zealand-GCC free trade agreement (FTA).

"The next step is for the GCC countries to meet and for my officials to get together with the GCC Secretariat, as well as member countries, to finalize the agreement." said McClay.

The GCC is made up of Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain. The two-way goods trade with the GCC region (New Zealand's sixth-largest trading partner) is worth over US$3 billion annually, which includes over US$1 billion of trade with Saudi Arabia.

New Zealand exports approximately 5,000 tonnes of beef to the Kingdom each year and accommodates around 3,000 Saudi students who are currently studying in New Zealand.

According to McClay, there is clear enthusiasm about the potential for greater cooperation between the two countries' highly complementary economies, especially in education and food security.

McClay visited Riyadh accompanied by 12 New Zealand companies pursuing joint business opportunities in the Gulf.

New Zealand has a long history of working and trading with the Middle East, and the NZ Inc GCC Strategy is to build on and extend this relationship. The NZ Inc GCC Strategy has the following five-year goals:

- Build strong and enduring political relationships with the GCC.
- Expand trade and economic relationships with the region.
- Better connectivity with the region.

The NZ Inc GCC Strategy plays an important role in the government's Business Growth Agenda, which aims to grow our exports from 30% to 40% of GDP by 2025.

This FTA will be an ideal catalyst to fast-track the development of the Halal economy and Islamic finance sectors within New Zealand. While the Halal certification and production processes in the food industry are quite developed and advanced within New Zealand, the capital markets, retail financing and infrastructure facilitating large-scale investment vehicles within the realms of Islamic finance are greenfield opportunities. It will be important to look at this beyond trade for investors on both sides of the equation.

Mohamed Nalar is the trustee and board member of Awqaf New Zealand. He can be contacted at m.nalar@actrix.co.nz.

Singapore: Islamic wealth management

SINGAPORE

By Lim Say Cheong

Based on estimates from the Malaysia International Islamic Financial Center, there is up to US$11.5 trillion-worth of wealth owned by Muslim individuals, institutions and governments. It is further estimated that up to 40% is still invested outside of the Islamic finance industry, according to the Islamic Wealth Management Report 2016 published by Edbiz Consulting. These numbers show that there are ample opportunities for Islamic financial institutions and players to capture a slice of this market.

In a volatile environment where sustainable returns are favored by investors over speculative investments, there is an increasing demand for stable quality Shariah compliant investments by Shariah compliant money managers. At the same time, Islamic investors are also looking to invest their wealth in developed countries due to their robust infrastructure and regulations. This bodes well for countries such as Singapore, which is considered the world's third-best financial center, according to the recent Global Financial Centers Index.

The recent acquisition of Asia Square Tower 1 in Singapore by Qatar's sovereign wealth fund, Qatar

Investment Authority (QIA), from US private equity giant BlackRock for a record US$2.45 billion is a notable example of Middle East funds flowing into Southeast Asia. According to data compiled by JLL, the sale represents the largest single-tower real estate transaction in Asia Pacific to date, and the second-largest single-tower real estate transaction globally.

With Singapore poised as one of the world's key wealth management centers coupled with its Islamic finance regulations already in place, the development of Islamic wealth management here would help to further increase the fund flows between the Middle East and Singapore. It is timely that Islamic wealth management capabilities are developed in order to further attract the increasing number of wealthy Muslim investors looking to invest without the need to compromise on their religious beliefs.

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Turkey: Financial inclusion and Islamic banking developments

TURKEY

By Ali Ceylan

Turkey's economic confidence rose more than 20% in September, recovering from a six-month low in August, according to data from the Turkish Statistics Institute (TUIK). The increase in the economic confidence index stems from increases in the services, real sector and construction confidence indices, as shown by TUIK data.

Sakir Ercan Gul, the chair of the Saving Deposit Insurance Fund (TMSF), said that TRY950 million (US$307.84 million)-worth of Bank Asya's total assets are insured and the Islamic bank has adequate assets to pay all its debts.

Sakir added that they did not pay the assets instantly since Bank Asya is not a normal bank and the law allows three months for paying the assets. Therefore, the bank implemented the liquidation process where the bank will sell all the premises. Due to the unpaid assets, the bankruptcy process cannot apply to Bank Asya at present.

Sakir also made a statement regarding Turk Ticaret Bankasi, also known as Turkbank, which is in the liquidation process. He stated that 99% of the shares of the bank are bound to the Turkish government, and the TMSF is determined to revoke the decision regarding the liquidation of the Islamic bank. The TMSF wants to bring the bank back to the economy and therefore they are in contact with the Banking Regulation and Supervision Agency.

Moody's Investors Service has been monitoring Turkey's situation for a while and changed its rating outlook to negative from stable. As a standard procedure, Moody's was supposed to review Turkey's situation for two years and after that make an evaluation. However, Moody's monitored Turkey's situation for 30 months. On the 18th July, Moody's stated that the shock to Turkey's economy from the failed 15th July coup has largely dissipated but on the 23rd September, Moody's downgraded Turkey's credit rating to 'Ba1' or 'junk' level from 'Baa3' based on the rule of law following an attempted coup, risks from external financing and a slowing economy. Following the downgrade of the Turkish government's debt rating to 'Ba1' from 'Baa3', Moody's downgraded the long-term debt and deposit ratings of 14 Turkish banks due to the weakened operating environment and the increasing risks about funding and liquidity while confirming the ratings of three others.

The Turkish government reacted to its rating downgrade by remarking that there are other countries with much worse economic situations but with higher credit ratings, therefore they were of the opinion that the decision by Moody's was political more than anything else. Nihat Zeybekci, Turkey's economic minister, stated that the decision to cut Turkey's rating did not comply with macroeconomic fundamentals. After Moody's decision, between the 23rd and the 30th September, the Turkish community sold approximately US$4 billion and bought the Turkish lira in a show of support.

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Islamic finance projects underway but hurdles still remain

RUSSIA

By Roustam Vakhitov

It has been reported that Russia's Sberbank is working on several Islamic finance transactions to be accomplished in the near future. This is a naturally an anticipated step following several statements by Sberbank that it is interested in developing the Islamic finance service line.

As Russian news agency TASS reported on the 3rd October 2016, a team of experienced professionals had been involved in discussing a few anticipated transactions that are expected to be accomplished as early as the end of November.

These activities are also supported via a working group at the Central Bank of Russia. When accomplished, such pilot Islamic finance projects will undoubtedly facilitate the further development of Islamic finance in Russia.

Islamic finance is still being actively discussed at different platforms including universities. The leading Russian university in the field of law, Kutafin Moscow State Law University, recently announced a conference on Islamic/partnership banking to be held on the 24th November 2016. Participants, including leading Islamic finance practitioners and academicians, will discuss the development of Islamic finance in Russia and the necessary changes in legislation to facilitate this sector. Speakers and participants will include representatives of the Russian parliament, the Association of Regional Banks of Russia, the Central Bank of Russia, Moscow State University, Financial University and financial institutions.

The most anticipated legal amendment is no doubt the mitigation of value-added tax (VAT) on the transfer of property within Islamic finance transactions. Purely financial transactions are exempt from VAT in Russia, while the transfer of property involves VAT at the rate of 18%. This makes the participation of banks in such transactions inefficient from a tax perspective. Another restriction impeding the development of Islamic finance is the prohibition of Russian banks from participating in trading transactions.

The working group under the Central Bank of Russia is developing proposals to remove these impediments and to work on a more favorable regulatory, tax and legal regime. Currently, there is not much visible progress in terms of changes in the regulatory environment.

It is expected, though, that with the growth of the industry, its needs and expectations will be given more attention and the aforementioned impediments will be resolved.

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Coming off the gas?

REAL ESTATE

By Philip Churchill

Real estate advisor CBRE recently released their latest annual 'In & Out Middle East' research report, which as ever made for interesting reading.

Focusing on the global flow of monies out of the Middle East, they estimated that 2015 alone saw net acquisitions, such as purchases less sales, of US$16 billion, a near threefold increase on the US$5.5 billion of 2014; however, there was a suggestion that this activity may now be slowing.

Much of this global increase in activity came from investments into the US, with the significant transactions undertaken by Qatar Investment Authority with a 44% stake in the US$8.6 billion mixed-use New York development and ADIA with a US$3.1 billion industrial portfolio definitely moving the needle. I've reported before on the increased attention the US is receiving from Islamic investors, with the report reminding readers that the US was the first of the G7 countries out of the gate with encouraging GDP growth, thus encouraging international attention.

2015 also saw a shift in sector focus. While offices had previously represented more than 50% of acquisitions, they slipped to below half, with industrial showing a sharp increase. No doubt the aforementioned ADIA transaction helped, but this also matches what we've seen from investor wishes.

There was, however, a suggestion that investment activity may be slowing and while you could hardly interpret this as being a stamp on the brakes, perhaps Middle East investors are beginning to come off the gas a little? I'd interpret the market slightly differently, as we are seeing no let-up in investor demand but the volume of available properties has fallen. In the global hunt for yield and with the low cost of finance, many property owners are choosing to refinance rather than sell, which makes it frustrating for investors, whether from the Middle East or otherwise, trying to get in.

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Iran's plans for launching Shariah compliant short sale contracts

As it is known in many financial terms, a short sale is a transaction in which an investor sells borrowed securities in anticipation of a price decline and is required to return an equal number of shares at some point in the future. MAJID PIREH explores.

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A short seller makes money if the stock goes down in price, while a long position makes money when the stock goes up. While there are different models for managing a short sale contract, typically you can find the short sale structure more or less as follows:

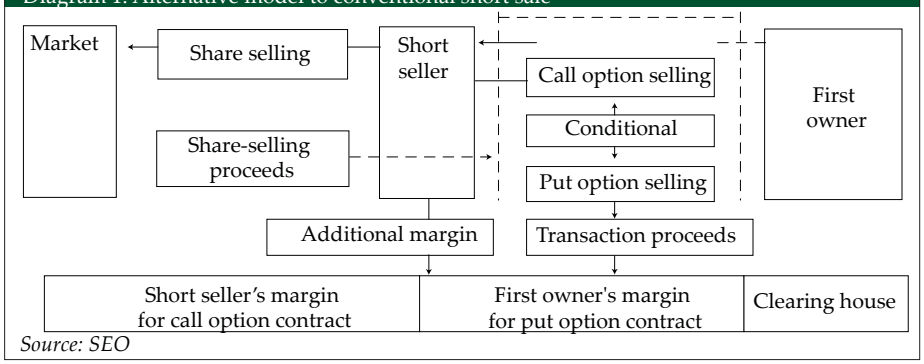
1) Short seller borrows shares from the lender via a broker
2) Short seller immediately sells the shares in the market
3) Short seller receives the price of the sale and deposits the proceeds of the sale plus an additional amount as margin into his/her margin account
4) Short seller deposits the collateral in favor of the lender
5) Short seller repurchases the shares from the market and returns the borrowed shares to the lender any time they are due, and
6) Margin will be released.

However, since the Shariah Board of the Securities and Exchange Organization (SEO) resolved that conventional short sale contracts do not meet Shariah criteria for trades, there is an alternative model assigned to the board for its consideration.

The structure of the new alternative model is as follows: Two parties of the transaction are the first owner and the second owner (as an alternative to a short seller) of the shares, where the first owner transfers the ownership of the shares to the second owner. The contract between these two would be a sale contract in which all rights of the shares will be transferred to the second owner (as an alternative to a short seller).

In order to set other standard conditions for short selling, two other options will be stipulated in the sale contract. First, the second owner gives a call option to be able to repurchase the sold shares at the transaction price on or before a particular date. Then, the first owner gives a put option to the second owner to sell the purchased shares to the first owner at the transaction price on or before a particular date. Diagram 1 shows how the structure looks like.

Diagram 1: Alternative model to conventional short sale



Source: SEO

Conventional short sale alternative

1. Options stipulated in the sale contract are tacit conditions and could not be traded independently.
2. Options stipulated in the sale contract could be executed on or before the maturity date. For more flexibility, different types of options could be used within the sale contract.
3. Through the execution of an option, the other one could automatically be canceled.
4. Proceeds from the sale of the shares will be deposited with the clearing house as the first owner's margin and the additional amount paid by the second owner will be deposited as the second owner's margin. The second owner's margin could be adjusted according to the daily movements of the share price.
5. In the case of equity corporate actions, adjustments would be performed according to the actions on the option contract.

After some deliberation, the Shariah Board of the SEO finally resolved that:

1. This particular transaction is to be composed of several contracts in which the main contract is the sale contract of the shares at a certain price.
2. Two parties of the main transaction stipulate both types of options as the terms of the contract. The first owner stipulates the second owner's call option, and the second owner stipulates the first owner's put option.
3. There would be no Bai Al Inah (a sale with immediate repurchase) doubt in this structure because what is stipulated is not the execution of the transaction but the option to execute the transaction. However, the Mabi (the subject of the sale) is not the same subject. The second owner sells the purchased shares in the market, then repurchases additional shares after a while and sells to the first owner.
4. Margins deposited to cover the risks of option contracts by the two parties of the Bai contract would be accepted as collateral.
5. Adjustments to the option contract in case of equity corporate actions in the form of quantity and the price of basic shares would be correct and considered as the implied terms of the contract.
6. Canceling of an option in the case of execution of another option would be permissible and considered as the implied term of the contract.

The SEO is now studying the operational aspects of the new model for a Shariah compliant short sale. However, we should wait for further news from the SEO about its implementation.

Nigeria: Economic dip breeds opportunity

Nigeria, blessed with oil wealth, arable land and a vast population, is considered a forerunner on the African continent. The country's large Muslim population reflects the huge potential for Islamic finance and speculators have waited with bated breath for the giant to awaken. Unfortunately, the uptake of Islamic finance, particularly Sukuk, is surprisingly sluggish and as such the country has been overtaken by others on the continent. HAJARA ADEOLA writes.

