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COVER STORY

4th January 2017 (Volume 14 Issue 01)

IFN Best Banks Poll 2016: Islamic finance giants return to claim glory alongside fresh faces



The global Islamic finance industry has spoken! With over 26,000 votes this year, the results for the illustrious IFN Best Banks Poll 2016 are finally in — and it is clear from the outcome that Islamic financial institutions worldwide are soldiering on amid a very trying year with many shocking and surprising turns politically and economically; at the same time, we saw the emergence of new winners, proving that innovation, determination and strategic thinking are still the names of the game. VINEETA TAN takes us through the victors of the distinguished IFN Best Banks Awards as honored by their peers.

Despite massive turbulence in the global economic landscape which significantly impacted the performance of Islamic

financial players worldwide, this year saw one of the best responses ever for the IFN Best Banks Poll with 26,507 votes from individuals all over the world cast. Preserving the quality and independence of the IFN Awards, this year's screening process was ramped up employing greater due diligence and a stricter and more robust screening process.

In a year with many unprecedented and unexpected developments, from the UK deciding to leave the EU to the election of Trump as the president of the US, in the backdrop of stubbornly low oil prices and sluggish global economic growth, many Islamic finance stalwarts have demonstrated great resilience in maintaining their grip on being number one amid stiffer competition as we welcome many familiar faces back to the league of winners. Yet concurrently, we also open our arms to greet many new names that have turned the tables and shaken the status quo of the industry with their stunning victories.

Central bank champions

Proving that a change in leadership did not and would not affect its solid performance nor dilute its strong commitment to Islamic finance, Bank

Negara Malaysia (BNM) this year emerged triumphant in a very tight race as the **Best Central Bank for Promoting Islamic Finance**, displacing last year's winner, the State Bank of Pakistan, to second place.

Caught in the regional wave of volatility which sent the Malaysian currency plunging to record-low levels, BNM held its head up high and wasted no time mobilizing measures to bolster the financial community and nation's economy. The departure of Dr Zeti Akhtar Aziz, one of the most respected central bankers of the world widely credited as an international champion of Islamic finance, in April may have caused some concerns over the future of Malaysia's Shariah finance industry, but those doubts were soon silenced as her successor Muhammad Ibrahim, another strong advocate of Islamic finance, is proving his worth. Inheriting a strong legacy, BNM in 2016 made fintech a top priority in driving the Islamic and conventional finance industry forward: it launched the Investment Account Platform — the world's first Shariah compliant bank-mediated fintech platform and set up a fintech sandbox to catalyze the

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DEALS

Nigerian government invites banks, legal firms and trustee firms to submit expression of interest for debut sovereign Sukuk

Central Bank of Bahrain's BHD26 million (US\$ 67.91 million) Sukuk Ijarah fully subscribed

Kuwait's Capital Markets Authority considering US\$2 billion-worth of corporate Sukuk and bonds requests; working on secondary market trading regulation

Maybank sets up Sukuk Murabahah program of up to RM10 billion (US\$2.25 billion)

NEWS

Central Bank of Morocco allows new Islamic banks into local markets

People's Bank of Zanzibar signs banking tech agreement with ICS Financial Systems

International Islamic Trade Finance Corporation to support African Countries

Christian Association of Nigeria urges country's withdrawal from **International Islamic Liquidity Management Corporation**

Bank Indonesia to increase Islamic finance market share by collaborating with Islamic schools; expects to implement program roadmap in 2017

Islamic bankers propose multicurrency Sukuk for **China Pakistan Economic Corridor** projects

ASSET MANAGEMENT

Al Meezan Investment

Management expands product suite with debut equity sector-specific fund

MCB-Arif Habib Savings and Investments inaugurates Islamic investment division

Emirates REIT to make interim dividend payment of US\$11.98 million in January 2017; to maintain semi-annual dividend distribution

Habib Modaraba Management to transfer management rights of First Habib Modaraba to **Habib Metropolitan Modaraba Management Company**

Rahim & Co International takes over management of Shariah compliant **KLCC REIT**

Sabana REIT to acquire **107 Eunos Avenue 3** for SG\$36.1 million (US\$25.06 million)

Citigate International raises US\$10 million for Islamic fund investing in diamond mining projects in Africa

Pak Brunei Investment Company to divest 70% shareholding in **Primus Investment Management**

TAKAFUL

National Disaster Management Center and **Ayady Takaful** launch new Takaful scheme

Pos Malaysia partners with **Etiqa Takaful** to offer Pos Khairat Takaful

Arab Islamic Company for Takaful Insurance launched

GlobeMed inks third party administration agreement with **Egyptian Takaful Insurance Company**

Solidarity announces **Sanah Al Wakalah** contract termination; appoints **Al-**

Rajhi Capital as financial advisor

RATINGS

Quill Retail Mall's Sukuk gets preliminary ratings

TRIPLEC Medical's senior Sukuk receives 'AA1' preliminary ratings from **RAM**

Jimah East Power maintains 'AA-IS' rating on RM8.98 billion (US\$2 billion) Sukuk

RAM maintains good ratings on **Malaysia Airport's** Islamic debt facilities

MARC affirms **MMC Corporation's** RM1.5 billion (US\$337.99 million) Sukuk Murabahah program

MOVES

International Islamic Liquidity Management Corporation appoints Godwin Emeziele as chairman

Venkat Chandrasekar becomes **Al Rayan Bank's** COO

Raja Teh Maimunah to joint **AmBank Group**

Gulf Bond and Sukuk Association appoints senior executives of **Emirates NBD** as chairman and acting vice-chair of regional board

Alawwal Bank announces return of chairman and vice chairman; board members appointed

National Takaful Co chairman resigns

Ahmad AlKazemi becomes the new general manager of **Kuwait International Bank**

Audit Oversight Board of Pakistan welcomes new chairman and members

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IFN Best Banks Poll 2016: Islamic finance giants return to claim glory alongside fresh face

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development of fintech. The central bank also focused on building international and regional partnerships, signing bilateral MoUs with another solid Islamic finance player, Indonesia and also Thailand.

The SBP came in as a runner-up for the central bank category, but only by a very small margin. Introducing a slew of supportive measures for the Islamic banking industry including establishing four Islamic finance subcommittees to increase the sector's reach and allowing Islamic banking branches of conventional banks to set up a separate Pakistan Real-Time Interbank Settlement Mechanism in a bid to optimize the efficiency of the financial services of the banking system, the Pakistani central bank is unwavering in its dedication to increase the market share of Islamic banks — the SBP is indeed deserving to be one of the top central banks in the world in promoting Islamic finance.

Sector stalwarts

The strong support of these central banks are yielding positive results as Malaysian and Pakistani Islamic banks dominate the table of sector winners this year. Malaysian heavyweight CIMB Islamic bagged multiple awards including **Best Private Equity House** for the second consecutive year and beating Qatar First Bank to the top by a comfortable margin. CIMB Islamic Bank was the runner-up for the categories of **Best Islamic Retail Bank** (first time being recognized in this global category) and **Best Islamic Bank for Treasury Management**. CIMB Islamic also once again was voted as the **Best Islamic Bank in Malaysia**, demonstrating its strength both in the local and international markets. CIMB Islamic Trustees proved that it is the undisputed **Best Islamic Trustee/Custodian** of the year, winning it three times in a row; Malaysia's AmanahRaya Trustees came in second.

In terms of treasury management, this year the industry voted Asian institutions to the top, changing last year's GCC-focused dynamics. Pakistan's Meezan Bank took home the crown as the **Best Islamic Bank for Treasury Management** by a large margin; together with runner-up CIMB Islamic, they both ousted Middle Eastern giants Abu Dhabi Islamic Bank (ADIB) and Al Rajhi Bank from the

league. Voted as the **Best Islamic Retail Bank** in 2015, Meezan Bank also tied with ADIB as the runner-up for Most Innovative Islamic Bank; after coming in second in 2015, Dubai Islamic Bank (DIB) was crowned champion in this innovation category. DIB, with its customer-centric approach, also flexed its muscles running ahead of CIMB Islamic to clinch the title of **Best Islamic Retail Bank**.

The year 2016 has witnessed massive shake-ups across multiple sectors with new names to the fore: Islamic Finance House, based in the UAE, was voted as the **Best Islamic Leasing Provider**, a strong win in its IFN Best Banks Poll debut; while Sri Lanka's Al-Falaah, the Islamic Business Unit of LOLC Finance, moved up the ranks from third place in 2015 to second place in 2016. It has indeed been a good year for Al-Falaah which has also been recognized as the second **Best Islamic Bank in Sri Lanka**.

Winning gold in the **Best Islamic Private Bank** category for the second consecutive year, ADIB continues to wow its customers by enhancing its offerings by expanding its product suite and upgrading its IT infrastructure. From third place, Maybank Islamic climbed the ladder this year grabbing second place in this category.

Country leaders

Leading Islamic banks continue to hold their ground in the domestic landscape but 2016 has also unveiled surprising new winners, a sign of rising healthy competition.

In the Middle East, several countries saw the return of 2015's victors asserting their dominance with their expansive network, innovative products and excellent customer service. These nations include Bahrain (Winner: Bahrain Islamic Bank; Runner-up: Al Baraka Islamic Bank), Oman (Winner: Meethaq Islamic Banking by Bank Muscat; Runner-up: Bank Nizwa), Saudi Arabia (Winner: Al Rajhi Bank; Runner-up: Arab National Bank), Qatar (Winner: Qatar Islamic Bank; Runner-up: Qatar International Islamic Bank), the UAE (Winner: DIB; Runner-up: ADIB), Palestine (Winner: Palestine Islamic Bank; Runner-up: Arab Islamic Bank), Syria (Winner: Syrian International Islamic Bank; Runner-up: Albaraka Bank

Syria) and Yemen (Winner: Islamic Bank of Yemen; Runner-up: Saba Islamic Bank).

The status quo was nonetheless disrupted in other Gulf markets. In Kuwait, Al Rajhi Bank Kuwait for the first time made it to the top-two list — grabbing second place in the **Best Islamic Bank in Kuwait** category; but huge applause goes to winner Kuwait Finance House which, for the 12th year running (since the IFN Best Banks Poll was launched in 2005!), has been selected as Kuwait's most premier Shariah bank by IFN readers worldwide. A record-breaking and outstanding achievement! Moving on to Lebanon: despite its national economy suffering from crises within and beyond its borders, Arab Finance House managed to pip former champion Al Baraka Lebanon to the post to win **Best Islamic Bank in Lebanon**. Bank Mellat is living up to its name as the 'Bank of the Nation' as it wins **Best Islamic Bank in Iran**, outstripping 2013 winner Bank Melli Iran by over 50% in votes. The **Best Islamic Bank in Jordan** award once again goes to Jordan Islamic Bank which won by a comfortable margin over Islamic International Arab Bank which saw itself move up the polls from third place in the previous year.

Flying off to Asia, we saw household names like Bank Muamalat Indonesia (Runner-up: Maybank Syariah) winning the **Best Islamic Bank in Indonesia** award again; Bank Islam Brunei Darussalam in a landslide victory maintains its position as the **Best Islamic Bank in Brunei** (Runner-up: Maybank); in an extremely tight race — possibly the tightest we've ever seen! — CIMB Islamic managed to outdo Maybank Islamic (only by a hair's breadth) to win **Best Islamic Bank in Malaysia**. Bank of Tokyo Mitsubishi UFJ takes home the title of **Best Japanese Islamic Bank** (Runner-up: Sumitomo-Mitsui Banking Corporation); and in Thailand, despite the great challenges faced by the Islamic Bank of Thailand in grabbing market share and turning profits, voters seem to be optimistic of the state-owned bank's major overhaul and debt restructuring strategy, as they again voted it as the **Best Islamic Bank in Thailand** (Runner-up: CIMB).

The South Asian region is characterized by repeated winnings — an encouraging trend testifying to the strength and

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dominance of these major players. Unsurprisingly, mammoth Islami Bank Bangladesh won again, for the 9th time, the **Best Islamic Bank in Bangladesh** award, far ahead of runner-up ICB Islamic Bank. In Pakistan, the country's largest Islamic bank, Meezan, deservedly bagged the **Best Islamic Bank in Pakistan** award for the 10th time (Runner-up: Al Baraka Pakistan); while Amana Bank is awarded **Best Islamic Bank in Sri Lanka** for the sixth time (Runner-ups: Muslim Commercial Bank — MCB Islamic Banking Division and LOLC Finance's Al-Falaah).

Moving farther afield, there's been a flip in standings as Muslim Community Co-Operative Australia overtakes Amanah Islamic Finance Australia as the **Best Islamic Bank in Australia**. Similarly in Turkey, Al Baraka Turk Katilim Bankasi, 2015's runner-up, displaced Turkiye Finans Katilim Bankasi, which settled for second spot this year, to become the **Best Islamic Bank in Turkey**.

In any institution, a transition in power may present itself as a hiccup in operations; likewise 2016 was a year of major management changes for the Bank of London & The Middle East; however, the Islamic bank's strong fundamentals and clear strategy continue to steer the bank to be honored as the **Best Islamic Bank in the UK**, a position it has been holding since 2009. Masraf Al Rayan again emerged as the runner-up.

The **Best Islamic Bank in the US** goes to Michigan-based University Islamic Financial (UIF). Delivering impressive results in 2016, UIF set a new record originating over US\$200 million of financings in the third quarter and passed the US\$1 billion of financings threshold since inception. This year, IFN welcomes runner-up Guidance Residential to the list of top US Islamic banks for the first time, which beat mainstays Lariba and Devon Bank in the polls.

Zooming into Africa, the Albaraka brand continues to exert its presence in all corners of the world: Al Baraka Bank Sudan adds yet another trophy (fifth) to its collection this year as **Best Islamic Bank in Sudan** (Runner-up Arab Sudanese Bank appears on the list for the first time); the Egyptian arm of Albaraka wins **Best Islamic Bank in Egypt** again (Runner-up: Faisal Islamic Bank of Egypt) and Albaraka also steals the show in South Africa with yet another consecutive win (Runner-up: FNB Islamic Finance). In Kenya, Gulf African Bank leapfrogged from third place to first as **Best Islamic Bank in Kenya** (Runner-up: First Community Bank).

Best of the best

And finally, saving the best for last, in one fell swoop, this bank again proves its worth, even more so during a year flooded with uncertainty and economic headwind as it goes on to win multiple

awards across different categories, illustrating its enviable strength as an issuer, investor and retail player. The IFN's 2016 **Best Overall Islamic Bank** award goes to Dubai Islamic Bank yet again! Winning the title for the second consecutive year, DIB's 2016 IFN Awards stable also includes **Best Retail Islamic Bank**, **Most Innovative Islamic Bank** and **Best Islamic Bank in the UAE**. An extremely well-deserved win and IFN extends its heartiest congratulations to this global Islamic finance pioneer! Congratulations are also in order for runner-up CIMB Islamic Bank and second runner-up Abu Dhabi Islamic Bank for this coveted accolade.

It is indeed a privilege to honor all the winners of the IFN Best Bank Poll 2016, which have showcased great fortitude, creativity and strength the past tumultuous 12 months with each leaving an indelible mark on the global Islamic finance and banking landscape — we thank and commend you for your excellent service and performance and are proud to recognize your contributions.☺

Garnering overwhelming response which requires extra due diligence, screening and evaluation, the full results of the IFN Deals of the Year Awards will now be announced in the upcoming issue of IFN on the 11th January.

Best Islamic Bank by Sector
BEST OVERALL ISLAMIC BANK 1 st : Dubai Islamic Bank* 2 nd : CIMB Islamic Bank; 3 rd : Abu Dhabi Islamic Bank
BEST CENTRAL BANK IN PROMOTING ISLAMIC FINANCE 1 st : Bank Negara Malaysia 2 nd : State Bank of Pakistan
BEST ISLAMIC LEASING PROVIDER 1 st : Islamic Finance House 2 nd : Al-Falaah, Islamic Business Unit of LOLC Finance
BEST ISLAMIC PRIVATE BANK 1 st : Abu Dhabi Islamic Bank* 2 nd : Maybank Islamic
BEST ISLAMIC RETAIL BANK 1 st : Dubai Islamic Bank 2 nd : CIMB Islamic Bank
MOST INNOVATIVE ISLAMIC BANK 1 st : Dubai Islamic Bank 2 nd : Abu Dhabi Islamic Bank & Meezan Bank
BEST ISLAMIC TRUSTEE/CUSTODIAN 1 st : CIMB Islamic Trustee* 2 nd : AmanahRaya Trustees
BEST ISLAMIC BANK FOR TREASURY MANAGEMENT 1 st : Meezan Bank 2 nd : CIMB Islamic Bank
BEST PRIVATE EQUITY HOUSE 1 st : CIMB Islamic* 2 nd : Qatar First Bank*

Note: Red, Bold: winner; * Repeat winner

Best Islamic Bank by Country

EUROPE

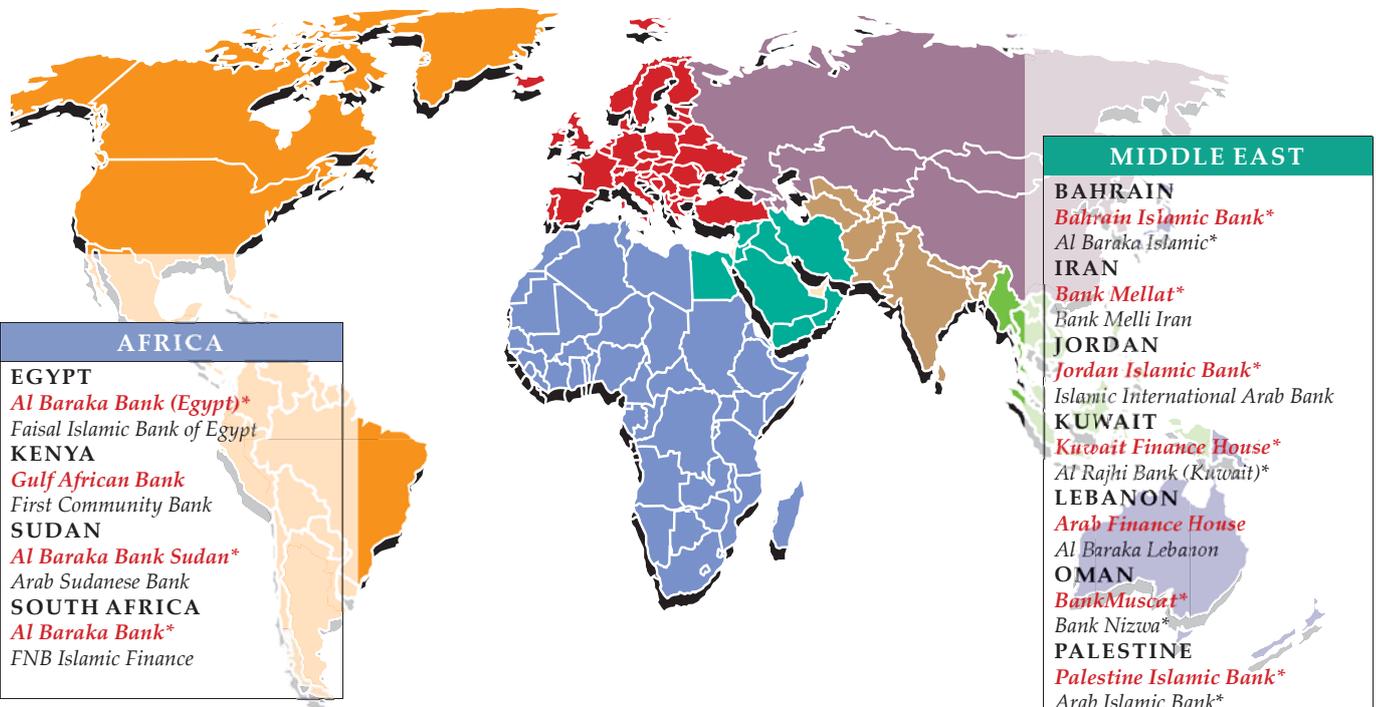
TURKEY
Al Baraka Turk Katilim Bankasi
Turkiye Finans Katilim Bankasi
UK
*Bank of London & The Middle East**
Masraf Al Rayan