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When oil prices began to nosedive in 2014, it was clear that the Nigerian economy was headed for a rough patch, the severity of which was anyone's guess. Two years on, inflation has hit 17% and the once-emerging economy is now in a recession. The deepening crisis and the accompanying sense of urgency have spurred the government into action, albeit delayed.

Proposed Sukuk issuance to fund the country's key infrastructure needs

The Nigerian government has adopted an expansionary fiscal stance to stimulate economic activities and part of its plan includes a long-awaited sovereign Sukuk issuance in the first quarter of 2017. According to the government's Medium Term Expenditure Framework and Fiscal Strategy Paper, infrastructure spending is at the heart of the economic agenda with a critical focus on power and transportation. Given the relevance of Sukuk as an infrastructure financing tool, there are higher possibilities that it will be considered for some of these projects. In addition, there are expectations for the issuance to be sizeable in view of the country's large infrastructure funding requirement of US$33.2 billion as estimated by the National Planning Commission.

It is noted that in apparent recognition of the funding requirements and the renewed commitment of the government, the IDB opened a gateway office in Nigeria in August 2016. This development is considered to be timely as it places the IDB in a good position to actively support the nation's infrastructure development as well as drive growth in other priority areas such as healthcare, agriculture and SMEs.

More subnational issuers to tap Sukuk market following sovereign Sukuk

Prior to the planned sovereign Sukuk, the Islamic debt capital market appeared somewhat unattractive due to the lack of a pricing benchmark. This caused the size of the market to be restricted to NGN11.4 billion (US$36.19 million) and comprised wholly of the Osun State Sukuk issued in 2013. The industry was also affected by the poor credit quality of potential municipal issuers who were forced to contend with reduced central allocations, high overheads and large debts. However, in 2016, some municipals have increased their internal revenue generation and restructured existing debts. This improvement in financial management is believed to have gradually increased the attractiveness of municipal issuers. Once the sovereign Sukuk create the required pricing benchmark, it is expected that more subnational issuers will tap the market.

Expansion and product innovation likely to be on the rise

Despite the general economic malaise, the Islamic finance industry has still managed moderate growth. The capital market segment consists of five operators: Lotus Capital, ARM, Stanbic IBTC Asset Management, Al Buraq Capital and Kord Kapital. Jaiz Bank remains the only fully-fledged Islamic bank, operating alongside two conventional banks, Sterling Bank and Stanbic IBTC, offering Islamic banking services. Jaiz Bank, which is well established in the country's northern region, acquired its national banking license in May 2016 and has gradually commenced expansion to the southwest. The company raised an additional NGN2.9 billion (US$9.21 million) in equity in the year to fund its expansion.

Jaiz Bank's expansion reflects the resilience of Islamic finance and a growing acceptance of Islamic finance products. This is further evidenced by new product development in the industry. Of particular note is the recent launch of a NGN1 billion (US$3.17 million) Islamic fixed income fund by Lotus Capital in August 2016. The fund, which is designed to invest in Sukuk, non-interest fixed term deposits and asset-backed transactions like Ijarah, Murabahah and such, attracted subscription from retail and institutional investors, including Takaful operators. An increasing pool of investible funds is expected to drive further product innovation in the market in 2017. Nevertheless, this growth will be largely contingent on patronage from the large investment bloc of pension funds. Also, according to industry reports, several new Takaful operators are expected to come on stream in the next few months.

Pension regulator to release new guidelines

With over NGN6 trillion (US$19.05 billion) in assets, Nigeria's pension funds are by far the largest pool of investible assets in the country. However, pension investment in the Islamic finance industry is meager as it is constrained by regulatory bottlenecks. The Nigerian Securities and Exchange Commission, through its Capital Market Master Plan Implementation Committee, has made laudable efforts to prompt the review of regulations to accommodate investment in Islamic finance products as well as other outlets such as infrastructure. Although the National Pension Commission has prepared draft guidelines to address these challenges, the release has been stalled for almost a year. Nevertheless, the guidelines will be given renewed attention due to the government's current financial constraints.

Overall, the economic downturn has brought an appreciation for the potential of Islamic finance. Although development has been slow, the industry is finally due for an upturn. The sovereign Sukuk issuance will be an impetus for this development as it will set the pace for other issuers and create a suitable investment outlet for existing Islamic finance institutions. Now that the Islamic finance model has been successfully tested for viability and market acceptance and varied Islamic finance institutions established (banks, asset managers, Takaful), the timing is auspicious for the Islamic finance industry to come of age. Regulatory oversight has caught up, thus regulatory developments are expected to be more accommodating to Islamic finance. This can only bode well for the development of the Islamic finance industry which is long overdue.

Islamic funds: Growth of assets in emerging and frontier markets

Within the last decade, Islamic financial assets have exhibited double-digit growth but they still only represent a mere 1% of global assets. Analysts believe that the industry has a long way to grow driven by rising demands for ethical-based finance especially in Muslim-dominated economies. Perhaps one notable aspect is the wide underrepresentation of funds that exist across a diverse spectrum of asset classes. ALI MAMOUN IBRAHIM reviews the global untapped markets within private equity, SMEs and income and capital market domains in Islamic asset management funds within emerging and frontier markets.

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Private equity based on 'partnership' the core foundation of Islamic finance

- 'Private equity' despite the 'alternative' categorization, has its core concepts built on the foundations of partnerships (profit and loss) and asset-based finance which are at the epicenter of Islamic finance. In fact, the involvement of investors in turnaround restructuring, growth synergy and improved governance can lead to more equitable profits specifically, when compared to the incoherent and behavioral volatility of capital markets. Hence, it comes as no surprise that Islamic private equity funds have exhibited considerable growth in the past decade, including accumulated wealth markets, pension funds, endowment funds, sovereign wealth funds and institutional investors across growing emerging and frontier markets.
- For example, the MENA region's private equity industry started from a low base but has undergone significant growth over the past decade. Cumulative capital raised for MENA funds increased from US$1 billion in 2002 to over US$20 billion in 2011 as a result of:

1) Increasing liquidity and investible funds
2) Inward-looking strategies followed by the region's sovereign wealth funds and major private sector investors
3) Global investors seeking greater exposure to high-growth emerging markets, and
4) More realizable exit opportunities and growing capital markets.

- However, the industry still remains under-penetrated with the private equity investment to GDP ratio in 2011 of 1% in MENA as compared to 98% in the US and 75% in the UK, according to the Emerging Market Private Equity Association (EMPEA) report for the first quarter of 2012.

Currently, the majority of regional sovereign wealth funds and global private equity investors are seeking new avenues to channel their excess liquidity into high-growth emerging and frontier economies to generate attractive returns. Recent figures from EMPEA note that the percentage of capital available for investment that is focused on emerging markets has grown from about 7% of aggregate committed capital eight years ago to approximately 14% at present. Regions including Latin America, Eastern Europe, India, Asia and Africa have all exhibited traction from limited partners and general partners in recent years, fueling a significant scale-up in commitments to established local managers and spurring increased involvement from globally diversified players, according to E&Y's 'Private Equity Roundup: Africa'.

- Despite the growth in assets under management (AUM), the number of established, experienced and credible private equity fund managers in developing markets is limited. A number of OIC countries in South Asia, Southeast Asia and CIS regions are experiencing similar general trends and have experienced strong interest from limited partners. Africa, specifically, has been known for its lack of long-term finance and underdeveloped capital markets which make private equity an ideal solution for companies requiring growth capital.

Private equity investment in Africa (including North Africa) has risen from US$1.5 billion in 2012 to US$1.8 billion in 2013 according to the report, 'Pension Funds and Private Equity: Unlocking Africa's Potential' by Making Finance Work for Africa, The CommonWealth and EMPEA (2014). In fact, Africa is known to have US$29 billion from pension funds which can enable exuberant growth for the continent in the coming years, according to the report 'Africa Private Equity Insider: In Pursuit of Pensions' by Anna B Wroblewska (published by AFKInsider in 2016).

Structured trade finance funds – a key solution for SMEs

- In emerging and frontier markets, entrepreneurs and business owners looking to start or grow SME businesses face significant challenges particularly in terms of access to appropriate financing, experienced business support and the market linkages and networks needed to succeed. SMEs are also considered too large for microfinance, too small for traditional private equity and too risky for traditional security-based financiers as they are often informally structured (compared to large corporates) or have a lack of security or track record. Thus, many entrepreneurs and business owners find themselves in the 'missing middle'.

- A report by the Asian Development Bank (ADB) noted that SMEs face higher rejection rates than other types of firms globally for submitted trade finance proposals. SMEs, especially in Africa (32%) and Asia (19%), depend on working capital for pre-export financing as their main source of trade finance.

Continued

Unmet funding gaps (the global trade funding gap is US$1.4 trillion, US$693 billion in developing Asia, according to the ADB's report, '2015 Trade Finance Gaps, Growth, and Jobs Survey') in frontier and least-developed economies are troubling. Geographically, these gaps are proportionately widest in sub-Saharan Africa, South America and within developing Asia, and are hindering growth.

- This is of particular concern as SMEs are a leading driver of trade, employment and economic development. SMEs are strategic in multiple ways as follows:

  1) SMEs are crucial to the development of strong OIC economies
  2) SMEs act as the principal means of job creation for individuals at the bottom of the pyramid and the driving force for a thriving, formal economy, and
  3) SMEs build a healthy national infrastructure, encouraging political and social stability.

- According to the International Labor Organization, SMEs provide two-thirds of all formal jobs in developing countries and up to 80% in low-income countries.

- SME funds centered on structured trade finance (STF) can play a vital role across the value chain and across geographies. The mode of finance enables the financier (fund manager) to hold the commodity or goods exchanged as collateral which fits SMEs well in addressing their lack of available securities. In fact, STF funds in general are uncorrelated with the market and even in the SME trade finance space can yield lower volatilities and higher Sharpe ratios.

However, the core foundation of SME success falls not only on origination but also mainly on value-added post-acquisition management. Despite their attractive features, such fund management does not come easy and its execution requires thorough due diligence across involved counterparties and active monitoring (requiring full management of the goods across the supply chain: collateral management, goods inspection, and logistics support and processing management).

Well-managed SME STF-based funds coupled with active resource mobilization can raise the development multipliers, yield lucrative returns to investors and play a vital role in bridging the gap for SME finance in OIC economies.

Income funds and capital markets a necessity for OIC liquidity demands

- One of the most critical impediments in realizing the potentially high growth of Islamic finance is the restricted supply of Shariah compliant investment products that offer both recurring income and liquidity to investors.
- Following the financial crises, financial institutions have become more conservative and selective in their credit reviews resulting in a slowing credit environment. Although markets have now picked up, the use of bank financing remains limited, as well as more costly, as compared with the pre-financial crises era. On the other hand, the weak performance of capital markets (being adversely affected by the developed world's economic slowdown) is also making it difficult for companies to raise new capital to capture growth.
- Several governments are now trying to reduce their role and encourage private sector participation in order to increase efficiency, promote transfer of skills, broaden business opportunities for the private sector and develop an alternative source of funding.
- Capital markets are generally underdeveloped in the OIC with a low mutual fund asset base (with respect to GDP) when compared to developed economies, in addition to the dire need for liquidity management solutions, according to the EY's 'GCC wealth and asset management report 2015' and the dataset from WorldBank.org.
- This is particularly true, especially as fund managers adopt socially responsible investments (SRI) through an environmental, social and governance (ESG) framework while combining with Shariah finance, which both cross-over in terms of the ethical nature and socially responsible investing. Adopting such strategies for capital market funds will reap rewards for investors, according to Deutsche Bank; incorporating ESG data into investment analysis correlates with superior risk-adjusted returns at a securities level. For example, Saturna's Capital Growth Fund Investor Shares (AMAGX) and Income Fund Investor Shares (AMANX) have consistently outperformed S&P 500 and Russell 1000 benchmarks for the past 10 years with such strategies.
- For example, to address this, the Islamic Corporation for the Development of the Private Sector (ICD) over the past three years have launched a series of funds across the income and capital markets such as the ICD Money Market Fund, the ICD Trade Premium Fund (STF strategy), the ICD Corporate Premium Fund and the ICD Global Sustainable Investment Fund (SRI/ESG-based) and has succeeded in growing the AUM to over US$550 million generating an almost 3-times mobilization multiplier (on committed capital) in three years.

Summary

High-growth frontier and emerging economies are unveiling as attractive destinations for asset management funds (income and capital market platforms, private equity and SMEs) driven by strong economic fundamentals, favorable demographics and a strong demand for growth capital that has significantly outpaced supply, thus creating significant opportunities for both established and new institutional players with superior capabilities and unique strategies to generate risk-adjusted returns and boost development.

It's critical to note that navigating the turbulent terrain and dynamics of emerging markets merits scrutiny and thus demands a globally experienced management team to capitalize on opportunities and achieve a development impact in the OIC.

Data analytics to transform motor Takaful into a profitable and sustainable business

Motor Takaful or motor insurance is a risky and loss-making line of business for most who are associated with the Takaful industry. Why? Because prudent risk management is not practical without the involvement of digital tools that help in providing insight and intelligence in accepting or rejecting the risk. MUHAMMAD ASHFAQ-UR-REHMAN strongly believes that data analytics can improve the profitability of the motor Takaful portfolio for Takaful operators.

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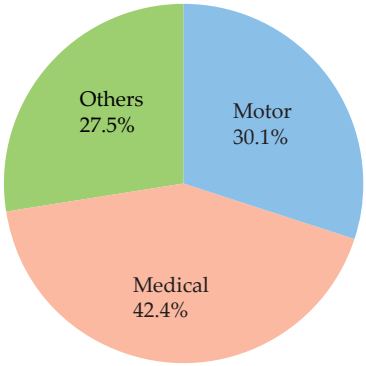
First of all, it is pertinent to explain what motor Takaful loss-making is. In layman's terms, a Takaful company receives premium against insuring the risk of a specific vehicle and in return, issues a Takaful policy to the customer to safeguard him/her from potential loss in the event of any road accidents. Takaful companies budget or project certain losses in anticipation of vehicle-related accidents. For instance, a loss ratio is projected at 80% and there are 10 customers booked with an aggregate premium of US$10,000. Assuming the loss ratio remains within the set threshold as 80%, based on that fact the Takaful operator will be paying US$8,000 to compensate customers against their losses as a result of vehicle accidents. If the projected loss ratio or claims swing in a negative direction, ie jumps more than 80%, that will impact the Takaful operator's profitability for the motor business and will also upset the overall profitability across the company.

Empirical evidence shows that there are Takaful companies that have motor loss ratios around 100-120% or even more but there are also examples of lower loss ratios. The point here is not to focus on what the loss ratios are but to highlight the significance and the negative impact triggered due to the upward swing in loss ratios as a result of the unavailability of data analytics.

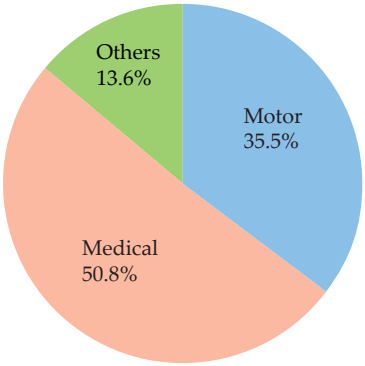
According to AM Best's special report published recently, the motor insurance market share (net written premium) was 35.5% and 50.8% was medical whereas 13.6% was for other lines of insurance products in 2014. Such high values for the motor and medical businesses demonstrate the significance of both lines of business.

Chart 1: Market share of motor insurance in the Middle East (gross written premium) (2014)



Source: AM Best

Chart 2: Market share of motor insurance in the Middle East (net written premium) (2014)



Source: AM Best

Leaving the natural or environmental catastrophes aside, the issue of the usual losses is pretty much solvable. In the absence of data analytics, it is difficult to predict the loss ratio correctly or price motor Takaful with a justified formula. This issue can be overcome through the effective use of data analytics in addition to a robust actuarial/underwriting model.

Saudi Arabia and the UAE, the leading Takaful markets within the GCC, are working hard to put in place the right regulations to govern the industry and safeguard the interest of stakeholders.

Why should good drivers be penalized with the bad ones?

Why shouldn't a good driver be paying lesser premium for motor Takaful compared with another who has a history of accidents? Is it not the bad driver who is supposed to pay more? A good driver should have some incentive over a bad driver if the good driver is an experienced driver and had no accidents in the past.

Since some Takaful companies do not have the ability to analyze customers individually and in depth, thus they cannot treat each customer as per what they are due. So they offer flat rates without any differentiation and even sometimes a higher rate than the previous year. These all depend on how the company is doing on its budgeted loss ratios for a certain line of business. In such a situation, as an alternative, confident drivers who believe that they would not have any accidents due to their own negligence or mistakes during the policy year, may then choose a slightly higher deductible in order to get a special rate on the motor Takaful. But, that is something one needs to understand really well and decide upon carefully.

Random decision-making leads to unjustified pricing and high losses

There is a fundamental issue of not making informed decisions for many Takaful underwriters/companies. One can only make informed decision if he

Continued

or she has the relevant data to analyze. If the necessary data on customers and vehicles is available and the data is clean and easily accessible, the company will have better decision-making and customers will benefit and stay loyal to the company for a long time.

Some might arguably proclaim that they have the requisite data. The problem with poor decision-making has been either due to a lack of data or the poor quality of the data, ie issues of accuracy and authenticity. Poor quality data starts with punching in the details of any customer and vehicle incorrectly or not in line with the expected outcome into the system. The worst-case scenario is that there is no quality check performed on keying in the details of customers and vehicles, therefore the right inference from the data is questionable.

Substandard work put in at this point affects both the Takaful operator and some customers in the form of unjustified pricing and unanticipated losses. As a result, the Takaful loss ratio deviates from the projected figures where good drivers do not get preferential rates and are charged for those who happen to have accidents which is obviously not fair. This may differ from company to company as it depends on how analytics-savvy the company is.

Some Takaful operators only come to know of their loss ratios through their periodical financials produced by the relevant departments. Why? Because there is no audited management information system or data analytics available on a real-time basis in a digital format. Tools like business intelligence or Qlickview are handy but they can only help if they are deployed in their true spirit, and only when the data coming from core applications is also accurate and authentic. In some companies, the motor portfolio holds the bigger slice of the pie, hence in the worst-case scenario that would gobble up the capital of the company quickly.

Data analytics can help to make motor Takaful a profitable line of business

Digital disruption is sweeping through industries and Takaful being already a laggard can take full advantage of the digital force which is nearly neutralizing competition across businesses. The exploitation of data analytics could be a game changer for a profitable motor Takaful business. Unleashing the power of data analytics to its full extent can enable Takaful operators to get the desired results.

Data analytics can provide intelligence on customers for better engagement, enable data mining, perform predictive analysis to forecast losses more vigorously, perform re-Takaful arrangements, predict the cession rate and help with the choice on the access of the loss or quota share. Data analytics can help Takaful operators to stay up-to-date to gauge the pulse of the business for immediate and informed decision-making when taking corrective measures. As a stepping stone, Takaful operators with the help of data analytics should analyze the reality on the ground by searching answers to the following questions:

> ***"Takaful operators need to 'disrupt' themselves sooner rather than later"***

- Is the data of customers and vehicles entered into the system correctly?
- Is the criterion of customer/vehicle identification robust?
- Is there a clean database, free of errors and incompleteness?
- Has the date ever been audited for accuracy and authenticity?
- Do we have master level data management as a centralized database solution?
- Can data of existing/new customers/vehicles be fetched from the company's own or third-party systems seamlessly?
- Is the pricing philosophy ad-hoc and does it take customer relationship (profitable or loss-making) into consideration?
- Is an eye kept on the industry landscape at real-time and close intervals?
- Is there a historical record of a specific customer and/or vehicle?
- What is the overall value of any customer's relationship to the company? Are other products taken into consideration when pricing motor Takaful?
- Is there a rationale for contribution cession, for the choice on the access of the loss or/and quota share in re-Takaful arrangements?

Conclusion

Already under pressure, Takaful operators need to 'disrupt' themselves sooner rather than later. They are going to be challenged further as they will soon be receiving enquires to insure driverless cars. In Singapore, a trial on driverless taxis has already kicked off. In the Middle East, Dubai is also not far behind with driverless vehicles, with a test ride already performed.

Similar to any other industry, data analytics can literally help Takaful operators to improve their bottom line performance, not only in the motor Takaful business but also in other businesses such as medical, property and travel. Data analytics built intelligently will help in enhancing customer experience, creating cross/up-sale opportunities in addition to providing insight into the business at large. So, the following steps should be taken:

- Punch in the data correctly with the 'four eyes' principle so that you do not merely depend upon intuition while pricing and projecting losses.
- Make full use of data analytics (in-house and third-party solutions) to provide a snapshot of historical claims regarding the driverd and vehicles.
- Keep an eye on the dashboard's color schemes (green, amber and red should your company be using full proof data analytics and business intelligence tools).
- Use telematics which can help in getting more intelligence about behavioral aspects such as speed pattern, distance traveled, brakes application, area of travel, causes of accidents and such. It is also good to team up with auto manufacturers to fit 'black boxes' in vehicles under loyalty program arrangements.

DEALS

Indonesia auctions Sukuk

INDONESIA: The government of Indonesia is targeting to raise IDR3 trillion (US$231.3 million) via an auction of sovereign Sukuk (SPN-S 19042017 and four project-based Sukuk series) conducted on the 18th October to finance the 2016 State Budget, according to an announcement on the Ministry of Finance's website.

THHE to extend Sukuk maturity

MALAYSIA: TH Heavy Engineering (THHE) is seeking to extend the maturity date of its Sukuk Murabahah program of up to RM170 million (US$41.03 million) in nominal value by one year, according to a bourse filing. THHE noted that it had written to the Securities Commission to update the maturity date of its Sukuk program from the 30th September 2016 to the 29th September 2017.

DanaInfra to tap Sukuk market again

MALAYSIA: DanaInfra Nasional, the financier of a subway in Malaysia's capital Kuala Lumpur, is seeking to tap the Sukuk market again, following the dip in borrowing costs to a three-year low, Bloomberg reported, quoting unnamed sources. The company plans to offer RM2 billion (US$482.68 million) of government-guaranteed Sukuk to finance the country's mass rail transit (MRT) system. This would be the second time this year that DanaInfra is tapping the Sukuk market, having previously sold RM4.5 billion (US$1.09 billion)-worth of Sukuk in April.

IILM auctions US$1.11 billion Sukuk

GLOBAL: The International Islamic Liquidity Management Corporation (IILM) has successfully conducted an auction of US$1.11 billion three-month tenor Sukuk priced at a 1.35% profit rate, according to a statement. The IILM Sukuk facility is rated 'A-1' by S&P and it is the corporation's 29th series, bringing the total cumulative amount of the IILM Sukuk that were issued and reissued to US$21.14 billion.

Abu Dhabi Islamic Bank, Al Baraka Turk, Barwa Bank, Boubyan Bank, CIMB Islamic Bank, Kuwait Finance House, Maybank Islamic, National Bank of Abu Dhabi, Qatar Islamic Bank, Qatar National Bank and Standard Chartered Bank participated in the offering.

Malaysia's GII Murabahah oversubscribed

MALAYSIA: The Malaysian government's RM3 billion (US$714.96 million) GII Murabahah offering issued on the 14th October received a total of RM6.07 billion (US$1.45 billion) from 256 bids. According to a filing with Bank Negara Malaysia (BNM), the facility, to mature on the 30th September 2026, was sold at a profit rate of 4.07%, and BNM may purchase up to 10% of the issuance size.

KLK redeems Sukuk

MALAYSIA: Kuala Lumpur Kepong (KLK) on the 10th October fully redeemed its RM300 million (US$71.87 million) Sukuk Ijarah commercial paper/medium-term note (MTN) program (2011/16), according to RAM Ratings, which no longer has any rating obligation in respect of the facility previously rated 'AA1/Stable/P1'. The rating agency said in a statement, however, that it will still maintain surveillance of KLK's RM1.6 billion (US$383.3 million) multicurrency Islamic MTN program (2015-27) and RM1 billion (US$239.56 million) multicurrency IMTN program (2012/22), both rated 'AA1/Stable', as well as the group's global corporate credit ratings of 'gA3/Stable/gP2'.

Bahrain issues dollar Sukuk

BAHRAIN: Bahrain on the 12th October concluded the issuance of an eight-year US$1 billion Sukuk facility and a 12-year US$1 billion eurobond facility, according to a statement. The Regulation S facilities have been admitted to listing on the Irish Stock Exchange. Bank ABC, BNP Paribas, Credit Suisse, JPMorgan and Standard Chartered Bank were the joint lead managers for both facilities while Norton Rose Fulbright acted as the advisor.

BRI offers Sukuk Mudarabah

INDONESIA: BRI Syariah, which intends to issue subordinated I Sukuk Mudarabah worth IDR1 trillion (US$76.8 million) in the fourth quarter of this year, has begun the bookbuilding process for the capital-boosting Sukuk issuance. According to Tempo.co, the bookbuilding process, which commenced on the 12th October, will run until the 26th October. The seven-year facility has been assigned an 'A+' rating by Fitch.

Brunei issues Sukuk Ijarah

BRUNEI: Autoriti Monetari Brunei Darussalam (AMBD) has issued a BN$32 million (US$22.85 million) Sukuk Ijarah facility at a rental rate of 1.13%. The central bank noted in a statement that the 137th Sukuk Ijarah securities will mature on the 12th October 2017, based on a 364-day tenor. To date, the country has issued over BN$10.22 billion (US$7.3 billion)-worth of short-term Sukuk Ijarah securities with the total holdings of Brunei government Sukuk outstanding until the 13th August standing at BN$468.2 million (US$334.26 million).

TNB's unit issues US$750 million Sukuk

MALAYSIA: TNB Global Ventures Capital, a wholly-owned subsidiary of Tenaga Nasional (TNB), raised US$750 million from the issuance of a 10-year Sukuk facility with a profit rate of 3.24%, according to a bourse filing. The issuance

DEAL TRACKER Full Deal Tracker on page 34

EXPECTEDDATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENTDATE
November 2016	Angkasa Pura I	IDR500 billion	Sukuk	18th October 2016
TBA	Housing Development Finance Corporation of Maldives	TBA	Sukuk	13th October 2016
TBA	Etihad Airways	TBA	Sukuk	11th October 2016
TBA	Ahli United Bank Kuwait	up to US$200 million	Sukuk	11th October 2016

is part of the power company's US$2.5 billion multicurrency Sukuk program.

Angkasa Pura to develop airports via Sukuk

INDONESIA: Angkasa Pura I, a state-owned airport operator, is looking to raise IDR3 trillion (US$229.2 million) from conventional bonds and Sukuk that will be offered in November. Sulistyo Wimbo Hardjito, Angkasa Pura's president director, was quoted by the Jakarta Post as saying that the company is expecting to raise IDR2.5 trillion (US$191 million) from conventional bonds and another IDR500 billion (US$38.2 million) from Sukuk. Sulistyo added that about 75% of the funds will be used to develop five airports in Yogyakarta, Semarang, Banjarmasin, Surabaya and Makassar with the remaining 25% to be used as working capital.

Jordan debuts landmark Sukuk issuance

JORDAN: Jordan has closed the inaugural issuance of a JOD34 million (US$47.9 million) Sukuk Ijarah facility, which was three times oversubscribed, according to a statement. The five-year tenor facility has an expected profit rate of 3.01% and was priced inside the Kingdom's existing curve for conventional bonds. The sovereign issuance is part of the comprehensive joint Technical Assistance Package provided by Japan International Cooperation Agency and the Islamic Corporation for the Development of the Private Sector which also acted as the transaction technical support and advisor.