THE AMERICAS

US
*University Islamic Financial**
Guidance Residential

INDIAN SUBCONTINENT

BANGLADESH
*Islami Bank Bangladesh**
*ICB Islamic Bank**
PAKISTAN
*Meezan Bank**
Al Baraka Islamic Bank
SRI LANKA
*Amana Bank**
*Muslim Commercial Bank- MCB Islamic Banking Division**
Al-Falaah (Islamic Business Unit of LOLC Finance)



AFRICA

EGYPT
*Al Baraka Bank (Egypt)**
Faisal Islamic Bank of Egypt
KENYA
Gulf African Bank
First Community Bank
SUDAN
*Al Baraka Bank Sudan**
Arab Sudanese Bank
SOUTH AFRICA
*Al Baraka Bank**
FNB Islamic Finance

SOUTHEAST ASIA

BRUNEI
*Bank Islam Brunei Darussalam**
*Maybank**
INDONESIA
*Bank Muamalat Indonesia**
*Maybank Syariah**
MALAYSIA
*CIMB Islamic Bank**
*Maybank Islamic**
THAILAND
*Islamic Bank of Thailand**
*CIMB**

ASIA PACIFIC

AUSTRALIA
Muslim Community Co-Operative Australia
Amanah Islamic Finance Australia
JAPAN
*Bank of Tokyo Mitsubishi UFJ**
*Sumitomo-Mitsui Banking Corporation**

MIDDLE EAST

BAHRAIN
*Bahrain Islamic Bank**
*Al Baraka Islamic**
IRAN
*Bank Mellat**
Bank Melli Iran
JORDAN
*Jordan Islamic Bank**
Islamic International Arab Bank
KUWAIT
*Kuwait Finance House**
*Al Rajhi Bank (Kuwait)**
LEBANON
Arab Finance House
Al Baraka Lebanon
OMAN
*Bank Muscat**
*Bank Nizwa**
PALESTINE
*Palestine Islamic Bank**
*Arab Islamic Bank**
QATAR
*Qatar Islamic Bank**
*Qatar International Islamic Bank**
SAUDI ARABIA
*Al Rajhi Bank**
*Arab National Bank**
SYRIA
*Syrian International Islamic Bank**
*Albaraka Bank Syria**
UAE
*Dubai Islamic Bank**
*Abu Dhabi Islamic Bank**
YEMEN
*Islamic Bank of Yemen**
*Saba Islamic Bank**

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

IFN Monthly Review: Ringing in the new year with significant developments in December

Welcome to the first edition of our monthly global analysis for 2017, a comprehensive review of what's been happening across the world's Islamic markets over the past four weeks. December witnessed a number of interesting developments with a surge in oil prices along with steady Sukuk issuance and exciting news from across the banking markets. DANIAL IDRABI brings you the round-up of the latest news.

2016 was indeed a turbulent year for the financial markets, and December wrapped up with key developments that would shape how the markets will operate in 2017. The Federal Reserve raised interest rates on the 14th December, which was only the second time in a decade since the housing crisis in the US reverberated throughout the world. Major oil-producing countries finally came to an agreement on oil production after Saudi Arabia and Iran, two main players in the energy sector and members of OPEC, signed a deal during a meeting in Vienna to reduce output.

Deals

Sovereign activity continues to reflect much promise, and Morocco plans to issue its first-ever sovereign Sukuk in the domestic market in the first half of 2017. According to Morocco's finance minister, Mohamed Bossaid, the size of the issuance is yet to be decided though it will coincide with the launch of a market for Islamic banking after the country adopted legislation allowing Shariah compliant finance into the domestic market.

Saudi Arabia, meanwhile, plans to issue Sukuk in the first quarter. According to Bloomberg, the sovereign has begun discussing with banks on the potential sale.

Malaysia's GII Murabahah continue to be oversubscribed after the RM1.5 billion (US\$338.34 million) offering received 272 bids worth a total of RM5.63 billion (US\$1.27 billion), while Brunei issued its 140th series of short-term Sukuk Ijarah. Bangladesh also saw an active month after the government issued its six-month Islami Investment Bond (BGIIB), which received a total of eight bids amounting



to BDT1.67 billion (US\$20.58 million). Supranational bodies have also been rather active toward the end of the year, with the International Islamic Liquidity Management Corporation's US\$500 million three-month tenor Sukuk facility at a profit rate of 1.35% oversubscribed after receiving a total of 10 bids.

Over in Kuwait, the National Bank of Kuwait and KAMCO were invited by the Public Debt Office to participate in a sovereign bond issuance. The government plans to issue US dollar denominated bonds amounting to US\$10 billion, both conventional and Sukuk, to reduce deficits for the fiscal year ending on the 31st March 2017.

On the corporate front, Al Baraka Banking Group is planning a Tier 1 capital-boosting Sukuk worth US\$300 million in the first quarter of 2017, and is currently in the midst of discussing with a number of banks about arranging the Islamic debt facility. Having sold a US\$368 million Sukuk privately and a QAR2 billion (US\$548.76 million) additional Tier 1 perpetual Sukuk facility in September last year, Qatar Islamic Bank has no immediate plans to issue more Sukuk, according to its CFO, Gourang Hemani.

In Saudi Arabia, international power and water company ACWA Power is set to

raise approximately US\$1 billion through a Sukuk issuance due 2039, which is rated '(P)Baa3' with a stable outlook by Moody's Investors Service.

In Malaysia, the Federal Land Development Authority is looking to finance its 37% stake acquisition in Indonesia's Eagle High Plantations through a mix of Sukuk issuances and loans, according to The Star. Approximately 50% of the fund, worth RM2.26 billion (US\$503.8 million), will be financed by a loan from a European bank while the remaining fund would be from a Sukuk issuance. Maxis Broadband also issued its third Sukuk Murabahah amounting to RM2.45 billion (US\$549.75 million).

Banking

December also saw an active period of Islamic financing, rights issuance and merger approval. The National Shipping Company of Saudi Arabia signed a syndicated Murabahah facility agreement worth US\$350 million with a number of banks, while Ezdan Holding in Qatar received a US\$460 million Islamic syndicated financing facility for a period of eight years.

In Kuwait, Salhia Real Estate signed two Islamic credit facility agreements consisting of a KWD15 million (US\$49.1

million) nine-year term facility and a KWD14.5 million (US\$47.46 million) eight-year term facility with separate Islamic banks. Emirates Islamic, meanwhile, launched a AED1.5 billion (US\$408.29 million) rights issue to boost its capital.

In the UAE, shareholders of National Bank of Abu Dhabi (NBAD) and First Gulf Bank (FGB) approved a proposed merger of the two banks involving a share swap, in which FGB shareholders will receive 1.25 NBAD shares for each FGB share they hold.

Performance

December was a boost to the global markets after OPEC members pledged to cut production by about 4.5% or 1.2 million barrels per day, the first cut in eight years. Oil prices soared to more than 8% to reach nearly US\$50 a barrel after the announcement was made.

The S&P Global BMI Shariah Index saw a rather steady month, after it rose slightly to 121.67 as at the 30th December from 120.24 from a month earlier, while the index's one-year performance saw a rise of 6.2% to close the year on a more positive note. Its conventional twin, meanwhile, saw an upward shift of 2.15% at the end of December to reach 210.79.

The S&P Developed BMI Shariah Index also rose a marginal 1.37% to reach 127.42, although the S&P Emerging BMI Shariah Index saw a slight dip to 75.08 from 75.74 a month earlier. The Middle East closed the year on a high after the S&P Pan Arab Composite Shariah Index rose 4.08% to reach 120.6 at the end of December, although the S&P Pan Asia Shariah Index went in the opposite direction after losing 2.34% over the month. Africa ended the year with much optimism after the S&P Pan Africa Shariah Index rose 6.1% to reach 91.63 as at the 30th December.

Collaboration and development

The Islamic finance industry welcomed the long-awaited Shariah standard on gold after it was launched by AAOIFI and the World Gold Council. The standard will, for the first time, set specific rules for the use of gold as an investment in the Islamic finance industry and will also open up a new investment asset class, enabling Islamic banks and financial institutions to

facilitate the creation of a broader range of saving, hedging and diversification products.

Shortly after the standard was announced, a number of entities made their bid in the Islamic gold investment space. Kuala Lumpur-based fintech firm, HelloGold, the first online gold platform to be endorsed as Shariah compliant by Amanie Advisors, confirmed that it is expanding beyond Malaysia to include other ASEAN markets in the second half of 2017, while in the European market, French Takaful specialist SAAFI launched a physical gold investment product, in collaboration with INAIA. Over in Ireland, GoldCore began working on a Muslim-friendly gold investment solution with plans to introduce it to the market by the first quarter of 2017.

Besides financial institutions, regulators around the world are also leveraging on the new standard after Dubai Multi Commodities Center and Borsa Istanbul signed an MoU to work toward establishing an international Shariah compliant precious metals platform. With the new Shariah standard on gold and its trading controls opening the floodgates to further gold investment in the Islamic finance universe, more collaboration between international market players are expected to come to the fore in the global commodities trading arena.

Asset management

Islamic asset management saw a slew of exciting developments over the past four weeks, with one of the most significant being the collaboration between Malaysia Venture Capital Management (MAVCAP) and Silicon Valley-based Elixir Capital to set up and operate the Global Islamic Economic Fund, targeting up to US\$250 million for the Islamic innovative ecosystem. Elixir Capital's managing director, Amir Azahar, confirmed with IFN that the new Islamic fund will make allocation for start-ups in OIC countries, with Malaysia and Indonesia being the prime focus.

Public Mutual declared distributions of more than RM95 million (US\$21.28 million) for nine funds for the financial year ended the 30th November, with the Public Islamic Infrastructure Bond Fund registering the highest gross distribution of four Malaysian sen (0.9 US cent) per unit while the Public Islamic Alpha-40

Growth Fund, the Public Islamic Asia Leaders Equity Fund and Public Islamic Mixed Asset Fund registered distributions of 0.25 sen (0.056 US cent), 0.15 sen (0.034 US cent) and 0.4 sen (0.09 US cent) respectively.

In Singapore, Shariah compliant Sabana REIT has entered into a conditional put and call option agreement with Singapore Handicrafts in relation to the proposed acquisition of a property worth approximately SG\$20.9 million (US\$14.44 million). Furthermore, the company entered into a conditional sale and purchase agreement with X Properties for the proposed divestment of a property worth SG\$148 million (US\$104.19 million), which is expected to be completed by the first quarter of 2017.

In a setback to South Africa-based PSG Melrose Arch, an investment management and financial services firm, its Official Shariah Certification was revoked and terminated after the firm failed a periodic Shariah audit and refused to grant access to the financial documents, processes and records of clients signed with the Islamic division. Over in the GCC, Shuaa Capital, a financial services firm, bought a 14.01% stake in its subsidiary, Khaleeji Commercial Bank (KCHB).

Moves

December was also a month of major movements across the board. At the International Islamic Liquidity Management Corporation, Professor Dr Rifaat Ahmed Abdel Karim has stepped down as CEO after four years helming the institutions; Godwin Emezie, the governor of the Central Bank of Nigeria, was appointed as IILM's new chairman; Raja Teh Maimunah, currently the CEO of Hong Leong Islamic Bank, will be joining AmBank Group in April; Gulf Bond and Sukuk Association appointed Emirates NBD's managing director and global head of debt origination and distribution, Andy Cairns, as the new chairman of the GBSA Regional Board, while Anita Yadav, the senior director for global markets and treasury and head of fixed income research of Emirates NBD, has been appointed as the acting vice-chair; Al Rayan Bank named Venkat Chandrasekar as its new COO; and Khaleeji Commercial Bank confirmed that its board member, Mohamed Barrak Al Mutair, has resigned effective 25th December 2016. (☺)

Fewer Islamic banks in Pakistan expected as capitalization pressures remain

VINEETA TAN writes that Pakistan will see the number of fully-fledged Islamic banks wind down as Shariah banks are left with few choices but to merge with their competitors as they continue to struggle with insufficient funding to support their operations.

The Republic, home to six fully-fledged Islamic banks and 16 conventional banks offering standalone Islamic banking branches (as at the end of September 2016), has been experiencing a strong wave of Islamic banking mergers and acquisitions (M&A). Just recently, it was confirmed that the State Bank of Pakistan has approved the sale of Burj Bank by Bahrain's Bank Alkhair to Al Baraka Bank Pakistan (ABPL) while earlier in the month, MCB Bank and NIB Bank agreed on amalgamating their operations through a share swap arrangement.

Burj Bank, a relatively small bank with 74 branches and over PKR20 billion

“ This inorganic growth trend will carry on for the foreseeable future as there is a clear preference for stand-alone Islamic banks ”

(US\$189.33 million) in deposits, has been a hot target for acquisition, having been approached by six different institutions including conventional lenders Summit Bank, which had hoped to facilitate its conversion into a fully-fledged Shariah bank through the acquisition, and Bank of Khyber. ABPL on the other hand is part of the Bahraini Islamic banking group giant, Al Baraka,

which has laid out aggressive expansion plans over the next five years including in Egypt, Sudan and Morocco. ABPL, itself a product of the merger with Emirates Global Islamic Bank, has 135 branches; the successful consolidation of ABPL and Burj Bank will create a single Islamic bank under the Al Baraka brand with total assets of more than US\$1.1 billion and a branch network of 224 in over 100 cities across Pakistan.

Banking sources attribute this M&A undercurrent to both the undercapitalization of Islamic banks and strong potential for Shariah banking in the domestic market fuelling conventional lenders to foray into this segment through acquiring existing players. This inorganic growth trend, industry participants believe, will carry on for the foreseeable future as there is a clear preference by the public for stand-alone Islamic banks over Islamic banking windows when Shariah banking needs are concerned.☺

Indonesia engineers Zakat index to serve as global benchmark in measuring efficacy of Islamic alms-giving

Indonesia is taking the lead in setting a global precedent for Islamic alms management with the launch of a first-of-its-kind index to measure the effectiveness of Zakat in alleviating and improving social welfare, the latest move by President Joko Widodo's government to elevate the Republic's Islamic finance standing in the international arena. VINEETA TAN reports.

Until recently, the Islamic world lacked a standard benchmark to map the progress and efficacy of Islamic alms-giving; Badan Amil Zakat Nasional (BAZNAS), or the National Islamic Alms Management Agency of Indonesia intends to fill that gap with the National Zakat Index.

“Until now there has been no standard measurement tool that can measure the performance and progress of Zakat at national and international levels. In fact, such measurement is very important in determining the success of Zakat distribution and use,” explained



Professor Dr Bambang Sudibyo, the chairman of BAZNAS, who is also the former finance minister of Indonesia.

To be implemented in the first quarter of 2017, this systematic computation model utilizing both quantitative and qualitative methods could be most useful in closing the data gap in the Zakat realm and assisting in the formulation of effective policies to reduce management inefficiency.

This is not the first step Indonesia has taken to better utilize Zakat as an asset class; Bank Indonesia is understood to be exploring ways to securitize Sukuk assets and to utilize subsequent proceeds to finance Islamic economic activities. The central bank in May also issued an international set of core principles on Zakat, in collaboration with the IDB and BAZNAS.☺

Sovereign Sukuk: Nigeria and Saudi one step closer to joining the sovereign club

The new year looks to be off to a good start with a healthy dose of activity in the sovereign Sukuk space, while Nigeria is hard at work as it plans to issue its maiden offering this year. DANIAL IDRAKI brings you the latest developments across the sovereign Sukuk market.

Nigeria

Nigeria's Debt Management Office (DMO) has announced that the country is seeking advisers and trustee firms to organize and manage its debut sovereign Sukuk. This initiative comes as an effort to establish funding and reduce budget deficits. The DMO also stated that the bids are to be submitted by the 9th January 2017. Issuance of a sovereign Sukuk is part of a plan by Nigeria to develop alternative sources of funding and to establish a benchmark curve.

Saudi Arabia

Saudi Arabia was reported to have discussed with banks on a possible Sukuk sale in the first quarter. According to Bloomberg, the sovereign is considering tenors of seven and 16 years, although no definitive size or timing has been decided yet.

Malaysia

The government of Malaysia will issue a RM3.5 billion (US\$779.96 million) government investment issue (GII) Murabahah facility with a profit rate of 4.79% on the 6th January 2017. The facility will mature on the 3rd March 2020, and BNM may purchase up to 10% of the issuance size.

Bahrain

The Central Bank of Bahrain (CBB) announced that its December Sukuk Salam issuance worth BHD43 million (US\$112.37 million) has been fully

Upcoming sovereign Sukuk		
Country	Amount	Expected date
Saudi Arabia	TBA	2017
Morocco	TBA	First half 2017
Bahrain	TBA	First quarter 2017
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

subscribed. Maturing on the 22nd March 2017, the expected return for the 91-day paper is 2.05%. The issuance is the 188th of the CBB's short-term Sukuk Salam

series. The CBB also issued BHD26 million (US\$68.47 million)-worth of Sukuk Ijarah; the facility was fully subscribed. ☺



To receive the latest updates on the global Islamic finance industry, register for the IFN Daily Alerts at www.islamicfinancenews.com

Women and Words: More jobs for the boys in iCSR?