HDFC's Sukuk postponed

MALDIVES: The Housing Development Finance Corporation (HDFC)'s second Sukuk facility, which was to be listed on the Maldives Stock Exchange on the 16th October, has been postponed, according to IFN Correspondent Dr Aishath Muneeza, who is also the deputy minister of the Maldives's Ministry of Islamic Affairs. A new date for the launch has not been announced yet.

CBB's Sukuk Salam fully subscribed

BAHRAIN: The monthly issue of the Sukuk Salam facility by the Central Bank of Bahrain (CBB) worth BHD43 million (US$110.17 million), which carries a maturity of 91 days, has been fully subscribed, according to a statement. The expected return on the issue, which begins on the 19th October and matures on the 18th January 2017, is 2.02%.

Ivory Coast mulls SME Sukuk

IVORY COAST: Niale Kaba, the minister of planning and development of Ivory Coast, is keen to explore the possibility of issuing Sukuk to support the country's SME sector and intends to work with the Islamic Corporation for the Development of the Private Sector (ICD) in this respect.

"I think this is something we can definitely do and we are going to encourage the ICD and explore with them to issue. I think this can be interesting for the whole region," Kaba said at the Africa Islamic Finance Forum 2016 in Abidjan. Ivory Coast has issued two sovereign Sukuk to fund its infrastructure needs with the help of the ICD.

Warba Bank to issue capital-boosting Sukuk

KUWAIT: Kuwait's Warba Bank is about to issue a Sukuk facility of up to US$250 million to boosts its Tier 1 capital, Reuters quoted unnamed sources as saying. The Kuwaiti bank is completing pre-placement of the planned issuance and the Sukuk facility is expected to hit the market very soon.

AFRICA

Nigeria to welcome new Islamic banking players

NIGERIA: Nigeria will welcome another fully-fledged Islamic bank in 2017, according to Dr Yakubu A Umar, the special advisor to the governor on Islamic finance at the Central Bank of Nigeria. Speaking to IFN, Dr Yakubu confirmed that the bank will also be able to operate nationwide, along with Jaiz Bank, the country's only non-interest bank at the moment. Dr Yakubu also revealed that the country has received strong interest from foreign players looking to establish an Islamic banking foothold in Nigeria — a joint delegation of GCC and Chinese market participants recently visited the African Republic and has expressed keen interest to establish an Islamic banking presence.

ASIA

J&K Bank ready to offer Islamic banking

INDIA: State-owned Jammu and Kashmir Bank (J&K Bank) is considering offering Islamic banking services after seeing a strong demand for such banking services in Kashmir, according to the Times of India quoting the bank's chairman Parvez Ahmad. The bank is ready to offer such services if the Reserve Bank of India approves the move, added Parvez.

BRI plans IPO in 2018

INDONESIA: State-owned BRI Syariah is planning to conduct an IPO of its shares worth IDR1 trillion (US$76.8 million) in 2018 to boost its alternative funding sources, according to Antara News. The decision to turn the bank into a publicly-listed company was taken as BRI Syariah seeks to strengthen its capital structure, particularly at the Tier 1 level, President Director Hadi Santoso was quoted as saying. The Islamic bank also intends to expand its financing portfolio from retail and business segments to infrastructure financing.

Bank Panin Dubai Syariah plans rights issue

INDONESIA: Bank Panin Dubai Syariah plans to raise between IDR500 billion (US$38.35 million) to IDR1 trillion (US$76.7 million) in the first half of 2017 through a rights issue in order to strengthen its capital amid expansion, according to Kontan.co.id.

Bank Rakyat approves allocation for products

MALAYSIA: Bank Rakyat, Malaysia's largest Shariah compliant cooperative bank, has approved RM21 billion (US$5.03 billion) for its financing products as at the 30th September 2016, Bernama quoted its COO, Md Khairuddin Arshad, as saying. The products include personal, home, auto and motorcycle, education, micro and credit cards. Khairuddin added that the bank had achieved the 95% approval

target for financing products this year mainly driven by the pick-up in personal financing growth.

MBL and PCICL collaborate

PAKISTAN: Meezan Bank (MBL) and Pak China Investment Company (PCICL) have entered into a strategic corporate alliance to promote bilateral trade and investment between Pakistan and China, according to a statement. The agreement will see both entities striving to facilitate businesses of both the countries in undertaking strategic projects, particularly those covering the China-Pakistan Economic Corridor.

CGC rebranding

MALAYSIA: Credit Guarantee Corporation (CGC) Malaysia, which also provides Islamic financing facilities, is working to rebrand its corporate image as the company seeks to amplify its presence in the local market to become more prominent, Bernama quoted CGC's CFO, Syed Naufal Shahabudin, as saying.

SMI to establish Shariah business

INDONESIA: State-backed infrastructure financing company Sarana Multi Infrastruktur (SMI) has completed all documentation and legal matters to establish an Islamic unit in November, pending the appointment of a Shariah supervisory board by the government, according to the Jakarta Post quoting SMI's president director, Emma Sri Martini. The firm, which will inject IDR500 billion (US$38.35 million) into the Shariah unit, aims to develop Islamic products before the end of 2016, including Sukuk, and to use the new unit to mobilize Hajj funds to finance infrastructure projects.

CSE reconstitutes Shariah index

BANGLADESH: Chittagong Stock Exchange (CSE) has included 35 new companies into its Shariah index, following its recent review, according to the Financial Express. The new list, which excluded six companies and now comprises 105 companies instead of 77, will be in effect from the 23rd October.

TEVTA to provide interest-free loans

PAKISTAN: The Technical Education and Vocational Training Authority (TEVTA) of Pakistan will extend PKR500 million (US$4.73 million) to Akhuwat to enable the latter to provide microfinancing facilities to support TEVTA graduates during the 2015-16 year. According to a statement, the fund provided in the first year will be revolved over the project period of 10 years.

EUROPE

Al Rayan and deVere join forces

UK: Al Rayan Bank has entered into a strategic partnership with deVere Mortgages to offer Shariah compliant home finance to expats looking to purchase property in the UK, according to a statement. The partnership follows deVere's reporting of an average 55% week-on-week increase in mortgage enquiries since the UK's EU referendum, with the majority of these applications from people living in GCC countries.

GLOBAL

DCIBF releases second annual report

GLOBAL: Kuwait Finance House (KFH) has scored the highest in terms of efficiency followed by Saudi Arabia's Alinma Bank, according to a report released by the Dubai Center for Islamic Banking and Finance (DCIBF) which analyzed 131 Islamic banks worldwide. It is found that the top 20 most efficient Islamic banks hail from seven countries including the UAE, Qatar, Saudi Arabia, Kuwait and Malaysia.

Coris Bank eyes new markets

GLOBAL: Coris Bank Group is targeting to expand its Islamic banking presence into Mali and Ivory Coast in 2017, Sylvie Sally Kinda Compaore, the Islamic finance project manager of the bank, told IFN. Compaore confirmed that the process to launch an Islamic window in Mali has begun.

The bank established an Islamic window in its Burkina Faso branch in 2015, focusing on the SME sector; Compaore, however, added that the bank is considering expanding its portfolio to include Shariah compliant microfinance

instruments. The group is also in the midst of establishing a presence (conventional) in Senegal and Benin.

Gulf Finance Co partners with SRB

GLOBAL: Saudi-based Gulf Finance Co has partnered with Shariyah Review Bureau (SRB) to strengthen the Shariah compliance supervision of its large-scale SME financing, production assets and financial leasing solutions, according to a statement.

ICD acquires new business

GLOBAL: The Islamic Corporation for the Development of the Private Sector (ICD) has acquired Capitas Group International and rebranded it as Catalyst Group, according to a statement.

The existing Catalyst Group management team is extending market interventions in real estate development and Islamic non-bank financial institution advisory services.

MIDDLE EAST

ADIB expects 2H earnings to match 1H

UAE: Abu Dhabi Islamic Bank (ADIB) expects its earnings performance in the second half (2H) of 2016 to be similar to the first half (1H) of the year, Reuters quoted ADIB's CEO, Tirad al-Mahmoud, as saying. Tirad also noted that ADIB's financing growth will likely remain in single digits in both 2016 and 2017, and that the bank had no capital-raising plans.

Separately, Tirad was also quoted by Mubasher.info that ADIB is looking to expand in the Arab markets in which it does not yet exist and is studying a number of opportunities for expansion starting from 2017. He added that there is no intention to offer any Sukuk in the coming period and the bank is working on restructuring operations to offer Sukuk to institutions and companies.

UAE launches Waqf organization

UAE: In a bid to further support the vision of Hamdan Mohammed Rashid Al Maktoum to globalize the Islamic economy, the UAE has launched the Awqaf International Organization that will serve as a global umbrella to manage endowments and regulate endowment investments under the framework of unified modern legislation and standards, announced Mohammad Al Gergawi, the minister of cabinet affairs and the future and chairman of the board of the Dubai Islamic Economy Development Center, according to local media.

GII and DXB Entertainments collaborate

UAE: Gulf Islamic Investments (GII) and DXB Entertainments have entered into an exclusive agreement to develop and invest in the parking management system for Dubai Parks and Resorts, scheduled to open at the end of October. According to a statement, the five-year profit-share agreement will generate revenue through parking tariffs and other related services.

Dubai to launch Islamic trade finance bank

UAE: The Department of Economic Development (DED) of Dubai plans to launch an Islamic bank dedicated to trade and commodity financing, to be known as the Emirates Trade Bank. It is confirmed in a statement that the DED is in advanced discussions with the Central Bank of the UAE to secure regulatory approval.

Saudi Hollandi seeks to rebrand

SAUDI ARABIA: Saudi Hollandi Bank intends to authorize its board of directors to select a new commercial identity for the bank and its subsidiaries at the upcoming shareholders extraordinary general assembly, slated for the 31st October. According to a bourse filing, the bank will also elect a new board of directors for the 2017-19 term during this meeting.

Merger of Bank Dhofar and Bank Sohar falls through

OMAN: Bank Dhofar has discontinued the negotiations on the proposed merger with Bank Sohar after the two parties have been unable to reach agreement on certain important key issues relating to the completion of the proposed merger, according to a bourse filing.

Alba closes largest corporate financing in Bahrain

BAHRAIN: Aluminium Bahrain (Alba) has closed a syndicated financing facility worth US$1.5 billion comprising a US$618 million Islamic facility and an US$882 million conventional term loan facility, at an interest margin of 325bps annually over LIBOR. According to a statement, the seven-year tenor facility was upsized from an initial target of between US$500 million and US$750 million due to oversubscription — making it the largest corporate financing in the Kingdom.

The facility is part of the company's funding plan to finance the Line 6 Project. The transaction was participated by a consortium of local and international banks with the National Bank of Abu Dhabi (Bahrain branch) acting as the global and conventional agent and Riyad Bank acting as the Islamic agent.

CMA joins AAOIFI

SAUDI ARABIA: The Saudi Capital Market Authority (CMA) has joined AAOIFI as a member, confirmed a statement.

QIB launches complaint management system

QATAR: Qatar Islamic Bank (QIB) has launched a new automated complaint management system that will enable QIB employees to address customers' issues quickly and thoroughly, according to a statement.

This comes as part of the bank's ongoing efforts to upgrade its IT infrastructure in order to improve customer service and increase efficiency.

SHB innovates banking services

SAUDI ARABIA: Saudi Hollandi Bank (SHB), which also operates Islamic banking services, has deployed the Wearable Banking Solution to enhance the experience of retail banking customers, according to a statement. Developed by Vayana for Apple Watch, the new banking solution, which works as an extension of the iOS-Mobile Banking Application, will deliver a number of services including reporting (balances and mini statements), notifications and payments (due bills and violations).

ASSET MANAGEMENT

Equitavita to invest in Ras Al Khaimah

UAE: Equitavita Real Estate, the parent company of Shariah compliant Emirates REIT Management, has been granted an exclusive Emiri decree allowing current and future REITs and other collective investment funds that it manages to invest in Ras Al Khaimah — the first for a company with foreign ownership.

According to a statement, the decree also allows the firm to own onshore real estate in the state; however, it is subject to some conditions including that at least 51% of the shares of the REIT should at all times remain owned by UAE or other GCC nationals.

Shariah-funded hotel to begin operations

SAUDI ARABIA: SHUAA Capital has completed the development of the Centro Shaheen Jeddah Hotel, which was funded via the SHUAA Saudi Hospitality Fund I, a Shariah compliant, close-ended, real estate investment fund launched in 2008 and established in partnership with Rotana Hotel Management Company (Rotana).

According to a statement, the property, the first of a series of three hotel properties being developed under the Shariah compliant fund, has been delivered to Rotana to begin operations.

TAKAFUL

ASBB to offer bancaTakaful products

BAHRAIN: Al Salam Bank-Bahrain has signed a strategic agreement with Takaful International which will enable the bank to offer a suite of Shariah compliant insurance products to customers of both Al Salam Bank and BMI Bank through its extended branch network, according to a statement.

RESULTS

Riyad Bank

SAUDI ARABIA: Riyad Bank registered a net profit of SAR729 million (US$194.21 million) in the third quarter of 2016, a 36.39% decline from the SAR1.15 billion (US$306.37 million) of the previous quarter on the back of higher total operating expenses and lower total operating income, according to a bourse filing. The bank's total assets, however, increased 2.99% to SAR223.47 billion (US$59.53 billion) for the quarter under review.

Bank Albilad

SAUDI ARABIA: Shariah compliant Bank Albilad reported a net profit of SAR227.8 million (US$60.7 million) for the third quarter of 2016, 12% higher year-on-year compared with the SAR203.4 million (US$54.19 million) it recorded in the same period in 2015, according to a bourse filing. For the nine-month period, the bank posted a net profit of SAR586.2 million (US$156.19 million), a slight increase compared with SAR584 million (US$155.6 million) in the previous year.

Bank Muscat

OMAN: Bank Muscat's income from Islamic financing stood at OMR17.78 million (US$46.02 million) for the nine-month period in 2016, an increase of 30% year-on-year compared with OMR13.68 million (US$35.41 million) during the same period in 2015. According to a bourse filing, the bank's net Islamic financing also rose 62.1% during the period to OMR782 million (US$2.02 billion) from OMR482 million (US$1.25 billion) in the nine months of the previous year.

Arab National Bank

SAUDI ARABIA: Arab National Bank registered a 5.56% decline year-on-year in quarterly profit to SAR721.7 million (US$192.29 million) as at the end of September 2016 and a 3.43% slide in nine-month net profit to SAR2.29 billion (US$610.16 million). The bank said in a statement to the bourse that the drop in earnings is due to an increase in total operating expenses. Total assets as at the 30th September stood at SAR167.26 billion (US$44.57 billion), up 1.46%.

Alizz Islamic Bank

OMAN: Alizz Islamic Bank recorded a net loss after provisions and tax of OMR3.42 million (US$8.85 million) for the period ended the 30th September 2016, 19.1% lower compared with the net loss of OMR4.23 million (US$10.95 million) it posted over the same period in 2015, according to a bourse filing. Its net operating income, however, rose 57.19% to OMR6.69 million (US$17.32 million) from the OMR4.25 million (US$11 million) recorded for the period ended the 30th September 2015.

Al Madina Takaful

OMAN: Al Madina Takaful made a net profit and surplus for the year attributable to shareholders of OMR1 million (US$2.59 million) in the first three quarters of the year as compared with

OMR1.46 million (US$3.78 million) in the corresponding period of 2015, according to a bourse filing. Gross contributions from General Takaful stood at OMR17.29 million (US$44.75 million) declining from OMR18.01 million (US$46.62 million) at the end of September 2015 while gross contributions for Family Takaful increased to OMR1.95 million (US$5.05 million) from OMR1.63 million (US$4.22 million).

Bank Dhofar

OMAN: Bank Dhofar's Islamic banking segment, Maisarah Islamic Banking Services, recorded a net profit after tax of OMR2.13 million (US$5.51 million) during the nine-month period this year, 28.11% higher year-on-year compared with OMR1.67 million (US$4.32 million) during the same period in 2015. According to a bourse filing, Bank Dhofar's consolidated net profit after tax came in 10.42% higher at OMR36.87 million (US$95.43 million) from OMR33.4 million (US$86.45 million) during the nine-month period in the previous year.

National Bank of Oman

OMAN: National Bank of Oman, which offers Islamic banking products through Muzn Islamic Banking, reported a 2% year-on-year drop in post-tax net profit to OMR42.1 million (US$108.97 million) for the first three quarters of 2016. According to a bourse filing, total assets grew 7.3% to OMR3.5 billion (US$9.06 billion) as at the end of September 2016.

Takaful Oman Insurance

OMAN: Takaful Oman Insurance made a profit of OMR2.13 million (US$5.51 million) during the first nine months of the year, against OMR1.1 million (US$2.85 million) in the same period of 2015, according to its third quarter unaudited financial statement. Gross contributions for the January-September period reached OMR12.29 million (US$31.81 million) as compared with OMR5.53 million (US$14.31 million) the year before.

Bank Aljazira

SAUDI ARABIA: Shariah compliant Bank Aljazira reported a net profit of SAR161 million (US$42.89 million) for the third quarter of 2016, 3.01% lower year-on-year compared with SAR166 million (US$44.23 million) it posted in the similar quarter of the previous year, according to a bourse filing. Net profit for the nine-month period was also 36.17% lower at SAR720 million (US$191.82 million) compared with SAR1.13 billion (US$301.06 million) recorded during the corresponding period of 2015.

Saudi British Bank

SAUDI ARABIA: Saudi British Bank reported a 3.1% year-on-year drop in net profit to SAR3.29 billion (US$876.52 million) for the January-September 2016 period; quarter-on-quarter, net profit declined 13.6% to SAR995 million (US$265.09 million). According to a statement, total assets contracted 5.7% to SAR185.9 billion (US$49.53 billion) as at the 30th September 2016.

National Commercial Bank

SAUDI ARABIA: National Commercial Bank, which also offers Islamic banking services, registered a net profit of SAR1.96 billion (US$521.85 million) as at the end of September 2016, a drop by 19.52% from the previous quarter's SAR2.44 billion (US$649.65 million) on the back of an increase in total operating expenses due to higher impairment charges on financing and advances, impairment charges on investments and higher other general and administrative expenses. According to a bourse filing, the bank's total assets recorded a 7.98% drop to SAR438.8 billion (US$116.83 billion) for the period under review as compared with the same period in 2015.

Masraf Al Rayan

QATAR: Masraf Al Rayan posted a net profit of QAR1.56 billion (US$428.18 million) for the first nine months of 2016, up 3% year-on-year. In a statement, the Islamic bank noted that its total assets reached QAR86.95 billion (US$23.87 billion), an increase of 8.8% from the previous year's QAR79.88 billion (US$21.93 billion).

Al Rajhi Bank

SAUDI ARABIA: Al Rajhi Bank reported a net profit of SAR2.01 billion (US$535.16 million) for the third quarter of 2016, a 16.73% increase year-on-year from SAR1.72 billion (US$457.95 million) recorded in the corresponding quarter of 2015, according to a statement.

Saudi Hollandi Bank

SAUDI ARABIA: Saudi Hollandi Bank, which offers Islamic banking solutions, posted a net profit of SAR262.81 million (US$69.97 million) for the third quarter of 2016, 46.69% lower year-on-year compared with SAR492.98 million (US$131.26 million) the bank recorded in the corresponding quarter of the previous year, according to a bourse filing.

Emirates Islamic

UAE: Emirates Islamic posted a net profit of AED106 million (US$28.85 million) for the nine-month period ending the 30th September 2016, 80.15% lower compared with the AED534 million (US$145.35 million) recorded for the same period in 2015, according to a press release. The bank attributed the decrease to prudent provisioning on the legacy and the SME portfolio. Its total assets stood at AED59.6 billion (US$16.22 billion), up 12% from at the end of the previous year.

Boubyan Bank

KUWAIT: Boubyan Bank registered a growth of 18% in net profit to KWD29.7 million (US$97.97 million) for the nine-month period of 2016 with total assets increasing to KWD3.5 billion (US$11.55 billion) with a growth rate of 17%. In a statement, the bank noted that its market share in financing increased to approximately 7% while the share of its retail finance increased to approximately 10%.

Alinma Bank

SAUDI ARABIA: For the three-month period ending the 30th September, Alinma Bank's net profit declined 23.72% to SAR312 million (US$83.07 million), according to a bourse filing. The Islamic bank, however, witnessed an increase of 47% to SAR893 million (US$237.76 million) in gross financing and investment income in the period as compared with SAR607 million (US$161.61 million) in the corresponding quarter of 2015.

Sharjah Islamic Bank

UAE: For the nine-month period ending the 30th September, Sharjah Islamic Bank (SIB) grew its net profit by 12.5% to AED335.8 million (US$91.4 million) from AED298.4 million (US$81.22 million) achieved in the similar period of 2015. In a statement, the Islamic bank noted that total assets as at the end of the third quarter reached AED31.8 billion (US$8.66 billion), up 6.5% from AED29.9 billion (US$8.14 billion) at the end of December 2015. SIB has total shareholders' equity amounting to AED4.8 billion (US$1.31 billion), or 15.1% of total assets, with a capital adequacy ratio of 21.6% for the period under review, well above the Central Bank of the UAE's requirement of 12%.

RATINGS

MARC affirms rating on Talam Transform's BaIDs

MALAYSIA: MARC has affirmed its 'B-ID' rating on Talam Transform's outstanding RM52.1 million (US$12.57 million) settlement Bithaman Ajil debt securities (settlement BaIDs) with a stable outlook, according to a statement. The rating reflects the group's weak financial position, its limited business prospects as well as its continued reliance on timely asset disposals to meet its substantial financial obligations. The rating agency noted that it may downgrade the rating if Talam experiences further setbacks in its asset sales. In light of continued uncertainties on asset disposals, MARC considers Talam's outstanding settlement BaIDs to remain vulnerable to non-payment risk.

Moody's affirms Boubyan's ratings

KUWAIT: Moody's has affirmed Boubyan Bank's 'Baa1' long-term deposit ratings, Prime-2 short-term deposit ratings, 'baa1' adjusted baseline credit assessment (BCA), 'ba1' BCA and 'A3(cr)/Prime-2(cr) counterparty risk assessment, according to a statement. At the same time, the rating agency revised the outlook on the Islamic bank's long-term deposit ratings to positive from stable. Moody's affirmation reflects Boubyan's growing domestic retail and corporate franchise, which supports its solid profitability metrics, strong capital buffers and stable funding profile.

Tenaga's Sukuk get '(P)A3' rating

MALAYSIA: Moody's has assigned a provisional '(P)A3' rating to the proposed Sukuk facility to be issued under the US$2.5 billion multicurrency Sukuk program established by TNB Global Ventures Capital, an SPV established by Tenaga Nasional, according to a statement.

Negative outlook for Celcom's Sukuk

MALAYSIA: MARC has affirmed its 'AA+IS' rating on Celcom Networks's RM5 billion (US$1.2 bilion) Sukuk Murabahah program, while its outlook has been revised to negative from stable, according to a statement. The rating agency noted that the outlook revision reflects concerns over the weakening margins of its parent, Celcom Axiata (Celcom), resulting from heightened competition and the potential increase in borrowings to address regulatory requirements for spectrum fees and capital expenditure. The affirmed rating considers Celcom's strong market position in the telecommunications industry despite a decline in its subscriber base, its long-standing operational track record and strong cash flow generation.

RAM reaffirms NBAD's ratings

UAE: RAM has reaffirmed the 'AAA/Stable/P1' financial institution ratings on the National Bank of Abu Dhabi (NBAD), according to a statement. Concurrently, the rating agency also reaffirmed the 'AAA/Stable' and 'AA1/Stable' ratings on the bank's respective senior and subordinated medium-term notes (MTN), issued under its Islamic/conventional MTN program of up to RM3 billion (US$718.69 million).

Al Bayan's Sukuk placed on rating watch

MALAYSIA: RAM has placed the 'A1(s)' rating on the RM1 billion (US$238.32 million) Sukuk Wakalah issued by Al Bayan Holding Company via its SPV, ABHC Sukuk, on rating watch with a negative outlook, according to a statement. The rating agency noted that Al Bayan had not met the minimum required balance in the Finance Service Reserve Account in relation to the total RM100 million (US$23.83 million) outstanding on the Sukuk, maturing on the 16th December 2016. The rating of the Sukuk program was recently downgraded to 'A1(s)/Stable' from 'AA3(s)/Stable'.

MARC withdraws rating on MITP's BaIDs facility

MALAYSIA: MARC has withdrawn its 'DID' rating on Malaysian International Tuna Port (MITP)'s RM240 million (US$57 million) Bai Bithaman Ajil Islamic debt securities (BaIDs), according to a statement. The rating withdrawal follows the final settlement of the outstanding BaIDs on the 10th October 2016 and the subsequent termination of the facility, as confirmed by the facility agent.

MOVES

NBAD-FGB

UAE: It has been tipped that First Gulf Bank (FGB)'s board member and managing director, **Abdulhamid M Saeed**, will lead the new bank — a result of the merger between FGB and National Bank of Abu Dhabi (NBAD) — while NBAD CFO **James Burdett** will assume the same role, reported Reuters, quoting unnamed sources. The newswire added that **Andrew Sayegh**, CEO of FGB, will be deputy CEO and lead the corporate and investment banking business; acting CEO of NBAD, **Abhijit Choudhury**, will assume the role of chief risk officer; **Karim Karoui**, CFO of FGB, will become the head of strategy and subsidiaries; NBAD Group COO **Khalaf Al Dhaheri** will be COO; **Arif Shaikh**, the chief risk and credit officer of FGB, will head international business; **Hana Rostamani**, the head of FGB's consumer banking business, will lead personal banking; and **Shirish Bhide**, the head of wholesale and international banking at FGB, will become the chief credit officer. The merger is expected to be completed in the first quarter of 2017.

Kuwait International Bank

KUWAIT: Kuwait International Bank has appointed **Khaled Eissa Al-Failakawy** as the head of the Disclosure Unit, the Islamic bank confirmed in a statement.

Saudi Hollandi Bank

SAUDI ARABIA: **Dr Van Linder**, the managing director of Saudi Hollandi Bank, has tendered his resignation indicating that he will not be renewing his contract, and will serve the remainder of his term until the 31st December 2016. The bank, in a bourse statement, said that a successor will be announced before the end of the year.

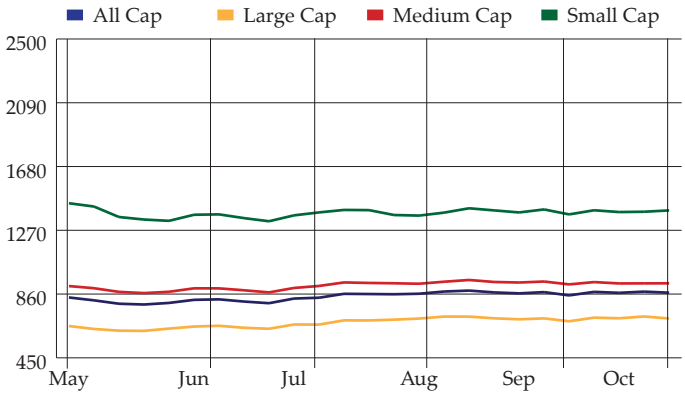
BLME Holdings

UK: BLME Holdings has appointed **Giles Cunningham** as the new CEO with effect from the 17th November 2016, subject to regulatory approval. According to a bourse filing, Cunningham was previously CEO (international) at Qatar Islamic Bank and also held various prominent positions at Lloyds Banking Group including as CEO (Middle East).