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 lauraeevelder@gmail.com.

Corporate social responsibility (CSR) is meant to support social development initiatives. Of course, depending on the tax regime, CSR may also be particularly important in relation to reducing tax liabilities. But, focusing on social development goals for Islamic finance, AAOIFI has designated five mandatory disclosure requirements for CSR including elucidating policies for screening and dealing with clients, statement of earnings and expenditure prohibited by Shariah, employee welfare and Zakat. But, according to the recently released 2016 Islamic Finance Development Indicator Report, most Islamic finance institutions are not disclosing this information on their CSR initiatives.

CSR programs and initiatives also reveal interesting intersecting assumptions about women's empowerment, expertise and social function. For example, Shariah advisors have repeatedly told me that female Shariah advisors are more often designated by their male colleagues as lead



screeners and decision-makers for CSR funds. As reported by these women, they were assigned CSR roles in particular because their male colleagues assumed that they had more expertise in social development because of their 'mothering' expertise. At the other end of the spectrum, among receivers of CSR rather than among financiers, banking and finance institutions have become similarly interested in harvesting women's social expertise in microfinance guarantee programs. Many analysts have labeled microfinance initiatives predatory because there is often an explicit transference of risk and responsibility onto women and women's networks. For example, banks often outsource loan repayments to women's groups as women's consistency in paying back and managing the group's finances reduces administration costs for financial institutions. In this way, women's social expertise and networking are taken for granted and remain unrewarded.

In both of these cases, both iCSR and microfinance, the fundamental issue is that without adequate disclosure of a financial institution's methodologies for screening, dealing and payments, it will never be possible to evaluate social development initiatives.

“ Female Shariah advisors are more often designated by their male colleagues as lead screeners and decision-makers for CSR funds because their male colleagues assumed that they had more expertise in social development because of their 'mothering' expertise ”

Certainly, this is not a problem peculiar to Islamic financial institutions; however, I suggest that CSR disclosure is a particularly potent place to begin working toward transparency. Otherwise, both giving and receiving iCSR may result only in more unrewarding work for women. ☺

Women in Islamic Finance

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

Singapore: Tough 2016

The Singaporean Islamic finance market has for years struggled to gain traction due to a variety of factors including weak political will to develop the industry, the absence of a sizeable Muslim population and the strength of its conventional finance market and it seems the Lion City had a tougher time pushing the proposition in 2016 as global economic pressures weigh heavily on the country. VINEETA TAN provides an overview of the Shariah finance landscape of the Asian tiger.

Regulatory environment

Rather than incentivizing market participants to encourage Islamic finance activities, Singapore's approach differs from neighboring Malaysia in that it applies non-preferential treatment to create a level-playing field for both conventional and Islamic finance. Islamic finance and banking are governed under the same regulation, the Banking Act, which treats Shariah compliant finance within a secular legal structure, with no reference to Arabic names.

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

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

Banking and finance

As far as the Islamic banking sector is concerned, the market suffered a blow

following the 2015 announcement that the country's sole fully-fledged Shariah bank, the Islamic Bank of Asia (IB Asia), will shutter its operations due to its failure in generating economies of scale. This is despite Shariah banking assets in Singapore growing 73% since 2010 and the number of banks involved in Islamic banking doubling to 15 over the five-year period since then. IB Asia's parent DBS Group Holdings, however, has said that it will maintain an Islamic portfolio. Other prominent Islamic banking service providers include Maybank and CIMB. Nonetheless, several notable Shariah deals took place in 2016 including a SG\$260 million (US\$179.58 million) transaction by RB Capital, one of the largest Islamic deals in the city state and a SG\$181 million (US\$125.02 million) Islamic refinancing facility by Sabana REIT.

Sukuk

August 2016 saw the first-ever default in a local currency Sukuk facility: a subsidiary of Swiber Holdings was unable to meet its US\$4.88 million obligation under its US\$150 million 2013 Sukuk program. This was followed by several bond defaults by other oil and gas players in the industry. The defaults have raised concerns on the financial sector's exposure to the oil and gas sector, with the expectation that tough market conditions are expected to continue in 2017.

The situation took place amid the biggest quarter-on-quarter GDP drop Singapore has experienced since 2012, as the economy contracted by 4.1% during the July-September 2016 period; year-on-year, this represented a 0.6% expansion, significantly lower than previous estimates of 1.7% growth.

In general, Singapore has a relatively lackluster Sukuk market: government agencies have been active bond issuers in order to develop the nation's capital markets; however, in the past five years (since 2015), there have only been 31 Sukuk issuances in the country, according to MAS. The lack of Sukuk

activities has been attributed to the great comfort of issuers with conventional facilities and the lack of incentives to pursue Islamic debt.

Asset management

While Singapore's Shariah banking and Sukuk segments may not be up to par, however, Asia's Switzerland is well positioned to leverage its sophisticated wealth management expertise and the burgeoning wealth of Asia to develop a strong Islamic asset management repertoire. The country is home to one of the world's largest Islamic real estate investment trusts, Sabana REIT, which continues to be active in the market: in December 2016 alone, Sabana REIT confirmed plans to acquire three different properties and also met with China's Sichuan Development Holding to explore Islamic finance opportunities. As at the end September 2016, the REIT's total assets reached SG\$1.06 billion (US\$732.15 million); gross revenue dropped 9.7% year-on-year to SG\$23.03 million (US\$15.91 million).

Fintech

There is also a rise of Islamic crowdfunding platforms in Singapore. The city state is home to at least two such platforms: Club Ethis and Kapital Boost. In the final quarter of 2016, Kapital Boost was certified Shariah compliant by the Financial Advisory & Consultancy.

Outlook

The slow momentum gained during 2016 is expected to persist well into 2017: analysts have downgraded their GDP forecasts for Singapore (OCBC revised growth to 1.5% from 1.9% and BMI Research from 2.2% to 1.9%) — and this is likely to impact the Islamic finance market as well. And while Singapore may have the makings to be a potentially significant Islamic wealth management center, the market lacks a substantial retail base and government support to propel the sector. Government support and continued public awareness are key in developing its Shariah finance industry.⁽²⁾

Ratings in Islamic finance — criteria upgrades and rating changes

Rating actions are one of the many indicators conveying risks, opportunities and challenges that can affect the performance of debt issuances, financial institutions, corporations, countries and other stakeholders in the Islamic finance industry. It has become an increasingly important determinant factor within the industry. DANIAL IDRABI reviews rating activities across different regions in the industry in 2016.

Methodological developments

In September 2016, Malaysian rating agency RAM Ratings updated the criteria and methodology for Takaful and insurance companies, incorporating updates arising from industry, regulatory and accounting developments in recent years. The rating methodology also applies to captive insurers, reinsurers and financial guarantee insurers. RAM has also renamed the terminology used to assign ratings to insurance companies, from a claims-paying ability rating (applicable to most entities in the insurance industry) and a financial enhancement rating (applicable to financial guarantee insurers) to an insurer financial strength (IFS) rating. The IFS rating recognizes that insurers may have financial and/or debt obligations, on top of their obligations to policy/certificate holders and as such, indicates an insurer's overall capacity to meet its financial obligations to policyholders and other creditors, including debt holders.

Another Malaysia-based rating agency, MARC, updated its rating approach to Sukuk in August last year, which was previously updated in April 2015. The updated approach includes slight changes to Sukuk rating definitions to accommodate both asset-based and asset-backed instruments. MARC currently uses two rating scales for rating Islamic fixed income instruments, an Islamic debt rating scale (with the subscript ID) and a Sukuk rating scale (with the subscript IS). It will migrate existing Islamic debt ratings to the Sukuk rating scale and subsequently withdraw its Islamic debt ratings and rating scale, which will affect 14 debt ratings accorded to outstanding combined conventional and Islamic medium-term note programs, Bai Bithaman Ajil debt securities and residential mortgage-backed securities of 12 issuers.

In January last year, Moody's Investors Service republished its bank rating

methodology to update Appendix 4, where the changes provide more clarity on how the rating agency distinguishes between the different legal aspects of resolution regimes and will not in themselves impact the credit ratings of any banks, according to a statement. The appendix details how certain legal aspects of bank resolution frameworks and bankruptcy law are considered in the application of Moody's Advanced Loss Given Failure approach, and related key rating assumptions.

Fitch Ratings, meanwhile, updated its criteria for rating Sukuk in August last year, replacing the existing criteria published on the 18th August 2015. The new criteria apply to originator-backed (asset-based) Sukuk structures, internationally encompassing corporates, financial institutions, sovereigns, supranationals, public finance, insurers and global infrastructure, but not to asset-backed Sukuk which rely on underlying collateral.

Fitch's analytical assumption under these criteria is that the structure of the Sukuk and the underlying transaction(s) provide for full recourse to the originator — as with a conventional bond issue — and the Sukuk rating is driven solely by the originator's rating. The rating agency added that there remains a lack of legal precedents in terms of effective enforcement in many jurisdictions where Sukuk issuance is prevalent, and therefore it remains uncertain whether certificate holders will be able to enforce their contractual rights in local courts. Fitch further noted that the Sukuk analysis and ratings will reflect its view that the default of these senior unsecured obligations under the legal structure and Sukuk documentation would reflect the default of the entity in accordance with Fitch's rating definitions.

Over in Pakistan, the Securities and Exchange Commission of Pakistan (SECP) had in August approved new regulations for credit rating agencies

(CRCs) known as the Credit Rating Companies Regulations 2016, stipulating various new requirements and strengthening existing ones for CRCs. The new regulatory regime is in line with the SECP's efforts to strengthen the capital market with a significant aspect being the introduction of a detailed licensing regime for CRCs with fit and proper criteria for promoters, chief executives, directors and senior management officers.

Global review

Sovereign ratings across the globe reflect uncertain global economic conditions. RAM downgraded Saudi Arabia to 'gAA3(pi)/Stable' from 'gAA2(pi)/Negative' on the back of the Kingdom's steep fiscal and current account deterioration, while it revised the outlook on Bahrain's sovereign ratings to negative from stable on the global, ASEAN and Malaysia national scales.

Moody's revised the Omani banking system to stable from negative, while affirming Jordan's 'B1' government issuer rating and 'B1' senior unsecured debt rating, with a stable outlook. The ratings reflect Moody's view that the Hashemite Kingdom will manage to stabilize its main debt and external vulnerability indicator metrics even as overall debt remains high when compared to similarly rated peers.

Fitch, meanwhile, affirmed Kuwait's long-term foreign and local currency issuer default ratings (IDRs) at 'AA' with a stable outlook. The rating agency also affirmed Qatar's long-term foreign and local currency IDRs at 'AA' with a stable outlook. Over in Malaysia, S&P affirmed the country's long-term and 'A-2' short-term foreign currency sovereign credit ratings and also its 'A' long-term and 'A-1' short-term local currency sovereign credit ratings with the outlook on the long-term rating remaining stable.☺

Etihad Airways's maiden Sukuk — The largest aviation and corporate issuance in MENA

Etihad Airways recently made its debut in the Islamic debt capital market with a landmark US\$1.5 billion Sukuk Wakalah offering. Ricky Thirion, the group treasurer at the Abu Dhabi's flagship carrier, explained to NURUL ABD HALIM the reasons behind the success of this groundbreaking transaction.

Initially targeting to raise US\$500 million, Etihad decided to upsize the offering following a strong demand for its greenback Sukuk facility during a series of fixed income investor meetings held in the UAE. By adopting an innovative approach to marketing the unlisted and privately-placed Sukuk, Etihad was able to yield very positive engagement from investors, resulting in an initial price thought (IPT) of midswaps (MS) + low-to-mid 200bps with a five-year tenor.

“ Etihad's Sukuk came with a premium versus other Abu Dhabi government-related entities (GREs) as a premium for the unlisted/privately-placed format was applied to outstanding secondary comparable levels ”

“Investors' confidence in Etihad was instantly reflected in the orderbook, enabling the issuer to release guidance

by the afternoon of the 21st November at MS+215bps area, as books were already in excess of US\$1.3 billion,” said Thirion, adding that: “Books closed globally on the 23rd November and the final spread was set at MS+210bps, with the Sukuk launched thereafter at a final size of US\$1.5 billion.”

Besides Etihad's solid credit fundamentals, the region's scarcity of corporate Sukuk issuances also contributed to the success of this offering, as investors, particularly Islamic banks, are constantly on the lookout for high-quality corporate papers to better manage their balance sheets.

Thirion further highlighted that: “Etihad's Sukuk came with a premium versus other Abu Dhabi government-related entities (GREs) as a premium for the unlisted/privately-placed format was applied to outstanding secondary comparable levels.”

Due to its private placement nature, Etihad needed to ensure that investors are well-informed of the non-disclosure letter of undertaking process as access to the documentation was new to most regional investors and required additional approvals for the unlisted format. Despite that, investors were comfortable with the format and interactions, as distribution of information was efficiently managed with many regional and international accounts participating in the Sukuk, asserted Thirion.

Employing a Wakalah structure, the transaction is backed by the rights to travel (measured in ATKM) as well as rights to services associated with such travel provided by the airline. Among the many highlights of Etihad's first Sukuk issue include being the highest-rated paper from an airline issuer ever; the largest capital markets issuance from the aviation industry in the MENA region; the largest ever Register S only corporate Sukuk issuance; and the first syndicated US dollar Sukuk issuance from an Abu Dhabi's GRE since 2009. (f)

Etihad Airways

US\$1.5 billion



23rd November 2016

Issuer	Unity 1 Sukuk
Obligor	Etihad Airways
Size of Issue	US\$1.5 billion
Mode of Issue	Private placement Regulation S senior unsecured Sukuk, registered unlisted
Purpose	General corporate purposes
Tenor	Five years
Issuance price	100%
Profit rate	3.86%
Payment	Semi-annually in arrear
Currency	US dollars
Maturity date	30 th November 2021
Arranger(s)	National Bank of Abu Dhabi (NBAD), HSBC, JPMorgan
Bookrunner(s)	NBAD, HSBC, JPMorgan, Abu Dhabi Islamic Bank, Dubai Islamic Bank, First Gulf Bank
Governing Law	English Law
Legal Advisor(s) / Counsel	To the issuer: Clifford Chance To the bookrunners: Allen & Overy
Listing	Unlisted
Underlying Assets	Rights to travel (measured in Available Tonne Kilometres (ATKM))
Rating	'A' by Fitch
Shariah Advisor(s)	Shariah boards of NBAD, HSBC and JPMorgan
Structure	Wakalah
Tradability	Yes
Investor breakdown	Not disclosed
Face value / minimum investment	US\$200,000 and integral multiples of US\$1,000 in excess thereof

The outlook and predictions for Islamic fintech in 2017 and beyond

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

In the tech world — with fintech being no exception — there is a widely accepted adage: Change in consumer behavior doesn't happen as fast as expected, but when it does, the results are far greater than anticipated.

That being said, Islamic fintech is just catching on, but I would like to say certain concrete milestones were crossed in 2016 with the most prominent among them being the notion that Islamic fintech, being an actual, tangible industry, is real and here to stay. In 2015, Islamic fintech was not two words that were linked together in any meaningful way. Today, as one of its founding members, there is an Islamic Fintech Alliance with over a dozen members and continuing to grow.

I expect 2017 to be a transition year for Islamic fintech with the industry going from a validation phase to a growth phase. Based on this outlook, I believe four things will happen to continue to facilitate that transition:

Institutional support for Islamic fintech

With Islamic fintech now more than just a concept, there will be greater institutional support for current and future platforms to enter this burgeoning ecosystem. Such support will come, initially, from governments looking to solidify themselves as the future home of Islamic finance.

There are already certain projects underway involving multiple governments for support toward the nascent Islamic fintech sector. Public sector support will also give asset managers, venture capitalists and other key institutional investment partners to take the deep dive into the Islamic fintech space.

The rise of the 'tech' in Islamic fintech

With the lack of significant institutional support in 2016, most Islamic fintech start-ups had to be creative in finding a way to prove their business models. Often times, this comes at the cost of integrating the most cutting-edge technologies.

However, many of the leading start-ups in 2016 will have much more freedom and larger budgets to incorporate more rigorous tech to scale their platforms in 2017 and beyond.

Pilot collaborations from Islamic banks

In the conventional fintech space, 2016 was a year that marked 'disruptors (start-ups)' and 'incumbents (banks)' figuring out that sometimes joining together is the best way forward. As such, some of the largest banks in the world made a concerted effort to join forces with determined start-ups.

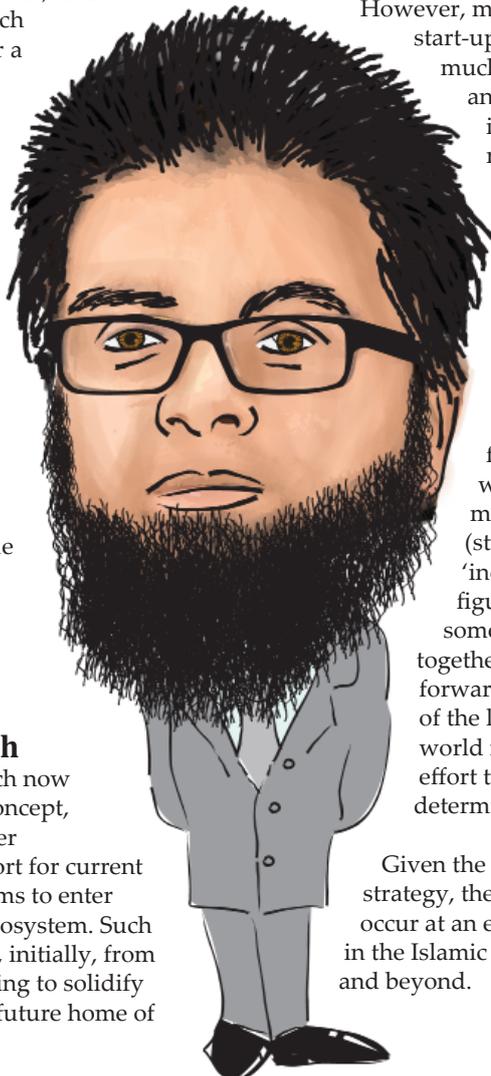
Given the success of this shift in strategy, the same is expected to occur at an even more rapid pace in the Islamic finance sector in 2017 and beyond.

“ With the rise of new technologies such as blockchain and a host of digital payment solutions, there is a new wave of platforms that are emerging around areas that are beyond the P2P crowdfunding space, including wealthtech, insuretech and other solutions that will affect every side of banking ”

Diversification from just crowdfunding

With the rise of new technologies such as blockchain and a host of digital payment solutions, there is a new wave of platforms that are emerging around areas that are beyond the P2P crowdfunding space, including wealthtech, insuretech and other solutions that will affect every side of banking.

There are already Islamic fintech start-ups venturing in this direction and it's a welcome development, given that the founding members of the Islamic Fintech Alliance were all crowdfunding platforms.⁽²⁾



Russia: 2016 — there is hope for breakthroughs



RUSSIA

By Dr Ilyas Zaripov

Despite a legal support vacuum for Islamic finance in 2016, active efforts for the establishment of Islamic finance infrastructure has begun. In December, progress is being made in Halal-oriented business which bodes well for the rapid and steady development of Islamic finance in Russia.

Anatoliy Aksakov, the chairman of the State Duma (Parliament) of the Russian Federation Financial Market Committee, initiated the preparation of a legal base for Islamic finance development in Russia. Vladimir Gusakov, the head of the Expert Group, organized two Islamic finance brainstorming sessions involving experts, during which two drafts of federal laws related to non-interest financial activity were discussed.

“ Conventional banking is to be transformed and ethical finance is the real and transparent way for banks to keep customers ”

Another key Islamic finance event was the annual meeting of the Russian Association of Islamic Financing Experts (RAEIF) hosted on the 16th December by Plekhanov Russian Economic University (PREU) which provided a platform for an online conference for experts. RAEIF members from Moscow, Kazan, Makhachkala and even the Netherlands discussed the current trends of Islamic finance development, stressing the major problems and also accepting new members.

RAEIF Coordinator Madina Kalimullina said that the process of Islamic finance development is still not up to par yet and experts should work together to push Islamic finance in Russia in 2017.

In this regard, support from the regulator, Bank of Russia, is important. On the 21st December, the fifth meeting of the Working Group on Partnership Banking (WGPB) under the chairmanship of Alexey Simanovsky, the advisor to the chairman of the Bank of Russia, took place. Top managers from the National Bank of the Republic of Tatarstan and Bashkortostan had reported about Islamic finance development in their regions. Representatives of private institutions including Ilyas Zaripov (banking group Zenit), Vladimir Gusakov (the Moscow exchange) and experts including M Kalimullina and M Yandiyev also participated in the discussions.

An Islamic finance educational program started in November 2016 and representatives of the Ministry of Education of Russia were asked to include Islamic finance in educational programs for economists and legal advisors in all universities in the Russian Federation.

In his closing speech, Simanovsky admitted the fact that conventional banking is to be transformed and ethical finance is the real and transparent way for banks to keep customers.

Simanovsky also thanked members of the working group for activity in 2016 and asked the staff of the Bank of Russia to summarize all proposals to prepare real steps for the promotion of Islamic finance in 2017 within the Partnership Banking Development Roadmap in 2017. The next meeting of the WGPB will be in the first quarter of 2017. ☺

Dr Ilyas Zaripov is a member of the partnership banking working group at the Central Bank of the Russian Federation. He can be contacted at iliyas888@yandex.ru.

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A 2016 update on the Indonesian government's Sukuk



INDONESIA

By Farouk Abdullah Alwyni

Since the enactment of the Law No. 19/2008 relating to government Sukuk, the government of Indonesia through the Ministry of Finance (MoF) has been active in issuing Sukuk. Currently, there are seven types of the government Sukuk with tenors ranging from six months to over 10 years. There are tradable and non-tradable Sukuk through private placement. There are also retail Sukuk and global Sukuk, both issued since 2009, and have been regularly issued since then.

According to data from the MoF, the total government Sukuk issued till the 16th November 2016 stood at IDR565.74 trillion (US\$42.5 billion), with US dollar-denominated global Sukuk accounting for 21.3%. In 2016, the government issued dual tranche global Sukuk

totaling US\$2.5 billion, with one issuance amounting to US\$1.75 billion with a 10-year tenor and 4.55% coupon and the other a US\$750 million five-year facility carrying a 3.4% coupon.

By now, Indonesia is the largest sovereign Sukuk issuer globally in terms of total issuance and total outstanding. Other major sovereign issuers include Dubai, Malaysia, Turkey, and Qatar. Considering the sizable amount of infrastructure financing required by the government, it is most likely that Indonesia will continue to be major sovereign Sukuk player in the near future.

Domestically, the government has also been the biggest player in the Islamic finance sector. The issuance of Shariah securities has surpassed total Islamic banking assets since 2015. With the slowdown in the growth of Islamic

banking assets, it is most likely that government Sukuk will continue leading the growth of Islamic banking sector. It is important to note that the share of government Islamic securities has been steadily increasing over the time.

As of November 2016 (Table 1), the share of government Islamic securities accounted for 18.7% of the total outstanding of government securities, a significant rise compared to around 11.5% and 11.6% in its previous three years (2012, 2013, and 2014). The MoF has also targeted that in 2016 the gross issuance of Islamic securities will account for 27.5% of total gross issuance of government securities.

It is also possible for the government to use Sukuk to finance many possible public-private partnership to fund the infrastructure needs of the country. It will then drive more innovation in the area of both infrastructure financing and the Islamic capital market.☺

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Table 1: Outstanding government securities (IDR trillions)

	2008	2011	2012	2013	2014	2015	November 2016
Debt securities	521	684.6	757.2	908.1	1,101.6	1,327.4	1,528.2
Islamic securities	4.7 (0.9%)	62.8 (8.4%)	98.8 (11.5%)	118.7 (11.6%)	143.9 (11.6%)	201 (15.1%)	286 (18.7%)
Total outstanding securities	525.7	747.4	856	1,026.8	1,245.5	1,528.4	1,814.2

Source: Bank Indonesia

The start of the much-awaited end of the year



QATAR

By Amjad Hussain

A rather long and turbulent year is slowly drawing to an end, with perhaps more uncertainty about what lies ahead in 2017. Whilst a deal was struck between the OPEC producing nations recently (which may be for the benefit of international securities markets, including Qatar) it is unclear what the impact of this deal will be on the oil prices and how the markets will behave in the coming year.

Two major deals were concluded recently that leave more answers than questions. Firstly, the decision of Qatar Petroleum (the national oil company) to merge its two gas subsidiaries (Qatar Gas and Ras Gas) into one entity by the

end of 2017 has raised the issue of cost-cutting by state-owned entities.

On the other hand, the recent announcement of the acquisition of the State of Qatar and Glencore of a 19.5% shareholding in Rosneft (the second-largest Russian oil company) for US\$11 billion is a sign of the solid state of the Qatar market and its sovereign wealth fund.

The banking sector has been relatively quiet last month, predominantly because of the upcoming end of the year and most institutions within Qatar have effectively closed shop and are finalizing their records and planning and budgeting for the next financial year. However, a number of banks have been recognized for their achievements and growth.



It's fair to say that 2016 has been a challenging year for Qatari financial institutions and most will be keen to see it come to a close. The hope is that next year will see better fortunes for hydrocarbons and therefore economies which depend upon hydrocarbons for their main source of revenue. Time will tell.☺

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Collaboration to bring more women into Islamic finance



MALDIVES

By Dr Aishath Muneeza

The Women On Boards (WOB) NGO has signed an MoU with the Maldives Center for Islamic Finance (MCIF) on the 19th December 2016. This MoU is part of the efforts by WOB to bring women into Islamic finance. The areas of collaboration include maintaining a register of women in Islamic finance, collaborating with the MCIF on training and awareness of Islamic finance for women, research and development and working together overall to bring women into Islamic finance. This is indeed a remarkable effort to increase female participation in the Islamic finance industry.

The Maldives is the only jurisdiction in the world where an apex Shariah council of a regulatory authority has been chaired by a female scholar for five

Name of the institution	Number of Females
Maldives Islamic Bank	0
Amana Takaful Maldives	0
HDFC Amna	2
Allied Avady	1
Maldives Hajj Corporation	1
Housing Development Corporation	2
Maldives Transport and contracting company	2
Alia Investments	1
Bank of Maldives	0
Maldives Monetary Authority (Central Bank)	0
Capital Market Development Authority	3

Source: Author's own

years since its inception and the number of female Shariah scholars in Islamic financial institutions in the Maldives is high compared to other jurisdictions in the world. The supporting statistics are provided in Table 1.

It is hoped that the collaboration between the two entities will increase the number of female players in the industry.⁽³⁾

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Turkey: Financial inclusion and economic developments



TURKEY

By Ali Ceylan

The Turkish government declared a state of emergency right after the 15th July coup attempt and extended it after the initial three months. The existing state of emergency will expire in late January 2017 for the purpose of eradicating the threat.

Several credit agencies like Moody's raised the credit note of Turkey in the previous months due to the economic reforms in the country. Despite these developments, Fitch Ratings has announced that it has revised the Turkish banking sector outlook for 2017 from stable to negative. The evaluation is based on political uncertainty, bank asset quality and Turkey's longer-term economic performance.

The Turkish government and the central bank have been taking the required measures to ensure the effects from the latest temporary fluctuation in the economy are not damaging. In relation to the economic events in Turkey, the country's Economic Coordination Board stated that necessary measures will

continue to be taken to support financial stability.

The Turkish lira's value has been decreasing against the US dollar as well as against the euro following the US presidential election. President Recep Tayyip Erdogan called for citizens to keep their savings and make transactions in liras rather than foreign currencies. The president's call for Turkish citizens to convert their foreign exchange into liras became a big campaign across the country. A number of institutions announced measures to prop up the Turkish lira to support the struggling currency following the president's call.

The Energy Markets Regulation Authority stated that it would hold gas distribution tenders in liras rather than in US dollars. Turkish Airlines also stated that Umrah pilgrimage visits originating from Turkey will be paid for via liras. Moreover, the Foreign Economic Relations Board and the Turkish Privatization Authority also announced that they will support these transactions. Turkey's main stock exchange, Borsa Istanbul, became the first institution to convert all its cash assets into liras.

Following calls from the president and other Turkish officials for the Turkish people and institutions to convert their US dollar deposits into the Turkish lira, the parity rate fell below 3.35 in a week after reaching a historic high of 3.59. The rate, which started trading at 3.38 early in the day, fell as low as the 3.3410 level on the 8th December.

Saudi Arabian Trade and Investment Minister Majed Abdullah Al-Qasabi said they will mobilize opportunities in Saudi Arabia to improve their investment relations with Turkey, and ease the visa process for Turkish business people to enable them to get two-year, multiple entry visas. He said that they want to be part of the solution and improve mutual investment relations between Turkey and Saudi Arabia. Saudi energy giant Aramco signed deals with 18 Turkish companies to enable them to bid in energy projects. Saudi Aramco CEO Amin Nasser said that Saudi Arabia aims to increase its locality rate in energy-related products and services by 2021.⁽⁴⁾

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Kuwait stays the course after OPEC oil cut deal



KUWAIT

By Thuwaini Al Thuwaini

Over the last decade or so, a growing number of pundits have increasingly believed that OPEC's ability to control the market price of crude oil has considerably diminished. Perhaps, there may be some credence to the notion of a weakening OPEC; however, judging by the agreement which occurred on the 30th November 2016 by OPEC producers and, much to everyone's amazement, non-member producers like Russia, to cut oil production levels starting January 2017, OPEC believes it can still wield influence over the market price of crude oil.

In line with OPEC's expectations, benchmark crude oil prices climbed up approximately 10% soon after the deal was announced along with the prices of public energy companies globally.

The move was emblematic of a shift in strategy that Kuwait and other GCC have espoused in recent years to depress oil prices and enervate US shale producers who swelled global oil production from the end of 2009 through 2014 despite weak international demand predominately due to high oil prices. Whether the crude oil price gains will sustain itself over the next six months will depend on how rigorously OPEC producers adhere to the new agreement.

As part of the deal, Kuwait agreed to cut production by 131,000 barrels per day from its reference production level of 2.84 million barrels per day, the deal document showed. Moreover, Kuwait will be taking a proactive role in surveilling OPEC oil production cuts.

The 30th November agreement, however, isn't expected to change the course of Kuwait's fiscal agenda which calls for the implementation of economic reform

initiatives, including the gradual lifting of longstanding subsidies and raising international funding for the first time in history, in the wake of recording its first budget deficit in 2016 due to subdued oil prices following nearly two decades of surpluses. One day prior to the announcement of the OPEC production cut agreement, the State of Kuwait sent out a request for proposals (RFP) for its very first sovereign bond issue it plans to debut on or about the first or second calendar quarter of 2017. In similar fashion, it is widely anticipated that Kuwait will also tap the Islamic debt capital market through the issuance of Sukuk; however, no RFP for the same has been sent out to prospective arrangers to date.⁽²⁾

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Developing Islamic finance in Hong Kong at a greater pace enhances its role in AIIB



HONG KONG

By Wilson Yeung

Although Beijing has been recently chosen as the headquarters of the Asian Infrastructure Investment Bank (AIIB), it is strongly believed by the market that Hong Kong would be able to speed up its Islamic finance development in 2017 given its well-facilitated financial platform and readily available legal and tax framework. Therefore Hong Kong will play a significant and unique role in One Belt One Road initiatives, particularly as more sovereign and unprecedented corporate Sukuk issuances are long in the making to strengthen its ties with infrastructure project financings.

The key uncertainties arising from Sukuk transactions are that the arrangement itself operates in the form of equity finance but is in substance similar to debt finance. If the tax consequences of the constituent transactions are determined based on their legal form rather than their economic substance, simply applying the tax laws in the old

days would undermine the economic purpose of the Sukuk transaction giving rise to the effective tax cost of the Sukuk transaction being largely higher than that of a conventional bond financing transaction.

To allow Sukuk to receive the same tax treatment, the Hong Kong government did a great job in 2013 by introducing legislative amendments to the Inland Revenue Ordinance and Stamp Duty Ordinance, thereby ensuring that Sukuk can enjoy the same treatment as traditional debt securities, which essentially involved an exemption from profit tax and property tax and a remission of stamp duty, achieving a level playing field for the development of Sukuk in Hong Kong.

The legal, taxation and regulatory frameworks in Hong Kong are readily available for supporting Sukuk issuance.

The development pace of the Hong Kong Sukuk market will be market-driven, subject to a number of factors including the development of global Sukuk market, investor demand, funding cost, the

availability of different fund-raising channels, etc.

As a mature financial center, Hong Kong is well-positioned to develop as a Sukuk market. The Hong Kong government has proved its commitment to provide the tax and regulatory framework to promote the industry. Hong Kong is already well-placed to serve as a gateway for investors who are interested in Asia, particularly mainland China, by structuring Shariah compliant financial instruments with underlying Asian assets.

During the past decade, emphasis on developing Islamic finance has been included in the Hong Kong government's budget policy several times, especially in the recent three years. It is expected that a more concrete idea and implementation plan will be presented to the public in the upcoming 2017/18 budget in February next year.⁽²⁾

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Busy last quarter for private equity and venture capital



PRIVATE EQUITY & VENTURE CAPITAL

By Osama Audi

The last few months have seen a flurry of private equity and venture capital deals in the Middle East.

Leading Bahrain-based alternative asset manager, Arcapita, announced that it has raised approximately US\$100 million to fund additional acquisitions.

Riyadh-based Jadwa Healthcare Opportunities Fund 2 acquired a stake in United Eastern Medical Services, a UAE-based healthcare provider.

In addition, Abu Dhabi-based private equity firm, Gulf Capital announced the closing of the acquisition of Sporter.com, an online retailer of sport and health supplements as well as the possibility that it may pursue the sale of some of its assets towards the end of 2017 in anticipation of a rebound in regional economies.

Finally, continuing the search for diversification, Bahrain-based Investcorp announced that it had completed the

purchase of a property portfolio in the Boston and Denver metropolitan areas for a reported US\$250 million.

Investors and asset managers in the UAE and Saudi Arabia continued their rapid push into the venture capital space with headline-grabbing deals.

Dubai-based Mohammad Alabbar announced a series of venture capital and e-commerce ventures including the launching of his e-commerce venture noon.com. Noon is building what is billed as the world's largest warehouse adjacent to Al Maktoum Airport in Jebel Ali, Dubai to serve as a platform for its regional growth. In addition, Alabbar announced a US\$1 billion joint venture with the Saudi Public Investment Fund to push further growth in the newly-launched platform.

In Saudi Arabia, Bab Rizq Jameel, signed an agreement with Careem, the MENA-based ride hailing service, to provide training opportunities in Saudi Arabia. Careem was also reported to be closing in on US\$300 million in funding from regional and international venture capital investors.



Finally, e-commerce heavyweight, Amazon.com, is reportedly weighing a bid to acquire a stake in Dubai-based e-commerce platform, Souq.com.☺

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The problems of Takaful Umum and the potential effects on Shariah insurance in Indonesia



TAKAFUL & RE-TAKAFUL

By Marcel Omar Papp

Takaful Umum (TU) from Indonesia, on the 10th November 2016, has stopped writing new risks and is looking for an investor to take over their risk fund, as apparently the Wakalah fee generated is not sufficient to cover their operating costs.

TU was one of the pioneers of the Indonesian Shariah insurance industry having been established in 1994. Until now they are one of the biggest General Takaful players with a contribution income of IDR118 billion (US\$8.87 million) (in 2014) and one of the few fully-fledged Takaful companies in Indonesia. Contrary to most other Shariah insurers in the country, it is not owned by a conventional insurer as both their majority shareholders (Takaful

Malaysia and Takaful Keluarga) are Takaful operators themselves.

This raises the question if TU's problems are caused by being a fully-fledged operator rather than a window as most other Shariah insurers in Indonesia. However, their own sister company, Takaful Keluarga, is doing fine despite of being a fully-fledged operator. Instead, the problems of TU are more company-specific. They highlight the importance of having strong distribution capabilities through close banking partners and/or a good agency network in a widespread country such as Indonesia.

It is now important that the existing policyholders of TU do not experience any negative effects from this recent decision. A solution will have to be found which is equitable, fair and acceptable to them. Otherwise, there



could be a negative effect on the entire Shariah insurance industry in Indonesia as customers may raise some question marks concerning the soundness and future viability of the industry.☺

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Developments in December look promising for the coming year



FINANCIAL INSTITUTIONS AND CORPORATE SUKUK

By Rizwan H Kanji

In Malaysia, which has accounted for approximately 45% of total global Sukuk issuance by value in 2016, Maxis and Gas Malaysia successfully completed transactions, while Maybank set up a Murabahah-based Sukuk program of up to RM10 billion (US\$2.25 billion). The International Islamic Liquidity Management Corporation also reissued its US\$500 million short-term Sukuk, while in Indonesia, BRI Syariah's IDR1 trillion (US\$74.4 million) issuance received a positive response from investors.