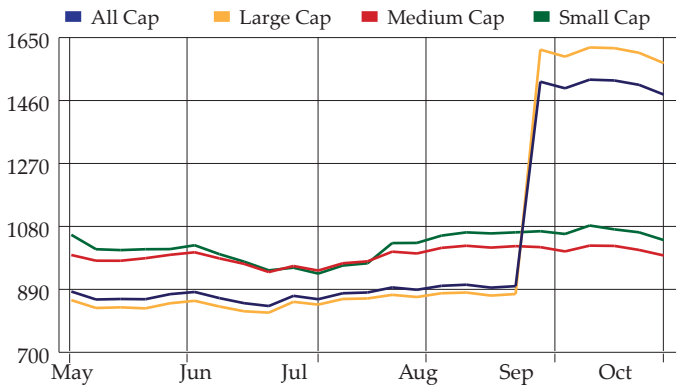
Expected date	Company's name	Size	Structure	Announcement Date
November 2016	Angkasa Pura I	IDR500 billion	Sukuk	18th October 2016
TBA	Housing Development Finance Corporation of Maldives	TBA	Sukuk	13th October 2016
TBA	Etihad Airways	TBA	Sukuk	11th October 2016
TBA	Ahli United Bank Kuwait	up to US$200 million	Sukuk	11th October 2016
TBA	APM Automotive Holdings	up to RM1.5 billion	Sukuk Murabahah	11th October 2016
TBA	Shatel	IRR10 trillion	Sukuk Murabahah	10th October 2016
TBA	Gas Malaysia	up to RM700 million	Sukuk Murabahah	4th October 2016
2017	Muhammadiyah	up to IDR1 trillion	Sukuk	28th September 2016
By end of September	Meezan Bank	PKR7 billion	Sukuk	29th August 2016
TBA	Aktif Bank	TRY25 million	Sukuk Murabahah	26th August 2016
TBA	Widad Capital	up to RM110 million	Sukuk Murabahah	23rd August 2016
First quarter of 2017	Government of Nigeria	TBA	Sukuk	11th August 2016
August 2016	Republic of Cote d'Ivoire	XOF150 billion	Sukuk Ijarah	8th August 2016
Fourth quarter of 2016	Malaysia Debt Ventures	up to RM1 billion	Sukuk	4th August 2016
TBA	Warba Bank	US$250 million	Sukuk	28th July 2016
August 2016	Republic of Togo	XOF150 billion	Sukuk	26th July 2016
August-September 2016	DanaInfra Nasional	RM10 billion	Sukuk	19th July 2016
2017	Government of Kuwait	up to KWD5 billion	Sukuk	4th July 2016
TBA	Iranian Mines and Mining Industries Development and Renovation Organization	IRR4 trillion	Sukuk Musharakah	24th June 2016
TBA	Tiga Pilar Sejahtera Food	IDR1.5 trillion	Sukuk	17th 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
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
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
By 2017	Republic of Maldives	TBA	Sukuk	29th April 2016
Second half of 2016	Saudia	up to SAR5 billion	Sukuk	26th April 2016
TBA	PRAN Foods	BDT1 billion	Sukuk	11th April 2016
Fourth quarter of 2016	Bank Syariah Mandiri	IDR1 trillion	Sukuk	5th April 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
2017	Government of Kenya	TBA	Sukuk	26th January 2016

REDMONEY SHARIAH INDEXES

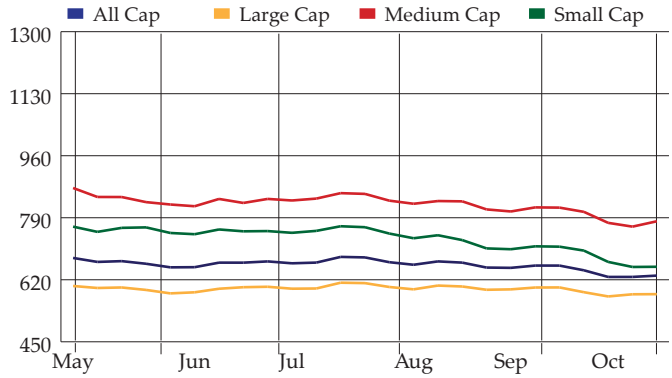
REDmoney Asia ex. Japan *6 Months*



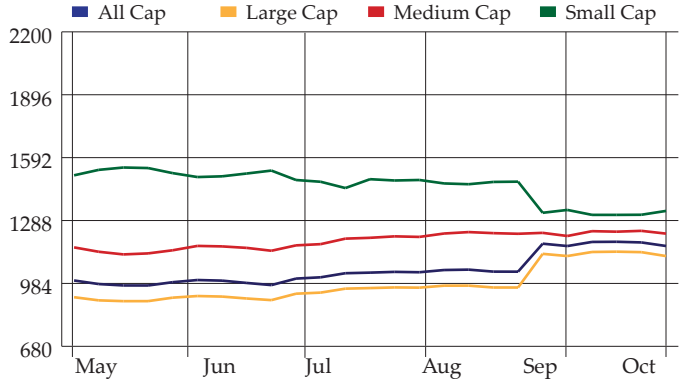
REDmoney Europe *6 Months*



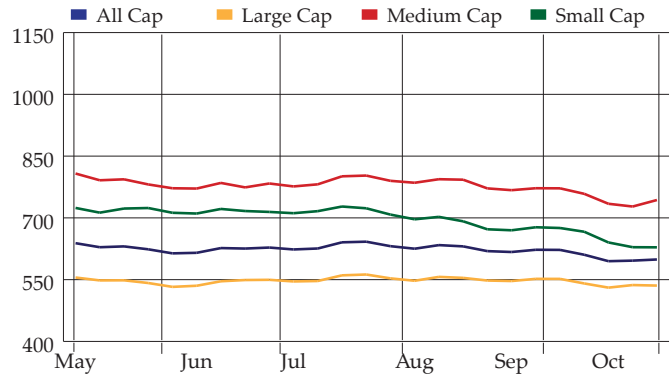
REDmoney GCC *6 Months*



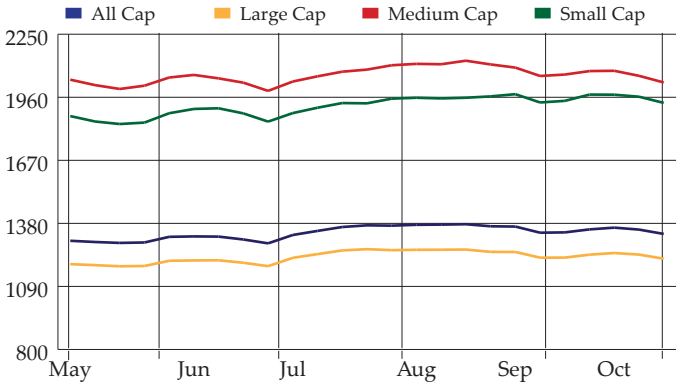
REDmoney Global *6 Months*



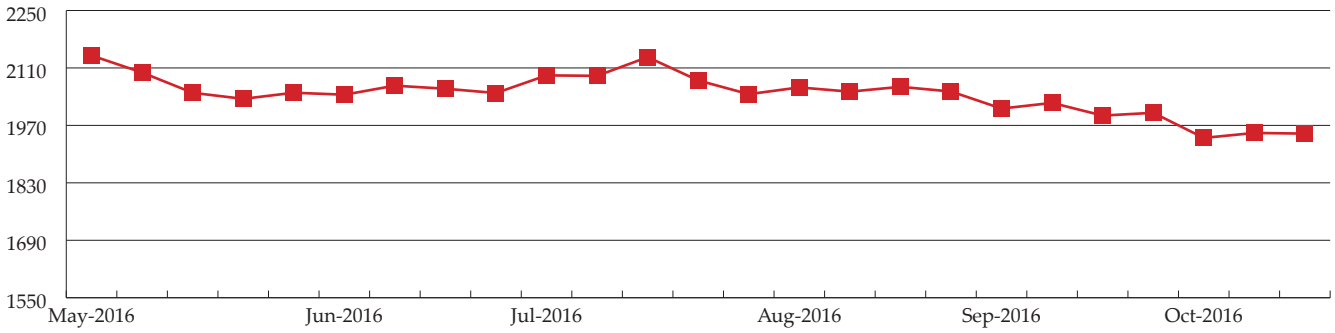
REDmoney MENA *6 Months*



REDmoney US *6 Months*

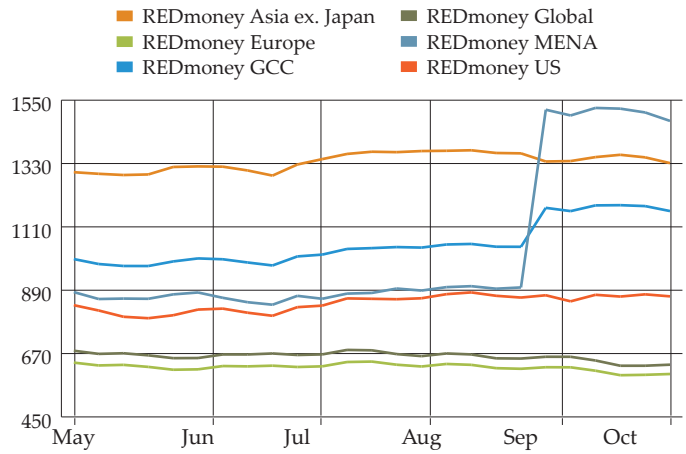


SAMI Halal Food Participation (All Cap) *6 months*

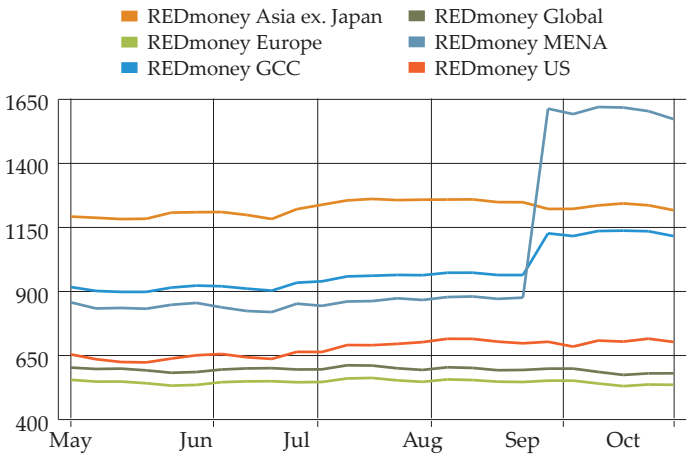


REDMONEY SHARIAH INDEXES

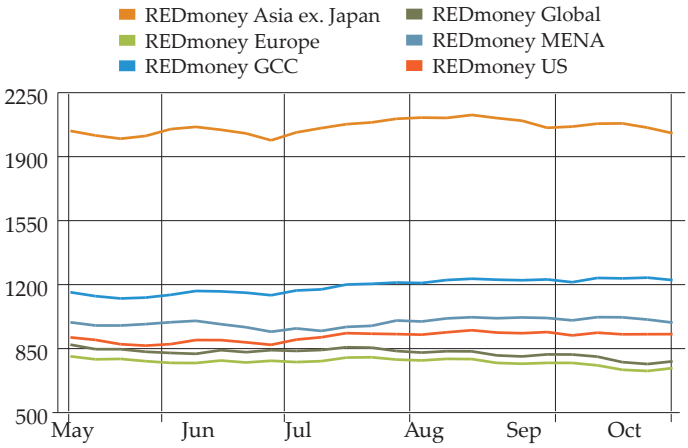
REDmoney Global Shariah Index Series (All Cap) *6 Months*



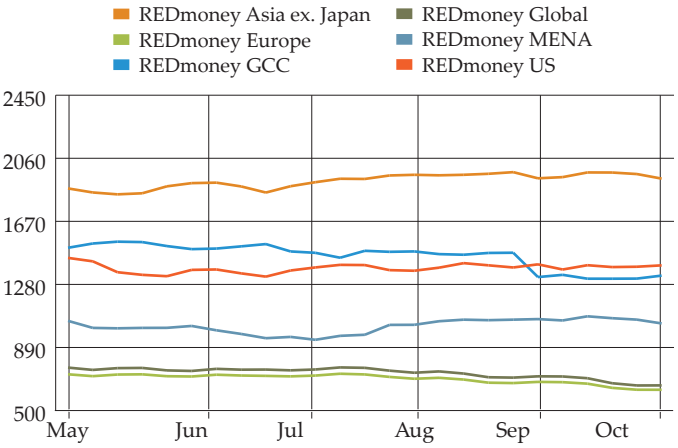
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



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



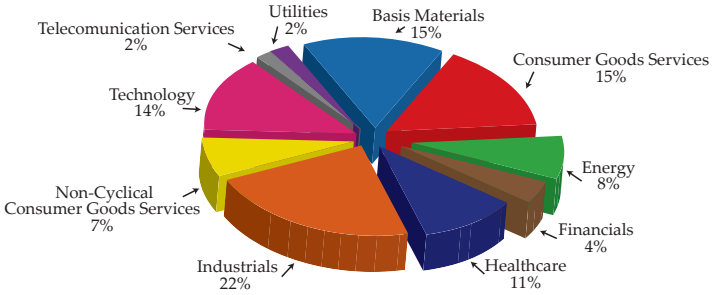
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



REDmoney Global Shariah

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

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



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

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

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

REDmoney Global Shariah Index Series

REDmoney Indexes IdealRatings®

For further information regarding REDmoney Indexes contact:

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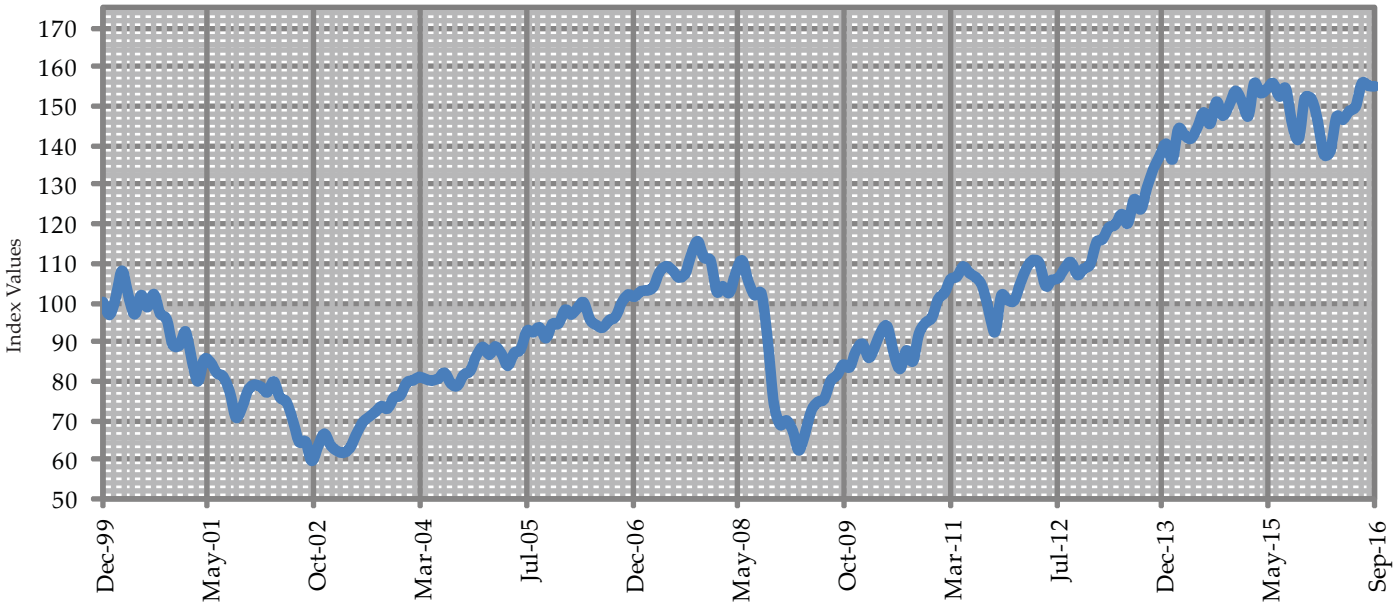
Email: Andrew.Morgan@REDmoneygroup.com
Tel +603 2162 7800

Eurekahedge North America Islamic Fund Index



Top 10 Annualized Returns for ALL Funds

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Atlas Pension Islamic - Equity Sub	Atlas Asset Management	21.51	Pakistan
2	Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	19.27	Pakistan
3	Atlas Islamic Stock	Atlas Asset Management	16.01	Pakistan
4	Old Mutual Albaraka Equity	Futuregrowth Specialist Asset Management	14.83	South Africa
5	JS Islamic	JS Investments	14.51	Pakistan
6	Public Islamic Select Enterprises	Public Mutual	12.63	Malaysia
7	Public Islamic Opportunities	Public Mutual	12.62	Malaysia
8	Danareksa Syariah Berimbang	Danareksa Investment Management	12.18	Indonesia
9	Danareksa Indeks Syariah	Danareksa Investment Management	11.49	Indonesia
10	WSF Global Equity - USD I	Cogent Asset Management	10.83	Guernsey
	Eurekahedge Islamic Fund Index		**2.95**	

Based on 63.73% of funds which have reported September 2016 returns as at the 17th October 2016

Top 10 Annualized Standard Deviation for ALL Funds

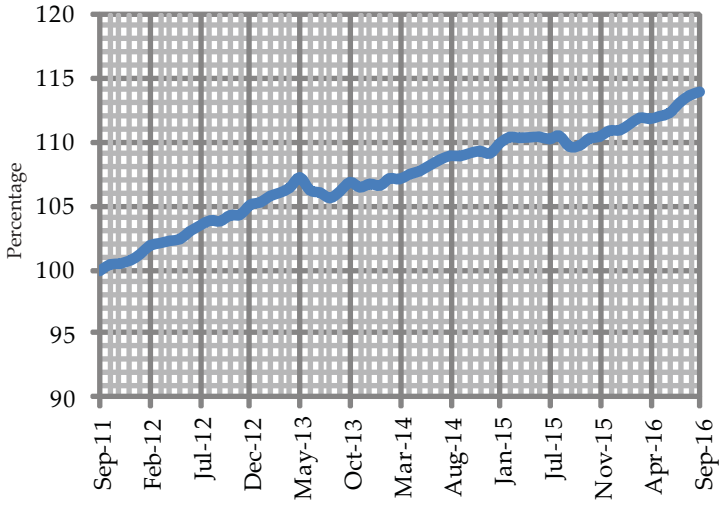
	Fund	Fund Manager	Performance Measure	Fund Domicile
1	Boubyan KWD Money Market	Boubyan Bank	0.06	Cayman Islands
2	Boubyan USD Liquidity	Boubyan Capital Investment Company	0.07	Kuwait
3	Public Islamic Money Market	Public Mutual	0.14	Malaysia
4	PB Islamic Cash Management	Public Mutual	0.15	Malaysia
5	CIMB Islamic Deposit	UOB Asset Management	0.16	Malaysia
6	CIMB Islamic Money Market	UOB Asset Management	0.17	Malaysia
7	PB Islamic Cash Plus	Public Mutual	0.22	Malaysia
8	Emirates Islamic Money Market Limited Institutional Share Class I USD	Emirates NBD Asset Management	0.24	Jersey
9	Watani USD Money Market	National Bank of Kuwait	0.33	Cayman Islands
10	Hong Leong Islamic Income Management	Hong Leong Asset Management	0.41	Malaysia
	Eurekahedge Islamic Fund Index		**8.17**	

Based on 63.73% of funds which have reported September 2016 returns as at the 17th October 2016

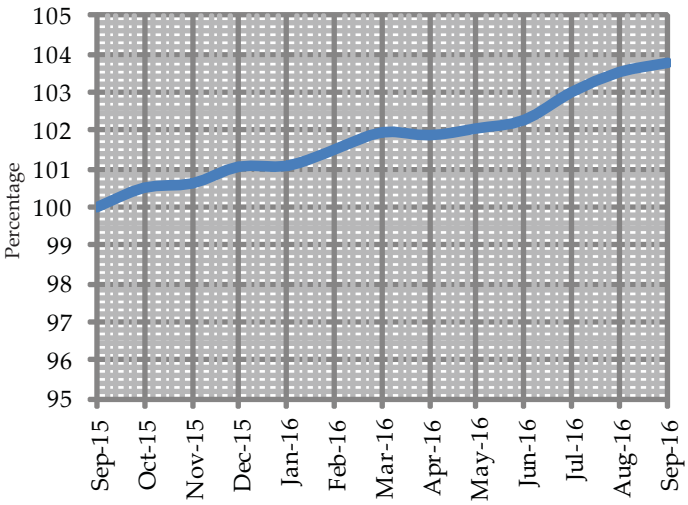
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity,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



Eurekahedge Islamic Fund Fixed Income Index over the last 1 year



Top 10 Islamic Fund Equity by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	MNC Dana Syariah	MNC Asset Management	2.55	Indonesia
2	PB Islamic Bond	Public Mutual	2.28	Malaysia
3	Libra AsnitaBond	Libra Invest	2.20	Malaysia
4	Public Islamic Bond	Public Mutual	2.13	Malaysia
5	CIMB Islamic Sukuk	CIMB-Principal Asset Management	1.99	Malaysia
6	CIMB Islamic Enhanced Sukuk	UOB Asset Management	1.97	Malaysia
7	Public Islamic Enhanced Bond	Public Mutual	1.79	Malaysia
8	Pacific Dana Murni	Pacific Mutual Fund	1.49	Malaysia
9	Public Islamic Select Bond	Public Mutual	1.45	Malaysia
10	Meezan Islamic Income	Al Meezan Investment Management	1.35	Pakistan
	Eurekahedge Islamic Fund Index		**1.45**	

Based on 62.50% of funds which have reported September 2016 returns as at the 17th October 2016

Top 10 Sortino Ratio for ALL Funds by 3 Months Returns

	Fund	Fund Manager	Performance Measure	Fund Domicile
1	CIMB Islamic Money Market	UOB Asset Management	60.44	Malaysia
2	Atlas Pension Islamic - Debt Sub	Atlas Asset Management	25.60	Pakistan
3	Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	24.89	Pakistan
4	MNC Dana Syariah	MNC Asset Management	17.64	Indonesia
5	Public Islamic Income	Public Mutual	11.93	Malaysia
6	Public Islamic Select Bond	Public Mutual	6.39	Malaysia
7	PB Islamic Bond	Public Mutual	5.87	Malaysia
8	Public Islamic Bond	Public Mutual	5.80	Malaysia
9	Atlas Pension Islamic - Money Market Sub	Atlas Asset Management	3.30	Pakistan
10	Mashreq Al-Islami Income - Class B	Mashreq Capital (DIFC)	2.83	UAE
	Eurekahedge Islamic Fund Index		**0.15**	

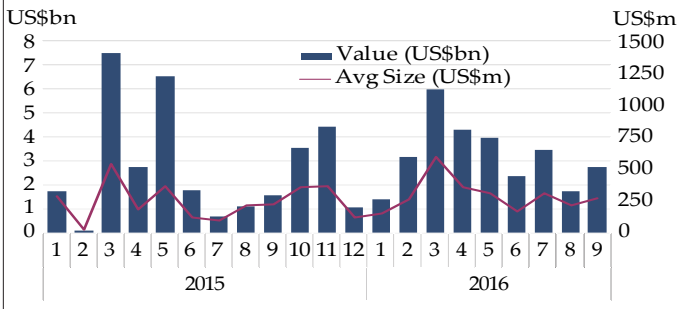
Based on 63.73% of funds which have reported September 2016 returns as at the 17th October 2016

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

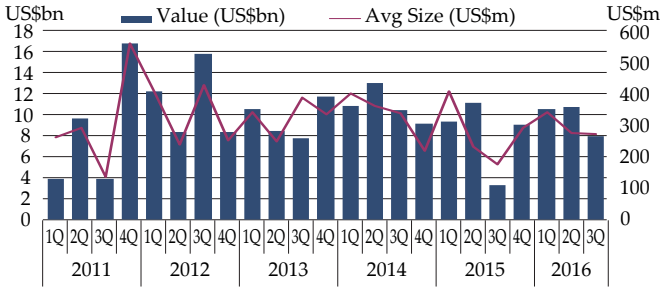
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
12th Oct 2016	TNB Global Ventures Capital	Malaysia	Sukuk	Euro market public issue	750	BNP Paribas, HSBC, CIMB Group, Citigroup
12th Oct 2016	Cagamas	Malaysia	Sukuk	Domestic market private placement	139	CIMB Group
5th Oct 2016	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup, Noor Bank
4th Oct 2016	Kingdom of Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	Standard Chartered Bank, JPMorgan, BNP Paribas, Arab Banking, Credit Suisse
26th Sep 2016	Edaran SWM	Malaysia	Sukuk	Domestic market public issue	194	CIMB Group, Hong Leong Financial Group
22nd Sep 2016	UMW Holdings	Malaysia	Sukuk	Domestic market public issue	169	Maybank, CIMB Group
8th Sep 2016	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	986	OCBC, RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, Affin Investment Bank, AmInvestment Bank
7th Sep 2016	Emaar Sukuk	UAE	Sukuk	Euro market public issue	750	Mashreqbank, Standard Chartered Bank, Arab Banking Corporation, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Union National Bank, Emirates NBD, Noor Bank
1st Sep 2016	SIB Sukuk III	UAE	Sukuk	Euro market public issue	500	Standard Chartered Bank, HSBC, Kuwait Finance House, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, QNB Capital, Noor Bank
30th Aug 2016	EI Sukuk	UAE	Sukuk	Euro market public issue	250	Standard Chartered Bank, Arab Banking, Dubai Islamic Bank, Emirates NBD
19th Aug 2016	Lebuhraya DUKE Fasa 3	Malaysia	Sukuk	Domestic market public issue	912	RHB Capital, Maybank, CIMB Group, AmInvestment Bank
9th Aug 2016	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	368	Standard Chartered Bank
29th Jul 2016	Sarawak Hidro	Malaysia	Sukuk	Domestic market public issue	1,365	RHB Capital, Maybank
29th Jul 2016	Ziya Capital	Malaysia	Sukuk	Domestic market public issue	222	CIMB Group
22nd Jul 2016	Maxis Broadband	Malaysia	Sukuk	Domestic market public issue	207	CIMB Group
21st Jul 2016	Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	644	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank
19th Jul 2016	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	880	Maybank, CIMB Group, Affin Investment Bank, AmInvestment Bank
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