In the Middle East, the IDB sold its benchmark US\$1.25 billion five-year Sukuk at a 2.26% profit rate. In the UAE, Etihad Airways priced its significant

benchmark US\$1.5 billion Sukuk issuance at 3.86%, while Abu Dhabi Islamic Bank fully repaid its US\$500 million Sukuk from its own resources. In Kuwait, Warba Bank plans a US\$250 million Tier 1 issuance, while Ahli United Bank listed its US\$200 million Sukuk on NASDAQ Dubai. Saudi Investment Bank also closed a SAR500 million (US\$133.23 million) private Tier 1 placement.

In terms of outlook, Al Baraka Banking Group has indicated plans to issue a Tier 1 capital-boosting Sukuk facility in the first quarter of 2017, while ACWA Power plans to raise up to US\$1 billion via Sukuk, with Moody's Investors Service assigning a provisional long-term 'Baa3' rating. (2)

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Sukuk showers in December brighten up outlook for 2017



SOVEREIGN SUKUK

By Hamed Afzal

As the fiscal year drew to a close, December saw a number of key announcements which suggest a healthy pipeline for the sovereign Sukuk market at the start of 2017. Reuters reported that Kuwait has sent a request for proposals for a potential debut US dollar-denominated sovereign bond issuance; it remains to be seen whether a Sukuk issuance will follow as the Kuwaiti finance minister had previously disclosed the government's intention to use Islamic (as well as conventional) bonds to reduce the sovereign's budget deficit.

Similar announcements were made in North Africa: in Tunisia, the governor of the central bank called for the country to issue a benchmark-sized Sukuk facility to boost the economy, as reported by the Middle East Monitor.

The finance minister of Morocco also, according to Reuters, recently stated that the sovereign will issue its first-ever sovereign Sukuk in the domestic market in the first half of 2017.

The past few weeks have also seen a number of completed transactions, particularly in Asia. On the 8th December, the Malaysian government issued RM1.5 billion (US\$338.34

million)-worth of Sukuk sold at a profit rate of 4.79% and due to mature in 2035.

Autoriti Monetari Brunei Darussalam also, on behalf of the government of Brunei, issued its 140th series of short-term Sukuk for a total amount of BN\$100 million (US\$69.57 million), which priced at 0.56% and will mature in 2017. The government of Bangladesh also issued short-term Islamic investment bonds to the tune of BDT1.67 billion (US\$20.58 million). (2)

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Islamic finance and UN Sustainable Development Goals: A regulatory perspective

The philosophies of profit maximization and consumerism as a means for the pursuit of happiness have failed people. The typical model of economic development has resulted in the collapse of financial markets on more than one occasion, and created a number of externalities. JAMSHAIID ANWAR CHATTHA writes.



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Notably, the recent global financial crisis has posed poignant challenges about the stability and sustainability of the financial system. Therefore, the recurring financial debacles coerce a dire need for an economic model that addresses these global challenges. In the process of exploring possible answers to the challenges, what has remained less explored is the fact that Islamic finance offers basic principles closely in line with the concept of sustainable development (SD) adopted by the UN.

To make a long story short, the UN Sustainable Development Goals (SDGs), replacing the Millennium Development Goals, is a new set of guidelines for the world, which sets priorities and aspirations for 2030 (Table 1) and envisages a revitalized global partnership for SD.

That being said, debates about SD and SDGs have moved center stage in recent years from many perspectives. This article endeavors to address the following questions: “How Islamic finance can help in achieving the SDGs?” and “What are the key considerations for regulators for achieving the SDGs?”.

Islamic finance perspective on sustainable development – natural alliance

The principles of Islamic economy – with features of social altruism – offer a just and fair socioeconomic system where there is a strong commitment toward the well-being of human society. From its fusion of economic and moral principles, Islam advocates a sustainable model of development.

Table 1: Sustainable development goals and Islamic finance

UN Sustainable Development Goals
* Goal 1. End poverty in all its forms everywhere
* Goal 2. End hunger, achieve food security
* Goal 3. Ensure healthy lives and promote well-being for all at all ages
* Goal 4. Ensure inclusive and equitable quality education ...
* Goal 5. Achieve gender equality and empower all women and girls
* Goal 6. Ensure availability and sustainable management of water and sanitation for all
* Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all
* Goal 8. Promote sustained, inclusive and sustainable economic growth, ...
* Goal 9. Build resilient infrastructure...,
* Goal 10. Reduce inequality within and among countries
* Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable
* Goal 12. Ensure sustainable consumption and production patterns
* Goal 13. Take urgent action to combat climate change and its impacts
* Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development
* Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
* Goal 16. Promote peaceful and inclusive societies for SD, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
* Goal 17. Strengthen the means of implementation and revitalize the global partnership for SD

Source: <https://sustainabledevelopment.un.org/sdgs>

Right from the advent of Islam, the unfeigned significance of the economy has been emphasized by Prophet Muhammad (s.a.w.) whose first profession was trade and commerce. In order to ensure a broad-based sustainable economic growth, Islam has put in place certain mechanisms such as the mandatory payment of Zakat and the voluntary payment of Sadaqat, the creation of Waqf and the prohibition of Riba and Gharar. These measures in totality are sufficient for poverty alleviation and the creation of a sustainable society which ultimately ensures SD.

SD is not a new concept to Muslim economists. Islamic economics has

medieval roots including an immense literature from Muslim scholars such as Al-Ghazali and Ibn-Khaldun. In his work, Al-Ghazālī refers to the protection of five purposes or essential elements to promote the well-being of all mankind: religion (Al-Deen), life (Al-Nafs), progeny (Al-Nasl), intellect (Al-Aql) and property (Al-Maal). Further, according to Ibn Khaldun’s multidisciplinary theory, promulgated more than 600 years ago, immorality, and injustice are indicators of unsustainable development which caused the fall of the nations. The intellectual legacy of Ibn Khaldun is unique among Muslim thought, and very relevant in the modern context. Ibn Khaldun’s Muqaddimah was the first work which promulgated the economic

Continued

theories put forward by Adam Smith in his Wealth of Nations publication.

There are over hundred verses in the Quran covering economic justice, equality and equal distribution of wealth. For instance, Quranic verse 7:31 reflects the very basic concept of SD: “Eat and drink, but waste not by excess, for Allah loves not the wasters.”

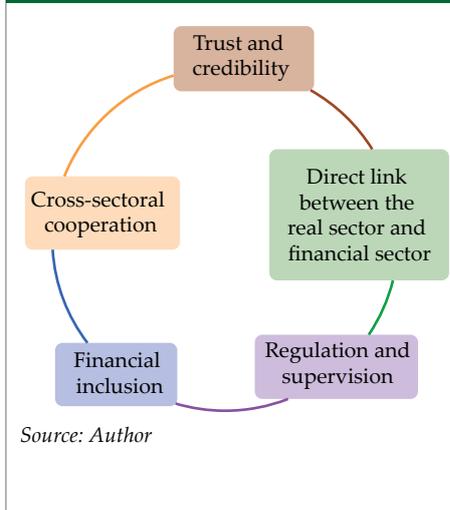
Actually, sustainability and Islamic finance represents a natural alliance. Given its emphasis on justice and risk-sharing, direct linkages between finance and the real economy, partnership-based and equity-focused approaches and the avoidance of excessive speculation and leverage, Islamic finance emphasizes the full integration of finance with the real economy and helps the financial services sector to achieve greater stability and a sustainable growth trajectory.

In my view, greater reliance on the principles underlying Islamic finance will improve financial sector stability, which in turn, helps in promoting resilience, increasing social sustainability and facilitating sustainable infrastructure development. A similar view is reflected in the recent G20 and OECD report (July 2016), and this is already being translated into a reality, for example in 2014, the International Finance Facility for Immunization, for which the World Bank acted as treasury manager, launched a US\$500 million Sukūk facility, the proceeds of which were used to finance projects for the Global Alliance for Vaccines and Immunization.

SDGs being addressed by Islamic finance

Major areas to which Islamic finance can contribute are ending poverty (SDG-1), achieving food security (SDG-2), ensuring healthy lives (SDG-3), achieving gender equality (SDG-5), economic growth (SGD-8) and promoting a peaceful and inclusive society (SDG-16). Additionally, innovative Islamic financial instruments such as Sukuk can be used to mobilize resources to finance water and sanitation projects (SDG-6), sustainable and affordable energy (SDG-7) and build resilient infrastructure (SDG-9) and shelter (SDG-11). Islamic philanthropy programs such as Zakat (alms), Sadaqat (charity) and Wakaf (donation) have played a vital role in social protection

Figure 2: Key considerations for regulators



Source: Author

and alleviating poverty in a dignified manner and have led to wider social and financial inclusion. These are in line with, and, are able, to support the SDGs.

Roadmap to achieve the SDGs with Islamic finance: Key regulatory considerations

There are five ways through which Islamic finance could support efforts to achieve SDGs.

1. Trust and credibility of Islamic finance products. Foremost, there is a fundamental need to build trust and credibility of Islamic finance products which are based on contracts. One way is the standardization and enforcement of contracts that would be critical in achieving sustainable growth and financial stability. With sustainable and credible Islamic economy, the goals of SDGs can be realized. From a supervisory point of view, minimum regulation to enforce contracts and adequate commitment to the implementation of relevant standards are strongly desired.

It is no surprise or arbitrary that the longest verse in the longest Surah of the Quran (282: Al Baqarah), known as the verse of debt (Ayat Al Dayn), speaks about financial transactions, the rights of the debtor, the approach of the creditor, justice and equity, documentation, witness and evidence, fear of Allah (s.a.w) and being conscious of Him.

To underscore the importance of the contracts in the modern era, we saw a Nobel Prize for 2016 awarded jointly to Oliver Hart and Bengt Holmström “for their contributions to contract theory”. While the new theoretical tools created by Hart and Holmström are valuable to the understanding of real-life contracts and institutions, as well as potential pitfalls in contract design, their significance has been outlined 1,400 years ago by Islam and Islamic finance is built of these contracts.

2. Direct link between the real sector and the financial sector. So how do we ensure direct links? The empirical evidence from the Islamic banking industry points to debt-financing being the most dominant form of financing compared to risk-sharing modes of financing (Musharakah and/or Mudarabah). This makes the promotion of risk-sharing modes of financing quite challenging. Risk-sharing modes of financing are no doubt one of the essential distinctive qualities of Islamic finance.

In the case of equity-like financing, the following measures, if applied, have the potential to ensure a direct link between the real sector and the financial sector. These measures include: (a) enforcing sector-wide limits for risk-sharing modes of financing and adjustments in risk weights (RWs) and collaterals; (b) encouraging Islamic banks to participate in and develop equity-like financing structures and ensuring banks have in place appropriate strategies, balance sheet management tools, and risk management techniques; and (c) ensuring that certain factors (such as taxation) relating to the legal and regulatory environment will not affect risk-sharing modes of financing in the jurisdiction. ☺



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

Islamic finance can aid in reviving the Syrian economy post-war

According to GABRIEL OUSSI, it is necessary to define Islamic finance in order to introduce this article correctly and most of the jurisconsults and lawmakers have defined the Islamic finance as follows.



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The Islamic vision of socioeconomic justice is based on abolishing interest and all other exploitative elements from the economic sphere. The Islamic financial system facilitates lending, borrowing and investment functions on a risk-sharing basis. This allows market forces to determine the productivity of capital rather than fixing it in priori as an 'interest rate' to sabotage the free market mechanism and encourage speculative use and hoarding of capital.

The Islamic financial system ensures the optimal rate of capital formulation and its efficient utilization leading to a sustainable economic growth and fair opportunities for all. It is a value-based system that primarily aims at ensuring the moral and material wellbeing of the individual and society as a whole.

As a result of the economic development in the Syrian Arab Republic before 2011, it was a must to have openness toward all economic trends for the sake of attracting investments into Syria. One of these trends was Islamic financing. To keep abreast of this development, it was necessary to issue the necessary legislations for this purpose.

One such legislation was the Legislative Decree No. 35 of 2005 dated 02/05/2005AD, purporting to establish Islamic banks. This decree has defined Islamic banks as the banks of which the contract of establishing them and their bylaw include a commitment not to practice permissible banking activities on an interest basis, taking or giving, and in accordance with banking procedures which do not contradict with the provisions of Islamic Shariah either in accepting deposits and providing other banking services or in the field of financing or investment. This decree also provides for the forming of a legal

authority of a limited number of scholars of Shariah, fiqh (jurisprudence) and law to be appointed by the general assembly of the Islamic bank shareholders, the purpose of which is to carry out the legal control over the activities of the bank and its contracts to ensure its compliance with the provisions of Islamic Shariah.

The entry of Syria into the Islamic banking club is one of the most recent developments of the Islamic banking world. The Syrian parliament approved Islamic banking laws in 2005. By the end of 2006, the Syrian government permitted three Islamic banks, namely, Al-Sham Bank, Saudi Arabia's Dalat Al-Baraka Bank and Syrian International Islamic Bank to launch their operations in the country whereas six applications for establishing Islamic banks were under its consideration.

As for Islamic insurance companies where the first appearance of an Islamic insurance company was in 2007, a report issued by the supervisory bureau in 2008 showed that the share of the Islamic insurance company is 0.19% of the total insurance market. This was mainly due to the poor education about Takaful mainly among the people requesting insurance services and the insurance company's employees. It seems that there is a big relation between insurance marketing and insurance education which aims to spread Takaful education completely differing from commercial insurance that mainly seeks profit.

Moreover, three Takaful companies, namely Aqeelah Insurance Company, Al-Nour Insurance Company and Syrian-Qatari Company, are planning to launch their operations after applying for their licenses from the Syrian Insurance Supervisory Committee. Al-Qatar Islamic Insurance Company plans to establish its subsidiary in Syria. The Syrian International Islamic Bank, along with its Qatari partners, has applied to launch one Takaful company in Syria. Islamic financial institutions and investors from the Middle East are underwriting

share capital of new Islamic banks and Takaful companies in the country. Islamic banking and finance institutions may help in integrating the Syrian financial market with mainstream Islamic banking and finance systems which are rapidly growing across the Middle East region.

After almost six years of war in Syria against the IS and other terrorists, almost 80% of the infrastructure in Syria have been destroyed completely, and the provision of aid is essential to defeat IS. Ending the conflict is key to ending the war in the country.

It is very clear that in order to rebuild Syria, the main following steps should be taken: supporting state-building of infrastructure, reviving the legitimate economy and increasing the presence of international non-governmental organizations.

It is well known that the main sources of revenue and employment before the war began – agriculture, the public sector, small-scale industry and tourism – had shrunk dramatically.

And in order to revive the Syrian economy, Syrian investors should start to come back to the country and pump in capital to invest according to Islamic finance systems. If this happens, major positive changes are going to occur in the economic sector which will require peace and stability in addition to education and training on how to act.

It is important to encourage the Islamic financing systems to take part in rebuilding Syria by promoting the growth and stability of the Islamic finance industry, cooperating with Islamic banks as well as with national and multilateral development finance institutes.

The success or failure of Islamic finance in Syria depends on several factors but the main one is to end the war so that Syrian investors can come back to Syria and start investing Islamically.⁽²⁾

Robust rating prospects for Islamic finance into the next decade

Growth prospects for Islamic finance are strong, as the Islamic banking sector continues to show higher growth. CHRISTIAN DE GUZMAN, SIMON CHEN and NITISH BHOJNAGARWALA opine that this trend should continue well into the next decade.



Christian de Guzman is the vice-president and senior credit officer for Moody's Investors Service's Sovereign Risk Group; Simon Chen is the vice-president and senior officer for Moody's Investors Service's Financial Institutions Group; and Nitish Bhojnagarwala is an assistant vice-president and analyst for Moody's Investors Service's Financial Institutions Group. They can be contacted at Christian.Deguzman@moodys.com, Simon.Chen@moodys.com and Nitish.Bhojnagarwala@moodys.com respectively.

Overall, growth is driven firstly by the persistent efforts of government agencies and central banks to put in place supportive legislation for the industry, and secondly, retail customer demand.

An example of recent growth in the Islamic banking sector is Oman. Over the last three years, the sector has gone from zero to an aggregate of around 10% of Oman's banking system financing assets as of June 2016 compared to Indonesia and Turkey, which have both taken over two decades to reach around 5% of banking system financing assets. Nevertheless, the governments of Indonesia and Turkey have taken initiatives to boost growth in the sector over the next 10 years.

In fact, countries in which the penetration of Islamic banking assets remains relatively low – at between 5% and 10% of Islamic financing assets – should see further growth in their Islamic finance sector.

As for Islamic banks in particular, the liquidity coverage ratios (LCRs) of such banks in key Asian and GCC countries

highlight sound liquidity profiles and broad compliance with Basel III regulatory requirements.

However, when compared to conventional peers, Islamic banks in some jurisdictions clearly face a shortage of Shariah compliant high-quality liquid assets (HQLAs), putting them at a disadvantage.

“ Looking ahead, funding for Islamic banks will continue to benefit from the expansion of their retail businesses ”

In particular, the limited availability of HQLAs means that large, low-yielding buffers of cash or bills are commonly held, posing a persistent profitability challenge for Islamic banks in most GCC countries when compared to the situation for their counterparts in Malaysia, Indonesia and Qatar, where the sovereigns are supportive of the industry through the frequent issuance of Sukuk.

Looking ahead, funding for Islamic banks will continue to benefit from the expansion of their retail businesses, while the development of domestic Sukuk markets will improve the banks' access to HQLAs, further bolstering their LCRs.

As for new Sukuk issuance, the outlook for volumes in 2017 is promising, with issuance likely from sovereigns, banks and corporates in the Gulf, as regional financing needs increase, amid historically lower oil prices.

Sovereign Sukuk issuance in particular

will be stable, as Malaysia, Indonesia and Turkey continue to regularly issue long-term sovereign Sukuk, while Gulf countries have favored conventional debt structures to finance their deficit. In general, the GCC sovereign Sukuk market remains dominated by Qatar, the region's most active and regular issuer of long-term sovereign Sukuk.

The choice between conventional and Islamic issuance depends on the investor base. Malaysia has already developed a deep and mature Islamic finance market, while Indonesia has been the most regular issuer of sovereign Sukuk in international markets.

In the GCC, deposit growth – and therefore liquidity levels – has been higher among Islamic banks than conventional banks, but GCC financial institutions are constrained by the scarcity of highly rated Shariah compliant assets, including sovereign Sukuk.

Sub-Saharan African (SSA) sovereigns are continuing to ramp up issuance. Senegal and Côte d'Ivoire are among a handful of new sovereign Sukuk issuers, while Nigeria is stepping up volumes. SSA sovereign Sukuk issuance is likely to remain active, as governments set up regulatory frameworks for a retail Islamic banking sector and test the market's appetite.⁽²⁾

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DEALS

DMO working on debut Sukuk

NIGERIA: Debt Management Office (DMO) has announced in a public notice that the country is seeking for advisers and trustee firms to organize and manage its debut sovereign Sukuk. This initiative comes as an effort to establish funding and reduce budget deficits. The DMO also stated that the bids are to be submitted by the 9th January 2017.☺

CBB issues Sukuk Ijarah

BAHRAIN: The December issue of short-term Sukuk Ijarah facility worth BHD26 million (US\$68.47 million) by the Central Bank of Bahrain (CBB) has been fully subscribed. According to a statement, the expected return on the issue, which begins on the 15th December 2016 and matures on the 15th June 2017, is 2.25%.

The CBB's monthly Sukuk Salam issuance worth BHD43 million (US\$112.37 million) has also been fully subscribed. Maturing on the 22nd March 2017, the expected return for the 91-day paper is 2.05%.☺

Maybank establishes Sukuk program

MALAYSIA: Maybank has established a Sukuk program of up to RM10 billion (US\$2.25 billion) in nominal value for the issuance of senior Sukuk and/or subordinated Sukuk under the principle of Murabahah (via Tawarruq arrangement), according to a bourse filing. RAM Ratings has assigned the program a long-term rating of 'AAA' for issuances of senior Sukuk Murabahah and 'AA1' for issuances of subordinated Sukuk Murabahah, which will qualify as Tier 2 capital.

Maybank Investment Bank is the principal adviser, lead arranger, lead manager and bookrunner for the Sukuk

program while Maybank Islamic is the Shariah adviser. The Sukuk will be used to fund Maybank's investments in ringgit and foreign currency-denominated Islamic financial instruments and its subsidiaries and overseas branches' Islamic business activities as well as other Shariah compliant activities.☺

Kuwaiti corporate Sukuk in the pipeline

KUWAIT: The Kuwaiti Capital Markets Authority (CMA) is considering granting final approval to US\$2 billion-worth of Sukuk and bonds applications by Kuwait firms, said CMA's chairman, Nayef al-Hajraf, who, however, did not specify whether the issues would be in foreign or local currency, reported Reuters. Since the new rules covering debt sales were introduced in 2015, bond issuances approved by the CMA totaled US\$4 billion, while Sukuk offerings reached US\$700 million. The authority is also working on creating a regulation for a secondary market to trade bonds and Sukuk.

It has also been reported that the National Bank of Kuwait (NBK) and KAMCO, an investment firm, have been invited by the Public Debt Office to participate in a Kuwaiti sovereign bond issuance. According to Reuters, the government plans to issue US dollar-denominated bonds amounting to US\$10 billion, both conventional and Sukuk, to reduce deficits for the fiscal year ending on the 31st March 2017.☺

Regulators to approve Warba's Sukuk

KUWAIT: Warba Bank is in the process of securing regulatory approvals from regulators for the issuance of Sukuk Mudarabah of up to US\$250 million with an unlimited duration, according to Mubasher Info. The Sukuk, to be offered in Kuwait, will qualify as the additional Tier 1 capital and support the bank's

capital base as per Basel III's capital adequacy ratio requirements.

Reuters reported that the Islamic bank has selected nine banks to arrange and manage the Tier 1 capital Sukuk offering worth up to US\$250 million. The banks appointed are Ajman Bank, Bank ABC, Emirates NBD, Standard Chartered, Abu Dhabi Islamic Bank, KAMCO Investment Company, Kuwait Finance House, Noor Bank and the investment arm of Warba Bank.☺

EQUATE's Sukuk program rated

KUWAIT: EQUATE Petrochemical Co's US\$2 billion trust certificate issuance program (Sukuk program), which will be issued via Dubai-based SPV, EQUATE Sukuk SPC, has been assigned a provisional '(P)Baa2' rating with a stable outlook by Moody's, according to a statement. The assigned rating is at the same level as the senior unsecured issuer rating of EQUATE ('Baa2/Stable'). The Kuwait Olefins Company, EQUATE's sister company, has, through the Master Trust Deed, unconditionally and irrevocably guaranteed the payment and performance obligations of EQUATE that are stipulated in the relevant program transaction document.☺

DP World Sukuk distributes profit

UAE: DP World Sukuk announced in a press release that its periodic profit distribution for its US\$1.5 billion 6.25% trust certificates due 2017 is confirmed. A coupon worth US\$46.88 million was distributed to trust certificate holders on the 3rd January 2017.☺

Possible Saudi Sukuk sale in first quarter

SAUDI ARABIA: Saudi Arabia has discussed with banks on the possible sale of Sukuk in the first quarter of 2017

DEAL TRACKER

Full Deal Tracker on page 35

EXPECTED DATE	COMPANY'S NAME	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Sabana Reit	US\$55.24 million	Sukuk	27 th December 2016
TBA	Kingdom of Saudi Arabia	TBA	Sukuk	28 th December 2016
22 nd March 2017	Central Bank of Bahrain	US\$112.37 million	Sukuk Salam	21 st December 2016
First quarter of 2017	Warba Bank	US\$250 million	Sukuk	20 th December 2016
TBA	Nigeria Debt Management Office	TBA	Sukuk	19 th December 2016
TBA	EQUATE Petrochemical Co	US\$2 billion	Sukuk	16 th December 2016

in a bid to reduce its budget deficit, Bloomberg has reported. The prospective Sukuk would carry different tenors from the Kingdom's 10 and 30-year bond sale in October, and could include tenors of seven and 16 years. No definitive size or timing on the deal has been decided yet. (f)

Sabana REIT plans to reduce Sukuk price

SINGAPORE: Sabana REIT has announced that it will be adjusting the conversion price of its SG\$80 million (US\$55.24 million) principle amount of 4.5% convertible Sukuk due 2017 if the planned SG\$80.2 million (US\$55.38 million) rights issue is completed, as

reported by Business Times. The conversion would be from SG\$1.0131(70 US cents) to 86.28 Singapore cents (60 US cents) per unit and the rights units, which are expected to be issued on the 25th January 2017, will be issued at 25.8 Singapore cents (17.82 US cents) per rights unit. (f)

SBP declares sovereign Sukuk coupon rate

PAKISTAN: The State Bank of Pakistan (SBP) has declared the sixth rental coupon rate for the three-year government of Pakistan Sukuk Ijarah, according to Associated Press of Pakistan. The rate is 3.98% and may be adjusted on the basis of the difference

between estimated supplementary rental and actual maintenance expenses of the underlying assets. The supplementary rental for the sixth rental period is PKR25.62 million (US\$240,942). (f)

Fatima Fertilizer's Sukuk IPO up for subscription

PAKISTAN: Meezan Bank has announced in a statement that it is offering a subscription for Fatima Fertilizer's IPO of rated, listed and secured Sukuk. The Sukuk is priced at the face value of PKR5,000 (US\$47.03) per certificate and the minimum subscription amount is also PKR5,000. (f)

AFRICA

New Islamic banks to open in Morocco

MOROCCO: The central bank of Morocco has approved the applications of five new Islamic banks to open and three French banks to initiate Islamic products in the country, according to Reuters. This comes in the wake of the new regulations and initiatives of the government to increase financial liquidity and foreign investors. (f)

PBZ inks deal with ICSFS

TANZANIA: The People's Bank of Zanzibar (PBZ) has signed a deal with ICS Financial Systems (ICSFS) to initiate the vendor's ICS Banks platform. The implementation starts in January 2017 and the platform will host PBZ's conventional and Islamic banking facilities. (f)

ITFC to support African countries

EGYPT: The Egyptian industry and trade ministry is looking to cooperating with the International Islamic Trade Finance Corporation (ITFC) to prepare an integrated strategy to develop its export sector, said its minister, Tarek Kabil, as reported by Daily News Egypt.

Responding to the initiative, the CEO of the ITFC Hani Sonbol, has said that its Cairo branch will soon communicate with the ministry in order to understand the requirements needed for a joint work plan implemented according to a specific timeline.

The ITFC has also pledged US\$875 million to support Burkina Faso's National Program for Economic and Social

Development (PNDES). According to a statement, the recent commitment represents a significant portion of the IDB Group's total pledge of US\$1.3 billion. (f)

CAN wants government to withdraw from IILM

NIGERIA: Christian Association of Nigeria (CAN) is demanding the government to withdraw from International Islamic Liquidity Management Corporation (IILM) on the basis that the constitution does not allow the country to adopt any religion as state religion and therefore should not join any religious institutions. This came in the wake of the appointment of the governor of Central Bank of Nigeria, Godwin Emefiele, as the chairman of IILM. (f)

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ASIA

BI targets Islamic schools to spur Islamic finance

INDONESIA: Bank Indonesia (BI) will be working with the nation's 27,000 Islamic boarding schools, or locally-known as pesantren, in a bid to drive its Islamic finance industry, according to Nikkei Asian Review. The central bank, in collaboration with the Religious Affairs Ministry, intends to assist the business units of pesantren to become financially independent, in a Shariah compliant manner, as well as introduce Islamic finance education as part of the schools extracurricular module. BI is currently finalizing a roadmap for this program which it intends to implement early 2017; plans for the program have been in the works since 2014. To involve universities and Islamic banks, the program, if successful, would be replicated nationwide.☺

Bankers request

multicurrency Sukuk for CPEC

PAKISTAN: China Pakistan Economic Corridor (CPEC) presents compelling Islamic finance opportunities for Pakistan and Islamic finance practitioners are calling for the issuance of multicurrency Sukuk to fund these infrastructure projects, allowing Pakistani and Chinese investors to hedge potential foreign currency risk, according to industry experts at a recent roundtable held by the IBA Center for Excellence in Islamic Finance.☺

BRI Syariah to receive capital injection

INDONESIA: Bank Rakyat Indonesia (BRI) will respectively inject IDR500 billion (US\$37.32 million) into its Islamic banking arm, BRI Syariah, and its financing subsidiary, BRI Multifinance, this year, according to Antaranews.com. BRI has increased its 2017 capital expenditure by 11%, allocating IDR5 trillion (US\$373.16 million) to enhance its IT infrastructure and IDR4 trillion (US\$298.53 million) for its subsidiary companies and prospective acquisitions.☺

Meezan Bank to launch digital platform

PAKISTAN: Meezan Bank has partnered with Inov8 to develop the latter's FalconPay Payment's digital

ecosystem powered by MasterCard's digital wallet solution, Masterpass. The Islamic bank said in a statement that the partnership is aimed at building a platform for customers to use its services on-the-go, with online purchases and bookings. Meezan Bank will be the first bank in Pakistan to allow linking of customers' accounts to that of FalconPay Payments.☺

BPDS plans rights issue

INDONESIA: Bank Panin Dubai Syariah (BPDS) is continuing with its plan to raise at least IDR1 trillion (US\$75.2 million) through a rights issue in 2017, subject to shareholder approval, according to Kontan.co.id. The Islamic bank previously intended to conduct the rights issue this year but postponed its plan on the direction of its shareholders.☺

Excellent grade for Indonesian banking sector

INDONESIA: The Basel Committee on Banking Supervision (BCBS) has awarded the Indonesian banking sector a 'compliant' (C) grade on its Liquidity Coverage Ratio regulations while and a 'largely compliant' (LC) grade on the Republic's capital framework, one-notch below the highest grade C, demonstrating a consistency in the country's banking regulations, which have complied with the prevailing international banking standards.

According to a statement by Otoritas Jasa Keuangan, these grades are expected to increase public trust in the country's banking operation. The Regulatory Consistency Assessment Program is conducted on all BCBS member countries (28 jurisdictions), including Indonesia, to see whether the banking regulations issued by a country's authority are consistent with BCBS international banking standards.☺

ICD and Perbadanan TAIB to set up Islamic bank

BRUNEI: The Islamic Corporation for the Development of the Private Sector (ICD) and Perbadanan Tabung Amanah Islam Brunei (Perbadanan TAIB) have signed an MoU to explore the establishment of an Islamic banking subsidiary in Brunei, according to a statement. Perbadanan TAIB is a statutory body operating as a savings institution for the Hajj pilgrim, mass market depositors and offers simple Shariah compliant financing products.☺

Islamic finance plans bring mixed reactions

INDIA: Ventures into Islamic finance have stalled as the Indian government mulls over the plan, according. Although a plan was well underway to introduce the country to the Islamic finance market, the proposal was rejected by the Indian finance ministry in December 2016 saying that Islamic banking was "not relevant" anymore in achieving the objectives of financial inclusion as the government had already introduced other programs for all citizens toward that end.☺

Islamic facilities make up 42% of HDFC applications

MALDIVES: About 42% of applications made to the Housing Development Finance Corporation (HDFC) are for Shariah compliant facilities, according to IFN Correspondent Aishath Muneeza. Approximately 49% of all applications are in 2016 were received by HDFC Amna, an Islamic financing facility arm of HFDC, including 7% of applications for the social housing category.☺

MBSB to commence merger talks with AFB

MALAYSIA: Bank Negara Malaysia (BNM) has announced that it has no objections with the proposed merger discussions between Malaysia Building Society (MBSB) and Asian Finance Bank Berhad (AFB). The negotiations are expected to be completed in six months from the 21st December 2016.☺

SGX's gold product certified compliant

SINGAPORE: Singapore Stock Exchange (SGX)'s Kilobar Gold Contract has been certified as Shariah compliant by Amanie Advisors, it confirmed in a statement adding that the product is the world's first Islamic gold futures.☺

Meezan Bank collaborates with Al Sadiq Consulting

PAKISTAN: Meezan Bank has signed an MoU with Al Sadiq Consulting, a China-based Islamic finance consulting company, to explore opportunities for Islamic finance in the China-Pakistan Economic Corridor. The agreement, Meezan said in a statement, focuses on the ever-increasing economic participation between Pakistan and China and the opportunities that may be

derived from improved Islamic banking channels between the two countries. (f)

Taqwa Bank announces new schemes

INDIA: Taqwa Credit Cooperative Society has introduced six new Shariah compliant schemes, according to Bhatkallys News. The schemes include internet banking and SMS alerts services, Bangalore Commercial and Residential Project, Taqwa Mutual Funds, Smart

Cash Account, Fixed Deposit Account and Ghina Fixed Deposit Account. (f)

Kapital Boost's structure receives Shariah compliance

SINGAPORE: Islamic SME crowdfunding platform Kapital Boost has been certified Shariah compliant by the Financial Advisory & Consultancy, according to a statement. The trade-based financing Murabahah structure helps SMEs meet their short-term needs for asset purchase. (f)

EUROPE

Islamic blockchain research underway

LUXEMBOURG: EETHIQ Advisors have announced a strategic partnership with University of Luxembourg's SnT Interdisciplinary Centre for Security, Reliability and Trust, to form a joint research program on blockchain technology and smart contracts for ethical and Islamic finance. (f)

GLOBAL

NASDAQ Dubai signs MoU with ASE

GLOBAL: NASDAQ Dubai and Amman Stock Exchange (ASE) have signed an MoU on the 15th December 2016 as an effort to increase prospective cooperation. According to a press statement, the aim for this MoU, among others, is to facilitate collaboration in terms of knowledge and expertise transfer, possible partnerships through dual listings and a plausible work agreement between both organizations. (f)

Iran and Russia to form joint Islamic bank

GLOBAL: Iranian and Russian banks are exploring the mechanism of setting up a joint Islamic bank, however no decision has been made yet, said Russian energy minister Alexander Novak, as reported by Tassnim News Agency. According to Novak, financial payments between the two countries tripled in 2016 while trade turnover between Tehran and Moscow increased by almost 80%. (f)

IFSB admits new members

GLOBAL: The IFSB confirmed in a statement that it has admitted seven organizations as members. The central banks of Iraq and Mauritania have joined the IFSB as full members; the Capital Markets Authority of Kenya, Turkish Undersecretariat of Treasury and the Regional Council for Public Savings and Financial Markets of the West African Monetary Union as associate members; and Somalia's Dahabshil Bank International and Turkish Capital Markets Association as observer members.

The IFSB also confirmed that it has appointed Dr Valiollah Seif, the governor of the Central Bank of Iran, as chairman

taking over from the governor of the Central Bank of Egypt, Tarek Amer. Fazle Kabir, the governor of Bangladesh Bank, has been named deputy chairman. All appointments are effective from the 1st January 2017. (f)

IFSB translates IFSB-1 into French

GLOBAL: The IFSB has released its first French translated publication, the Guiding Principles of Risk Management for Institutions (other than insurance institutions) Offering Islamic Financial Services or IFSB-1, it said in a statement. The IFSB currently publishes its standards and guiding principles in English and Arabic and the translation into French is part of the IFSB's Strategic Performance Plan 2016-18, reflecting the demand from IFSB French-speaking member organizations. (f)

IDB and Azerbaijan collaborate

GLOBAL: The IDB and Azerbaijan International Development Agency have signed the Protocol of Intentions on cooperation and interaction within the framework of South-South Program, aiming at cooperation, exchange of experience and knowledge as well as organization of seminars and trainings, according to ABC.az.