Global Sukuk Volume by Month



Global Sukuk Volume by Quarter



Top 30 Issuers of Global Sukuk *12 Months*

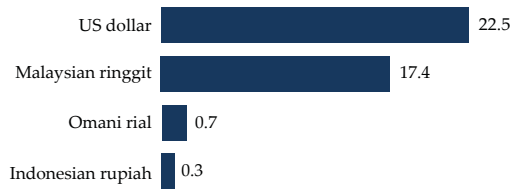
	Issuer	Nationality	Instrument	Market	US$ (mln)	Iss (%)	Managers
1	Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,500	6.1	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, CIMB Group, Citigroup
2	Jimah East Power	Malaysia	Sukuk	Domestic market public issue	2,100	5.1	HSBC, Maybank, CIMB Group
3	Kingdom of Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	4.9	Standard Chartered Bank, JPMorgan, BNP Paribas, Arab Banking, Credit Suisse
4	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,891	4.6	HSBC, RHB Capital, Maybank, CIMB Group, AmInvestment Bank, Hong Leong Financial Group
5	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	1,600	3.9	Standard Chartered Bank, JPMorgan, National Bank of Kuwait, Gulf International Bank, Natixis, CIMB Group, Emirates NBD
6	Malaysia Sukuk Global	Malaysia	Sukuk	Euro market public issue	1,500	3.7	JPMorgan, HSBC, Maybank, CIMB Group
7	Sarawak Hidro	Malaysia	Sukuk	Domestic market public issue	1,365	3.3	RHB Capital, Maybank
8	DP World	UAE	Sukuk	Euro market public issue	1,200	2.9	JPMorgan, Deutsche Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Barclays, Dubai Islamic Bank, SG Corporate & Investment Banking, Citigroup, Emirates NBD
9	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	1,192	2.9	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group, AmInvestment Bank
10	Sultanate of Oman	Oman	Sukuk	Euro market public issue	1,149	2.8	Bank Muscat, Standard Chartered Bank
11	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	1,118	2.7	Standard Chartered Bank, HSBC, Citigroup, QInvest, Barwa Bank, Noor Bank
12	Danga Capital	Malaysia	Sukuk	Domestic market public issue	1,110	2.7	RHB Capital, AmInvestment Bank, Standard Chartered Bank, DBS, CIMB Group
13	EI Sukuk	UAE	Sukuk	Euro market public issue	1,007	2.5	Standard Chartered Bank, HSBC, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, Al Hilal Bank, Noor Bank
14	Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	2.4	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup, Noor Bank
14	Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	2.4	Standard Chartered Bank, HSBC, Emirates NBD
14	Axiata SPV2	Malaysia	Sukuk	Euro market public issue	1,000	2.4	Deutsche Bank, HSBC, CIMB Group
17	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	986	2.4	OCBC, RHB Capital, Maybank, Bank Islam Malaysia, CIMB Group, Affin Investment Bank, AmInvestment Bank
18	Lebuhraya DUKE Fasa 3	Malaysia	Sukuk	Domestic market public issue	912	2.2	RHB Capital, Maybank, CIMB Group, AmInvestment Bank
19	National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	880	2.2	Maybank, CIMB Group, Affin Investment Bank, AmInvestment Bank
20	TNB Global Ventures Capital	Malaysia	Sukuk	Euro market public issue	750	1.8	BNP Paribas, HSBC, CIMB Group, Citigroup
20	Emaar Sukuk	UAE	Sukuk	Euro market public issue	750	1.8	Mashreqbank, Standard Chartered Bank, Arab Banking, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Union National Bank, Emirates NBD, Noor Bank
22	Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	748	1.8	RHB Capital, Maybank, CIMB Group, AmInvestment Bank
23	Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	644	1.6	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank
24	Cagamas	Malaysia	Sukuk	Domestic market public issue	578	1.4	CIMB Group, Maybank
25	Sime Darby	Malaysia	Sukuk	Domestic market public issue	535	1.3	Maybank
26	SIB Sukuk Co III	UAE	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, Kuwait Finance House, Arab Banking, Maybank, Dubai Islamic Bank, Emirates NBD, QNB Capital, Noor Bank
26	Noor Bank	UAE	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, First Gulf Bank, Dubai Islamic Bank, Sharjah Islamic Bank, Citigroup, Emirates NBD, Noor Bank
26	Emirate of Sharjah	UAE	Sukuk	Euro market public issue	500	1.2	Bank of Sharjah, HSBC, Barclays, Dubai Islamic Bank, Sharjah Islamic Bank, Commerzbank Group
26	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank, HSBC, Arab Banking, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD
26	Arab Petroleum Investments	Saudi Arabia	Sukuk	Euro market public issue	500	1.2	Saudi National Commercial Bank, Standard Chartered Bank, Goldman Sachs, First Gulf Bank, Emirates NBD, Noor Bank
	Total				**41,007**	**100**	

DEALOGIC LEAGUE TABLES

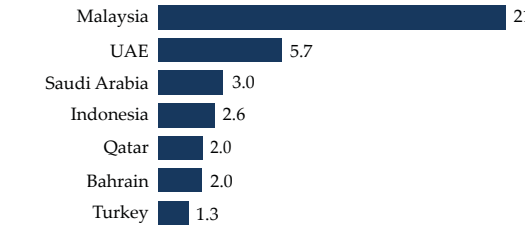
Top Managers of Sukuk *12 Months*

	Manager	US$ (mln)	Iss	%
1	CIMB Group	6,189	41	15.1
2	Maybank	5,227	35	12.8
3	Standard Chartered Bank	4,244	24	10.4
4	RHB Capital	3,621	32	8.8
5	HSBC	2,818	19	6.9
6	AmInvestment Bank	2,251	19	5.5
7	Dubai Islamic Bank	1,573	15	3.8
8	Emirates NBD	1,503	15	3.7
9	Deutsche Bank	1,237	5	3.0
10	JPMorgan	1,209	5	3.0
11	Citigroup	1,204	6	2.9
12	National Bank of Abu Dhabi	975	7	2.4
13	Noor Bank	806	10	2.0
14	Arab Banking Corporation	783	7	1.9
15	Bank Muscat	649	1	1.6
16	BNP Paribas	588	2	1.4
17	Kenanga Investment Bank	455	7	1.1
18	Hong Leong Financial Group	446	5	1.1
19	Credit Suisse	400	1	1.0
20	First Gulf Bank	383	5	0.9
21	Affin Investment Bank	365	3	0.9
22	National Bank of Kuwait	311	3	0.8
23	Barwa Bank	260	3	0.6
24	DBS	255	4	0.6
25	Abu Dhabi Islamic Bank	243	3	0.6
26	Sharjah Islamic Bank	226	3	0.6
27	OCBC	224	6	0.6
28	Gulf International Bank	214	1	0.5
28	BPCE	214	1	0.5
30	QInvest	204	3	0.5
	Total	**41,007**	**130**	**100**

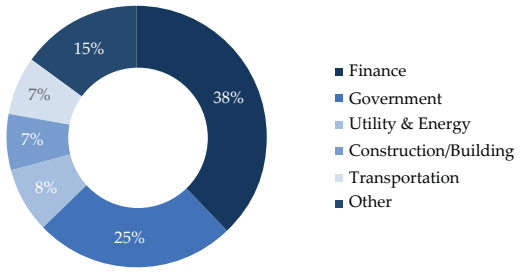
Sukuk Volume by Currency US$ (billion) *12 Months*



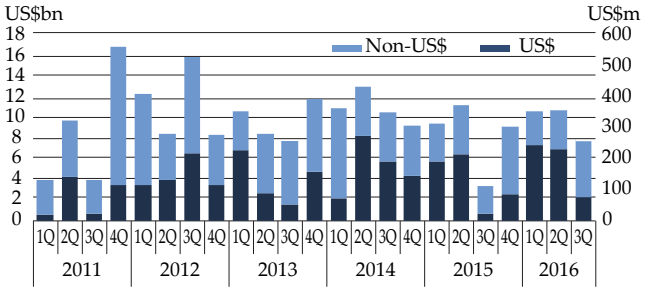
Sukuk Volume by Issuer Nation US$ (billion) *12 Months*



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	9.0
2	Al Rajhi Capital	663	2	7.2
3	Banque Saudi Fransi	579	4	6.3
4	Alinma Bank	550	2	6.0
5	HSBC	497	3	5.4
5	Samba Capital & Investment Management	497	3	5.4
7	National Commercial Bank	491	3	5.4
8	Mitsubishi UFJ Financial Group	377	3	4.1
9	Aga Khan Fund for Economic Development	354	2	3.9
10	Standard Chartered Bank	329	3	3.6

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

	Legal Advisor	US$ (million)	No	%
1	Allen & Overy	3,197	3	23.6
2	Latham & Watkins	2,282	2	16.9
3	Baker & McKenzie	1,365	1	10.1
4	Adnan Sundra & Low	1,361	1	10.0
4	Zaid Ibrahim & Co	1,361	1	10.0
6	Norton Rose Fulbright	915	1	6.8
7	Clifford Chance	758	1	5.6
7	White & Case	758	1	5.6
9	Anjarwalla Collins & Haidermota	172	2	1.3
9	Haidermota & Co	172	2	1.3
9	Lincolns Law Chamber	172	2	1.3
9	Linklaters	172	2	1.3
9	Mohsin Tayebaly & Co	172	2	1.3

DEALOGIC LEAGUE TABLES

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

	Mandated Lead Arranger	US$ (mln)	No	%
1	Samba Capital	980	5	6.6
2	Banque Saudi Fransi	939	4	6.3
3	Saudi National Commercial Bank	933	4	6.3
4	Dubai Islamic Bank	632	9	4.3
5	China Development Bank	621	1	4.2
6	Abu Dhabi Islamic Bank	606	5	4.1
7	Abu Dhabi Commercial Bank	568	6	3.8
8	Noor Bank	545	8	3.7
9	SABB	529	4	3.6
10	Emirates NBD	523	6	3.5
11	Mashreqbank	438	5	3.0
12	Al Rajhi Capital	366	2	2.5
13	Standard Chartered Bank	361	5	2.4
14	Maybank	338	1	2.3
14	CIMB Group	338	1	2.3
16	Al Hilal Bank	307	3	2.1
17	AKFED	292	2	2.0
18	National Bank of Abu Dhabi	286	4	1.9
19	Alinma Bank	260	2	1.8
20	HSBC	253	4	1.7
21	Arab Banking Corporation	251	4	1.7
22	Credit Agricole	249	3	1.7
23	Riyad Bank	229	1	1.5
23	Bank Albilad	229	1	1.5
25	Union National Bank	216	2	1.5
26	Gulf International Bank	193	3	1.3
27	Sharjah Islamic Bank	179	3	1.2
28	BBK	174	3	1.2
29	EBRD	170	1	1.2
30	BPCE	168	2	1.1

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

	Bookrunner	US$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,287	5	15.1
2	Mashreqbank	1,050	3	12.3
3	Abu Dhabi Commercial Bank	610	2	7.2
4	Dubai Islamic Bank	488	4	5.7
5	Emirates NBD	474	3	5.6
6	Noor Bank	421	4	5.0
7	Maybank	338	1	4.0
7	CIMB Group	338	1	4.0
9	Arab Banking Corporation	275	4	3.2
10	Saudi National Commercial Bank	267	1	3.1

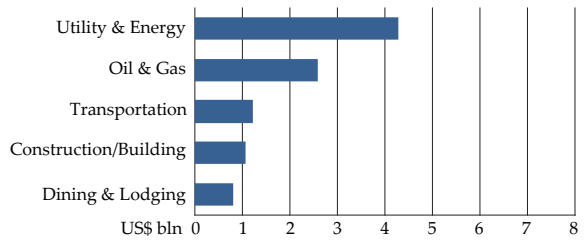
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
15th Apr 2016	Yanbu Aramco Sinopec Refining	Saudi Arabia	4,700
27th Jun 2016	Rabigh Electricity	Saudi Arabia	2,686
8th Sep 2016	Aluminium Bahrain	Bahrain	1,500
19th Sep 2016	Saudi Electricity	Saudi Arabia	1,333
9th Mar 2016	Dhuruma Electricity	Saudi Arabia	1,138
15th Jun 2016	PNB Jersey	Malaysia	889
21st Dec 2015	Engro Powergen	Pakistan	851
29th Aug 2016	Atlantis The Palm	UAE	850
11th Dec 2015	Cititower	Malaysia	751
29th Nov 2015	Gulf Marine Services	UAE	620

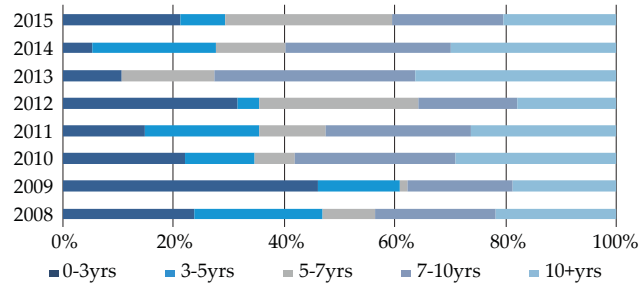
Top Islamic Finance Related Financing by Country *12 Months*

	Nationality	US$ (mln)	No	%
1	Saudi Arabia	5,319	5	35.9
2	UAE	4,219	15	28.5
3	Pakistan	1,548	3	10.4
4	Bahrain	1,188	2	8.0
5	Malaysia	959	2	6.5
6	Jordan	550	2	3.7
7	Egypt	475	3	3.2
8	India	368	1	2.5
9	Turkey	204	2	1.4
10	Qatar	200	1	1.5

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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OCTOBER 2016		
24th	IFN Kuwait Forum	Kuwait City, Kuwait
27th	REDmoney Seminars:Shariah Requirement & Arrangement for Islamic Financial Product & Features	Kuala Lumpur, Malaysia
NOVEMBER 2016		
3rd	REDmoney Seminars: Islamic Financial Solutions for Corporates	Kuala Lumpur, Malaysia
23rd	IFN Sri Lanka Forum	Colombo, Sri Lanka
28th	IFN Saudi Arabia Forum	Jeddah, Saudi Arabia
FEBRUARY 2017		
28th	IFN Iran Forum	Tehran, Iran
MARCH 2017		
6th	IFN Oman Forum	Muscat, Oman
8th	Jordan Dialogue	Amman, Jordan
14th	CIS Forum	Astana, Kazakhstan
22nd	China OIC Forum	Beijing, China
28th	IFN Morocco Forum	Casablanca, Morocco

APRIL 2017		
10th – 11th	IFN Asia Forum	Kuala Lumpur, Malaysia
27th	IFN FinTech Forum	Abu Dhabi, UAE
MAY 2017		
16th	IFN UK Forum	London, UK
JULY 2017		
10th	IFN Indonesia Forum	Jakarta, Indonesia
SEPTEMBER 2017		
19th	IFN Investor Forum	Luxembourg
OCTOBER 2017		
TBC	Africa Islamic Finance Forum	Abidjan, Ivory Coast
16th	Sovereign Sukuk Dialogue	Washington, US
18th	IFN US Forum	New York, US
NOVEMBER 2017		
8th	IFN Turkey Forum	Istanbul, Turkey
19th	IFN Kuwait Forum	Kuwait City, Kuwait
22th	IFN Saudi Arabia Forum	Jeddah, Saudi Arabia

Islamic Finance *news*

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NE-IFN13/42