Separately, the Islamic Corporation for the Development of the Private Sector, whose portfolio in Azerbaijan worth US\$130 million, held talks with the State Housing Agency to participate in the construction of social housing. (f)

IFSB adopts TN-2

GLOBAL: The adoption of a new Technical Note on Stress Testing for Institutions Offering Islamic Financial Services (TN-2), aiming to provide regulatory and supervisory authorities

and market players of the Islamic banking industry with the appropriate technical guidance to develop, conduct and assess stress tests, has been approved by the Council of the IFSB, according to a statement. (f)

Qinvest inks agreement with Maceen Capital

GLOBAL: Qinvest, an Islamic investment bank in Qatar, has signed a strategic distribution agreement with Maceen Capital, a joint stock investment organization in Saudi Arabia. Under this agreement, Maceen Capital's clients and new qualified investors will have direct access to Qinvest's asset management and advisory platform. This would give them the opportunity to take part in local and international markets. (f)

Sabana REIT talks business with SDH

GLOBAL: Singapore's Sabana REIT has met China's Sizhuan Development (SDH) to discuss prospective partnership opportunities, according to a press release. Both organizations have spoken on the interest of Chinese investors in tapping into the Islamic finance market in the countries that are in the path of the Silk Road initiative. (f)

Shuaa Capital acquires stake in KHCB

GLOBAL: UAE-based Shuaa Capital has acquired a 14.01% stake (147.12 million shares) in Bahrain's Shariah compliant Khaleeji Commercial Bank (KHCB), confirmed the latter's parent GFH in a statement. (f)

QIIB focuses on Moroccan operation

GLOBAL: Qatar International Islamic Bank (QIIB) will be focusing fully on setting up its operations in Morocco and

has no other overseas investment plans, said its deputy CEO, Jamal Abdullah Al Jamal, reported The Peninsula. The Moroccan project, which is expected to begin operations by early next year, is still subject to approvals from concerned local authorities, including Bank Al-Maghrib. QIIB in December last year entered into an agreement with CIH Bank to set up a bank in Morocco, with QIIB taking a 40% stakes in the new bank. (2)

SC and OCIS announce visiting fellowship program

GLOBAL: Securities Commission of Malaysia (SC) and Oxford Center for Islamic Studies (OCIS) have opened applications for the sixth Visiting Fellowship under the Scholar in Residence Program for 2017; applications will be accepted until the 20th January. This program aims to research and develop relevant areas of Islamic finance,

especially Islamic capital markets. The selected scholar will take up residence in Oxford commencing October 2017 for the academic year 2017/18, to conduct research relating to the development of Islamic finance on a topic of contemporary relevance to this field, and to participate in a range of academic activities at OCIS. (2)

MIDDLE EAST

StanChart launches new Islamic account

UAE: Standard Chartered Bank has launched the Saadiq Savings Accounts, an Islamic savings facility, on the 18th December 2016. The bank said in a statement that the account caters to the daily banking needs of its institutional and corporate clients and acts as a means to acquire revenue in compliance with Shariah. (2)

KFH launches new initiatives

KUWAIT: Kuwait Finance House (KFH) in a statement announced the commencement of their latest initiative, ATM Systems for the Blinds. It comprises of 10 fully monitored ATMs designed for the blind, and is installed in various parts of the country as an effort to reach out to customers' special needs. Specifications of the system include voice recognition and Braille typing facilities.

The Islamic has also established a Shariah Audit Program for the group level including staff from Turkey, Bahrain, Malaysia and Kuwait. According to a media release, the program aspires to increase and exchange knowledge and expertise among staff, with a focus on the significance of Shariah in the management of Islamic finance, banking, goals and visions. (2)

MoF signs an MoU with DIEDC

UAE: The Ministry of Finance (MoF) has signed an MoU with Dubai Islamic Economy Development Center (DIEDC), according to a press release. This initiative is targeted to build and enhance experience and information sharing among both institutions in line with the Dubai the Capital of Islamic Economy 2017-21 plan, which DIEDC

intends to align with UAE Vision 2021 and Dubai Plan 2021 among others. (2)

ITFC to pilot SME program in Saudi

SAUDI ARABIA: The International Islamic Trade Finance Corporation (ITFC) confirmed in a statement that it has signed an engagement agreement with the Catalyst Group on the 14th December 2016 to initiate an SME trade development program in Saudi Arabia. In line with Saudi's Vision 2030 SMEs Trade Development Program, this agreement is expected to enhance SME awareness and ventures in the country and eventually in other countries in the region as well. (2)

Alizz Islamic Bank expands operations

OMAN: Alizz Islamic Bank has opened its fourth branch in the Muscat Sultanate, making it the seventh in the country, according to Times of Oman. Located in Athaiba, the bank aspires to cater to the increasing clientele on banking services; and provide accessibility and comfort to the people of the region. The bank has also recently launched an SME banking service, focusing on businesses more than three years old and in need of immediate assistance, according to Gulf Base. (2)

Iraqi Islamic banks to list shares

IRAQ: The Central Bank of Iraq (CBI) has issued instructions to banks — both Islamic and conventional — to list their shares on the stock exchange market 30 days from the 14th December 2016 or risk losing access to the forex market. The regulator said in a statement that this measure is to enhance domestic and foreign investments into the country. The Islamic banks requested to comply are Al Bilad Bank, Al Huda Bank, Cihan

Bank, Iraqi Islamic Bank, South Islamic Bank and Zain Iraq Islamic. (2)

CMA awards Investment license to Gulf Bank

KUWAIT: Gulf Bank, which offers Shariah compliant financial services, has announced that it is the first bank in the country to obtain an investment license from the Capital Market Authority (CMA). The license, which is valid for three years from the date of issuance, will allow the bank to manage portfolios and act as custodian, investment controller and subscription agent among others. (2)

MEAHCO signs agreement with SAMBA

SAUDI ARABIA: Middle East Healthcare Co (MEAHCO) has signed an Islamic financing agreement with SAMBA Financial Group, according to a bourse filing. The SAR300 million (US\$79.92 million) facility will be used to fund the development of MEAHCO's Saudi German Hospital. (2)

Masraf Rayan announces suspension of ARB

QATAR: Masraf Al Rayan has announced the shutdown of its brokerage window, Al Rayan Financial Brokerage Company (ARB), and its license issued by the Qatar Financial Markets Authority, according to a bourse filing. The last trading date will be the 12th January 2017. The company did not provide a reason for the termination. (2)

Trio merger anticipated

QATAR: Barwa Bank, Masraf Al Rayan and International Bank of Qatar (IBQ) have initiated negotiations on a potential merger that would create a single Islamic bank with assets of over QAR160 billion (US\$43.91 billion), the

second-largest bank in the Gulf, according to Reuters. The merger, if approved, will see IBQ converting its operations to being Shariah compliant. (f)

Al Hammadi inks Islamic financing agreement

SAUDI ARABIA: Al Hammadi Company for Development and Investment has signed an Islamic financing facility agreement with Arab National Bank (ANB), as announced in a bourse filing. The facility, worth SAR312.5 million (US\$83.21 million), is to refinance the company's current financing facilities with better terms and conditions compared to existing facilities as well as to enhance working capital to support growing business operations. (f)

Mobily inks CFA with Alinma Bank

SAUDI ARABIA: Etihad Etisalat Co (Mobily) has signed an Islamic credit facility agreement (CFA) with Alinma Bank. The agreement is worth SAR2

billion (US\$532.91 million) and is expected to fund operating and capital budgets, confirmed a statement. (f)

Ezdan secures Islamic facility

QATAR: Ezdan Holding Group has secured an Islamic financing facility worth US\$460 million, confirmed Dentons in a statement. The law firm advised the Qatari conglomerate on the deal. (f)

MSM identifies Shariah compliant firms

OMAN: Muscat Securities Market (MSM) has updated its list of Shariah compliant securities based on the financial performance of companies in the third quarter in line with AAOFI guidelines. The bourse confirmed in a circular that 34 companies are certified as Shariah compliant. These firms include Al Anwar Ceramic Tiles, Al Batinah Development, Al Jazeera Services, Al Madina Takaful, Al Maha Ceramics, Al Izz Islamic Bank, Bank Nizwa, Computer Stationeries Industry,

Dhofar Beverage and Foodstuff, Gulf International Chemicals and Gulf Mushroom Products among others. (f)

Noor Al Iraq Bank goes online

IRAQ: ICS Financial System announced in a press release that Noor Al Iraq Bank has implemented its ICS Banks Islamic software system. With a test implementation for the past two months, the institution announced that the bank has adapted the service in the areas of core banking, credit facilities & risk groups and remittances among others. (f)

QIB goes online with Temenos

QATAR: Qatar Islamic Bank (QIB) has successfully adapted Temenos's IslamicSuite package, as reported by IBS Intelligence. Temenos, a solution provider for the banking industry, has been working with QIB for two years and the new IslamicSuite package will cover the bank's core banking, all business lines and a number of middle office and periphery systems. (f)

ASSET MANAGEMENT

Al Meezan offers Meezan Energy Fund

PAKISTAN: Shariah compliant Al Meezan Investment Management (Al Meezan) has added a new fund category to its product suite in the form of Meezan Energy Fund, a sector-specific equity fund aiming to benefit from the growth in Pakistan's energy sector, according to a statement. (f)

MCB-AH launches AlHamra

PAKISTAN: MCB-Arif Habib Savings and Investments (MCB-AH) has launched its Islamic investment division known as AlHamra in response to demand from customers for Islamic financial solutions, according to a press release. (f)

Emirates REIT to make first interim dividend payment

UAE: Emirates REIT (CEIC) has announced an interim dividend of US\$11.98 million or US\$0.04 per share, which will be paid on or before the 31st January 2017 — the first dividend

payment relating to the year 2016. According to a statement, based on Emirates REIT's closing share price of US\$1.15 on the 14th December, this represents an annualized dividend yield of 7%. The Shariah compliant firm also intends to continue to distribute dividends to its shareholders twice a year. (f)

HMML to transfer stakes in FHM to HMMMC

PAKISTAN: Habib Modaraba Management (HMML) has entered into an agreement to transfer its management rights along with 10% of certificates in First Habib Modaraba (FHM) to Habib Metropolitan Modaraba Management Company (HMMMC), subject to completion of remaining statutory formalities and final regulatory approval, according to a statement. (f)

New property manager for KLCC REIT

MALAYSIA: Rahim & Co International (RCI) has been appointed as the new property manager for Shariah compliant KLCC Real Estate Investment Trust (KLCC REIT), according to a bourse filing. Taking over from Rahim & Co Chartered Surveyors (RCCS) following the completion of an exercise on transfer

of assets and business by RCCS to RCI, the appointment is effective from the 1st January 2017. (f)

Sabana REIT proposes new property acquisition

SINGAPORE: Sabana REIT is proposing to buy the property located at 107 Eunos Avenue 3 from General Cars Fleet Management for the total cost of the acquisition of approximately S\$36.1 million (US\$25.06 million) and has entered into a conditional put and call option with the latter via HSBC Institutional Trust Services, according to a statement. (f)

Islamic fund for diamond mining projects

GLOBAL: Citigate International, a Dubai-based financial consultancy company, has closed a secured Shariah compliant fund — Safa Afrique — raising US\$10 million from GCC investors to be deployed in the fund's diamond mining portfolio which primarily consists of a flagship project in Sierra Leone and two joint venture projects in Guinea and Liberia with Stellar Diamonds. According to Arabian Business, the redemption date for all investors will be on December 2019. (f)

PBIC to sell stake in PIML

PAKISTAN: Pak Brunei Investment Company (PBIC), the parent company of Primus Investment Management (PIML),

has entered into an agreement with Army Welfare Trust (AWT) for the sale of its 70% shareholding in PIML to AWT, subject to regulatory approvals,

according to a statement. PIML is a non-banking finance company in Pakistan which manages Islamic and conventional funds. (F)

TAKAFUL**Ayady Karissa Takaful launched**

MALDIVES: The National Disaster Management Center (NDMC) and Ayady Takaful have launched a new Takaful initiative for natural disasters, known as the Ayady Karissa Takaful scheme, according to a statement. The scheme will cover natural disasters and fire incidents and provide compensation for infrastructural and structural damages to buildings and properties. (F)

Pos Malaysia and Etiqa Takaful teams up

MALAYSIA: Pos Malaysia has teamed up with Etiqa Takaful to offer a new Family Takaful plan, Pos Khairat Takaful, which will be available at 700 of its branches nationwide, according to The Star Online. The national postal service expects to lift its revenue between 10-15% next year from premiums worth RM10 million (US\$2.25 million) to be generated through the Family Takaful plan. (F)

Arab Islamic Takaful firm launched

KUWAIT: A new Takaful firm, the Arab Islamic Company for Takaful Insurance, has been launched with capital worth KWD5 million (US\$16.3 million), according to Kuwait Al-Yaum. The firm is set to manage all forms of local insurance and reinsurance, besides life insurance both local and abroad. (F)

GlobeMed and ETIC sign TPA

EGYPT: GlobeMed and Egyptian Takaful Insurance Company (ETIC) have signed a third party administration agreement (TPA) which will see Egyptian Life Takaful benefit from GlobeMed's healthcare benefits management experience and technology to streamline and optimize delivery of health services to insured members. (F)

Solidarity Takaful appoints new advisor

SAUDI ARABIA: Sanad Al Wakalah has requested to terminate its contract with Solidarity Takaful, according to a bourse filing. This termination is expected to not

negatively impact both institutions. Solidarity Takaful has also announced the appointment of Al Rajhi Capital as its financial advisor. Solidarity said that future developments would be announced in time. (F)

Ajman Bank establishes bancaTakaful partnership

UAE: Ajman Bank, in a statement confirmed that it has entered into a bancaTakaful agreement with Takaful Emarat on the 18th December 2016. This agreement is aspired to seal Takaful Emarat's insurance services for the customers of Ajman Bank and to nurture prospective collaboration between both institutions in the future. (F)

Enaya to cut statutory deposit

SAUDI ARABIA: Saudi Enaya Cooperative Insurance Company (Enaya) has received a letter of no objection from the Saudi Arabian Monetary Authority to reduce its statutory deposit, according to a bourse filing. The deposit will be cut to SAR30 million (US\$7.99 million) from SAR40 million (US\$10.65 million). (F)



SHARIAH REQUIREMENTS AND ARRANGEMENTS FOR ISLAMIC FINANCIAL PRODUCTS & FEATURES

• Tawarruq • Waad • Rahn

18th January 2017, InterContinental, Kuala Lumpur

Bank Negara Malaysia recently released detailed Shariah guidelines, requirements and optional practices and arrangements for various Islamic financial contracts, products and features. Following on from this, banks and financial institutions will be required to submit action plans based around these requirements and practices. As such, a great deal of important information gathering and analysis will have to take place in a relatively short period of time.

REDmoney Seminars is pleased to offer an insightful, concise and incisive update on the Shariah standards and requirements, optional practices and arrangements for Tawarruq, Waad and Rahn. Industry experts will cover the most important elements of each, and will identify key areas for attention and action.

Panel Speakers:

Mohd Faris Ghazali
Deputy Manager, Shariah Risk Management, Bank Islam Malaysia



Mohd Johan Lee
Managing Partner, J Lee & Associates



Associate Professor Dr Rusni Hassan
Deputy Dean IIUM Institute of Banking & Finance and member, Shariah Advisory Council, Bank Negara Malaysia

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RATINGS

QRMSB receives preliminary ratings

MALAYSIA: RAM has assigned an 'AA1' rating to Quill Retail Malls (QRMSB) proposed RM200 million (US\$44.58 million) Class A, 'AA3' to its RM70 million (US\$15.6 million) Class B, 'A2' to its RM50 million (US\$11.15 million) Class C and 'A3' to its RM30 million (US\$6.69 million) Class D Sukuk Murabahah, according to a press release. These Sukuk are part of QRMSB's plans to fund the development of the mall. (f)

Preliminary ratings for TMSB's senior Sukuk

MALAYSIA: RAM in a statement announced preliminary ratings of 'AA1/Stable' to TRIplc Medical (TMSB)'s proposed RM639 million (US\$14.26 million) senior Sukuk Murabahah. TMSB has a 25-year concession agreement with Universiti Teknologi MARA and the government of Malaysia to build and manage a teaching hospital and a medical academic complex in the country. (f)

MARC affirms JEP's Sukuk rating

MALAYSIA: Jimah East Power (JEP)'s RM8.98 billion (US\$2 billion) Sukuk Murabahah facility has been affirmed at 'AA-IS' by MARC with a stable outlook. According to a statement, the rating takes into account the project's manageable cash flow and repayment profile; and is controlled by risks contributed by technology and cost managements. JEP was established to develop, design, construct and operate a 2x1,000-megawatt ultra-supercritical coal-fired power plant under a 25-year power purchase agreement with Tenaga Nasional. (f)

Malaysia Airports retains RAM ratings

MALAYSIA: In a press release, RAM has reaffirmed their ratings on Malaysia Airports's RM2.5 billion (US\$557.97 million) senior Sukuk program (2013/2033) at 'AAA' and RM2.5 billion perpetual subordinated Sukuk program (2014/2114) at 'AA2'. Other reaffirmed ratings include RM3.1 billion (US\$691.88 million) Islamic medium-term note program at 'AAA(s)' and RM1 billion (US\$223.19 million) Islamic commercial paper program at 'P1'. The ratings take

into consideration Malaysia Airports' performance that has exceeded expectation for 2016 among others. (f)

'AA-IS' for MMC's Sukuk program

MALAYSIA: MMC Corporation's RM1.5 billion (US\$337.99 million) Sukuk Murabahah program has been affirmed at 'AA-IS' with a stable outlook by MARC. According to a statement, the rating is driven by MMC's sizeable business operations and strong competitive position in three key businesses namely port and logistics, energy and utilities, and engineering and construction. The rating also affects the firm's outstanding Sukuk of RM1.3 billion (US\$292.92 million) issued as at the 30th November 2016. (f)

JIB's ratings affirmed

JORDAN: The long and short-term foreign currency ratings (FCRs) of Jordan Islamic Bank (JIB) have been affirmed at 'BB-' and 'B' respectively with a stable outlook by Capital Intelligence. The rating agency in a statement noted that these ratings are constrained by the ratings assigned to Jordan ('BB-/B/Stable'), reflecting JIB's base of operations in the Kingdom and its exposure to the sovereign in the form of balances at the Central Bank of Jordan (CBJ), as well as high exposure to a state-controlled entity. The support rating remains at '3' in view of the demonstrated support from the parent, Al Baraka Banking Group, as well as the high likelihood of support from CBJ if needed. JIB's financial strength rating is maintained at 'BBB-' with a stable outlook. (f)

RAM reaffirms Maybank Islamic's ratings

MALAYSIA: RAM in a statement said that it has reaffirmed Maybank Islamic's financial institution rating of 'AAA/Stable/P1' and also the 'AA1/Stable' rating on its RM10 billion (US\$2.25 billion) subordinated Sukuk Murabahah program, reflecting the rating agency's expectation of ready support from its parent, Maybank, if required. (f)

ACR ReTakaful Holdings revised to negative

GLOBAL: The long-term issuer credit rating (ICR) of the Bahraini and Malaysian subsidiaries of ACR ReTakaful Holdings: ACR ReTakaful MEA and ACR ReTakaful, have been revised to negative

from stable by AM Best, which also reaffirmed the financial strength rating (FSR) of 'B++(Good)' and the long-term ICRs of 'bbb+' of the two subsidiaries. The outlook on the FSR is stable.

According to a statement, the rating actions take into consideration further deterioration to their business profiles. The rating agency also noted that the significant Qard Hassan write-offs in ACR ReTakaful MEA's and ACR ReTakaful's shareholder funds reflect a lack of confidence in these companies' ability to build commercially viable underwriting portfolios. AM Best has also revised the long-term ICR outlook to negative from stable and affirmed the long-term ICR of 'bb+' of UAE-based ACR ReTakaful Holdings. (f)

Suria KLCC retains Sukuk ratings

MALAYSIA: RAM has reaffirmed the 'AAA/Stable/P1' ratings on Suria KLCC's Sukuk Murabahah program of up to RM600 million (US\$135.2 million), according to a statement. The ratings are premised on the company's superior earnings and financial metrics that have remained resilient despite weaker consumer sentiment and keener competition within the retail sector, underscored by the superior asset quality of its core asset — Suria KLCC — as well as its conservative balance sheet and superior debt-protection measures. (f)

Fitch downgrades six Omani banks

OMAN: Fitch has downgraded the long-term foreign currency issuer default ratings (IDR) of Ahli Bank, Bank Dhofar, Bank Sohar and National Bank of Oman to 'BBB-' from 'BBB' reflecting a change in the rating agency's assessment of Oman's ability to support its domestic banks. According to a statement, the long-term foreign currency IDRs of Bank Muscat and HSBC Bank Oman have also been downgraded to 'BBB' from 'BBB+' and to 'A' from 'A+' respectively. (f)

AFC Sukuk assigned '(P)A3' rating

NIGERIA: Moody's has assigned a provisional '(P)A3' senior unsecured rating to Africa Finance Corporation (AFC)'s Sukuk issued via its SPV, AFC Sukuk Company, according to a statement. The rating reflects AFC's sound capital adequacy and high liquidity with the challenges posed by a

planned expansion that will likely expose it to economic and political risk. (f)

CIMB Islamic maintains 'AAA/Stable/P1' ratings

MALAYSIA: RAM has reaffirmed CIMB Islamic Bank's 'AAA/Stable/P1' financial institution ratings, according to a statement. The rating reflects the bank's strategic importance as the Islamic banking arm of CIMB Group Holdings and also its strong capitalization which provides the bank with a sufficient buffer against potential credit losses amid the more challenging operating landscape. (f)

Indonesia's ratings upgraded

INDONESIA: Fitch in a statement noted that it has revised its outlook on Indonesia's long-term foreign and local currency issuer default ratings (IDRs) to positive, with both ratings affirmed at 'BBB-'. The country's senior unsecured Sukuk have also received the same ratings at 'BBB-'. The country ceiling, short-term currency IDRs and the senior unsecured short-term rating have been affirmed at 'F3'. (f)

Kesturi's Sukuk ratings reaffirmed

MALAYSIA: MARC has announced in a statement that Konsortium Lebuhraya Utara Timur (Kesturi)'s RM2.3 billion (US\$513.47 million) senior Sukuk facility has been reaffirmed at 'AA-' whereas its RM180 million (US\$40.18 million) junior Sukuk paper has been reaffirmed at 'A-'. Both ratings received a stable outlook. (f)

NTIC rating withdrawn

KUWAIT: Moody's has withdrawn the 'Ba1' rating on National Takaful Insurance Company (NTIC) on the 21st December 2016 due to Moody's own business reasons, it said in a statement. (f)

Kuwait retains 'AA3' rating

KUWAIT: RAM has reaffirmed its 'AA3' rating on Kuwait, based on the nation's

fiscal ability and external financial management, according to a press release. This reaffirmation is also contributed by a net asset of approximately five times its GDP and the registration of fiscal surplus of 0.7% GDP in 2016. The country also managed the uncertain energy price risks and credit deterioration with its sovereign reserves. (f)

Lafarge's Sukuk receives 'AA2'

MALAYSIA: Lafarge Cement's proposed Sukuk Wakalah program (2017/2024) worth up to RM500 million (US\$111.62 million) has been assigned 'AA2/Stable/P1' ratings by RAM which also reaffirmed Lafarge Malaysia's RM350 million (US\$78.14 million) Islamic securities program (2010/2017) at 'AA2/Stable/P1'. (f)

RAM downgrades Al Bayan's Sukuk

MALAYSIA: Al Bayan Holding's RM1 billion (US\$223.34 million) Sukuk Wakalah rating has been downgraded to 'D' from 'C1' by RAM. The rating agency said in a statement that this downgrade comes in wake of the company's failure to redeem RM100 million (US\$223,334) of outstanding Sukuk which matured on the 16th December 2016. (f)

Positive outlook for HLISB

MALAYSIA: RAM confirmed in a statement that it has assigned a positive outlook on Hong Leong Islamic Bank (HLISB)'s 'AA1' financial institution rating and 'AA2' rating for its RM1 billion (US\$223.34 million) subordinated Sukuk Ijarah program. This came as effect to the positive outlook rating of its parent, Hong Leong Bank. (f)

Qatar retains sovereign ratings

QATAR: RAM has reaffirmed Qatar's global sovereign rating at 'AA3' and ASEAN sovereign rating at 'AAA', according to a press release. This

reaffirmation is attributed to the country's sovereign abilities, reserve capacity, economic development among others. Qatar is also one of the only two nations that announced a fiscal surplus for the year of 2015. (f)

RAM maintain PASB's Sukuk rating

MALAYSIA: RAM has reaffirmed the 'AAA/Stable' rating on Pengurusan Air SPV (PASB)'s RM20 billion (US\$4.47 billion) Islamic medium-term note program, according to a statement. PASB is an SPV set up as a wholly-owned subsidiary of Pengurusan Aset Air (PAAB). The rating reflects PAAB's strategic role pursuant to the Water Services Industry Act 2006, which is aimed at restructuring the water-services industry by consolidating the ownership of and responsibility for water assets in Peninsular Malaysia and the Federal Territory of Labuan. (f)

RAM maintains BGSM Management's Sukuk rating

MALAYSIA: RAM has reaffirmed the 'AA3' rating of BGSM Management's RM10 billion (US\$2.23 billion) Sukuk, as announced in a press release. The rating is reflected by the firm presence of Maxis, BGSM Management's sole subsidiary, in the country's telecommunications service providers market. (f)

AmBank Islamic retains 'AA2' ratings

MALAYSIA: RAM has maintained its rating on AmBank Islamic at 'AA2', as announced in a press release. It has also reaffirmed its 'AA2' rating on the bank's RM3 billion (US\$668.77 million) senior Sukuk Musyarakah and 'AA3' ratings on RM2 billion (US\$445.84 million) subordinated Sukuk Musyarakah and RM3 billion (US\$668.77 million) subordinated Sukuk Murabahah. All ratings carry a stable outlook. (f)



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IILM

MALAYSIA: Professor Rifaat Ahmed Abdel Karim has resigned as the CEO of the International Islamic Liquidity Management Corporation (IILM), the corporation announced in a press release. **Abdoul Aziz Ba**, the Executive Director of Business Operations, would be the acting CEO effective the 1st January 2017.

Earlier, **Godwin Emeziele**, the governor of the Central Bank of Nigeria, has been appointed as IILM's new chairman on the 15th December 2016, according to a statement. With this appointment, he will be chairing the General Assembly of IILM and also the IDB.☺

Al Rayan Bank

UK: Al Rayan Bank informed IFN that it has appointed **Venkat Chandrasekar** as its new COO. Chandrasekar previously held a number of senior positions in Citibank including leading the bank's European operations for international personal banking and wealth business management business.☺

AmBank

MALAYSIA: **Raja Teh Maimunah Raja Abdul Aziz**, CEO of Hong Leong Islamic Bank, is set to head AmBank Group's investment banking business sometime this year pending regulatory approval, according to the Business Times.☺

Gulf Bond and Sukuk Association

UAE: Gulf Bond and Sukuk Association (GBSA) has appointed Emirates NBD's managing director and global head of debt origination and distribution, **Andy Cairns**, as the new chairman of the GBSA

Regional Board, while **Anita Yadav**, the senior director for global markets and treasury and head of fixed income research of Emirates NBD, has been appointed as the acting vice-chair, according to a statement.☺

Alawwal Bank

SAUDI ARABIA: Alawwal Bank has announced in a statement that Mubarak **Abdullah Khafrah** and **Lubna Sulaiman Olayan** would return as its chairman and vice-chairman respectively. The board members have also been reinstated for the next term which ends on 2019.☺

Watania

UAE: National Takaful Co (Watania) issued a statement confirming that its chairman, **Khaled Khoori**, has stepped down due to his professional commitments; Khaled is also the CEO of Al Hilal Bank and a board member of Al Hilal Takaful Company. Vice Chairman **Abdul Rahman Awad Ba Omar** will take over the chairman's responsibility in the interim until the vacancy is filled.☺

Kuwait International Bank

KUWAIT: Kuwait International Bank, which offers Islamic finance services, announced in a press release that **Ahmad AlKazemi** has been appointed as its new general manager for the Commercial Banking Department. Ahmad was previously the deputy general manager and acting general manager of the Corporate Banking Department at Gulf Bank.☺

Audit Oversight Board of Pakistan

PAKISTAN: The Pakistani government has elected a new chairman and members for the Audit Oversight Board, according to a press statement. **Dr Tariq**

Hassan, previously the chairman of the Securities and Exchange Commission, has been appointed as the new chairman. The news members are **Ahmad Saeed**, **Muhammad Naeem**, **Faresa Jafarey Ahsan**, **Shahid Ghaffar**, **Tariq Iqbal Khan** and **Asif Usman**.☺

SABB Takaful Co

SAUDI ARABIA: Saudi Arabia British Bank (SABB) Takaful Co in a bourse filing has announced the resignation of its non-executive board member, David Kenney, and the appointment of Chief Risk Officer Richard Hinchley (subject to approval) as a non-executive board member.☺

Reserve Bank of India

INDIA: The Reserve Bank has announced in a press release that **Dr Viral V Acharya** has been appointed as the new deputy governor effective the 20th January 2016. Acharya would be in charge of the bank's Monetary Policy and Research cluster for a term of three years.☺

Khaleeji Commercial Bank

BAHRAIN: Shariah compliant Khaleeji Commercial Bank announced in a press release that its board member, **Mohamed Barrak Al Mutair**, has resigned effective the 25th December 2016. Announcement regarding his replacement has not been made.☺

Saudi British Bank

SAUDI ARABIA: Saudi British Bank appointed **Khalid Sulaiman Olayan** as its chairman and **Khalid Abdullah Almolhem** as vice-chairman, according to a bourse filing. Members of the board subcommittees including executive committee, remuneration and nomination committee and risk committee were also appointed.☺

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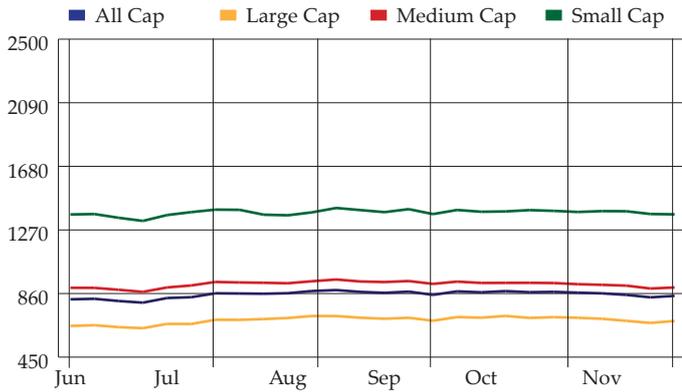
DEAL TRACKER

Expected date	Company's name	Size	Structure	Announcement Date
TBA	Sabana Reit	US\$55.24 million	Sukuk	27 th December 2016
TBA	Kingdom of Saudi Arabia	TBA	Sukuk	28 th December 2016
22 nd March 2017	Central Bank of Bahrain	US\$112.37 million	Sukuk Salam	21 st December 2016
First quarter of 2017	Warba Bank	US\$250 million	Sukuk	20 th December 2016
TBA	Nigeria Debt Management Office	TBA	Sukuk	19 th December 2016
TBA	EQUATE Petrochemical Co	US\$2 billion	Sukuk	16 th December 2016
First quarter of 2017	Al Baraka Banking Group	US\$300 million	Sukuk	7 th December 2016
TBA	ACWA Power	up to US\$1 billion	Sukuk	6 th December 2016
20 th December 2016	Bank Syariah Mandiri	IDR1 trillion	Sukuk	24 th November 2016
TBA	TRIPc Medical	up to RM639 million	Sukuk Murabahah	16 th November
TBA	Sichuan Development Holdings	US\$300 million	Sukuk	4 th November 2016
TBA	Warba Bank	US\$250 million	Sukuk	3 rd November 2016
First quarter of 2017	National Real Estate Company	US\$500 million	Sukuk	25 th October 2016
TBA	Housing Development Finance Corporation of Maldives	TBA	Sukuk	13 th October 2016
TBA	APM Automotive Holdings	up to RM1.5 billion	Sukuk Murabahah	11 th October 2016
TBA	Shatel	IRR10 trillion	Sukuk Murabahah	10 th October 2016
2017	Muhammadiyah	up to IDR1 trillion	Sukuk	28 th September 2016
TBA	Aktif Bank	TRY25 million	Sukuk Murabahah	26 th August 2016
TBA	Widad Capital	up to RM110 million	Sukuk Murabahah	23 rd August 2016
First quarter of 2017	Government of Nigeria	TBA	Sukuk	11 th August 2016
Fourth quarter of 2016	Malaysia Debt Ventures	up to RM1 billion	Sukuk	4 th August 2016
TBA	DanaInfra Nasional	RM10 billion	Sukuk	19 th July 2016
First quarter of 2017	Government of Kuwait	up to KWD5 billion	Sukuk	4 th July 2016
TBA	Iranian Mines and Mining Industries Development and Renovation Organization	IRR4 trillion	Sukuk Musharakah	24 th June 2016
TBA	Tiga Pilar Sejahtera Food	IDR1.5 trillion	Sukuk	17 th June 2016
TBA	Almarai Company	TBA	Sukuk	10 th June 2016
By the end of 2017	Ministry of Housing Saudi Arabia	TBA	Sukuk	9 th June 2016
TBA	Mahan Air	IRR5 trillion	Sukuk Ijarah	8 th June 2016
TBA	The Philippines	TBA	Sukuk	6 th June 2016
TBA	GFH Financial Group	US\$150 million	Sukuk	2 nd June 2016
TBA	Government of Sri Lanka	US\$1 billion	Sukuk	27 th May 2016
TBA	Saudi Aramco	TBA	Sukuk	26 th May 2016
TBA	Al-Tajamaout for Touristic Projects	JOD45 million	Sukuk Ijarah	24 th May 2016
TBA	Societe Generale	RM1 billion	Sukuk	23 rd May 2016
TBA	Bank Muamalat Malaysia	RM1 billion	Sukuk Murabahah	23 rd May 2016
TBA	Bank Rakyat Malaysia	RM5 billion	Sukuk Murabahah	20 th May 2016
TBA	Government of Germany	US\$1 billion	Sukuk	18 th May 2016
By 2017	Republic of Maldives	TBA	Sukuk	29 th April 2016
Second half of 2016	Saudia	up to SAR5 billion	Sukuk	26 th April 2016
TBA	PRAN Foods	BDT1 billion	Sukuk	11 th April 2016
Fourth quarter of 2016	Bank Syariah Mandiri	IDR1 trillion	Sukuk	5 th April 2016
2016-17	Sarana Multigriya Finansial	IDR200 billion	Sukuk	4 th March 2016
TBA	Ziraat Participation Bank	TRY1.5 billion	Sukuk	1 st March 2016
TBA	Hong Kong	TBA	Sukuk	1 st March 2016
TBA	Saudi Electricity Company	US\$2.5 billion	Sukuk	16 th February 2016

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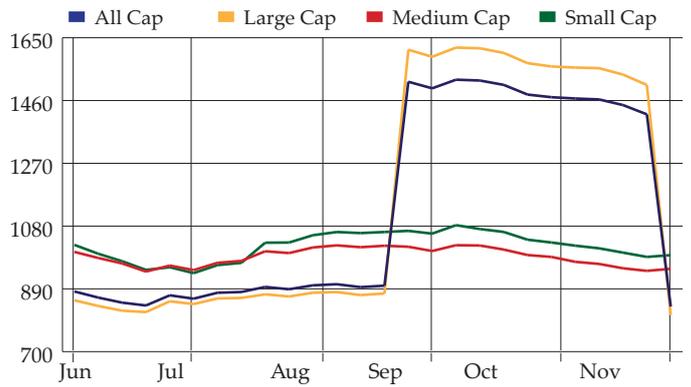
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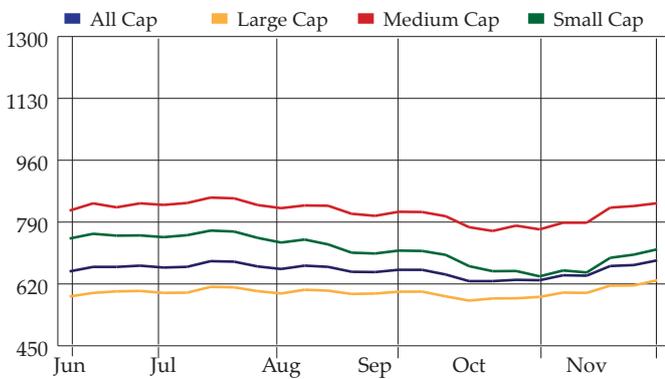
REDmoney Europe

6 Months



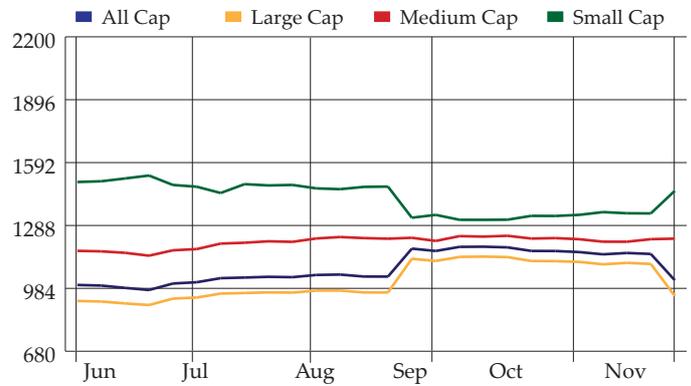
REDmoney GCC

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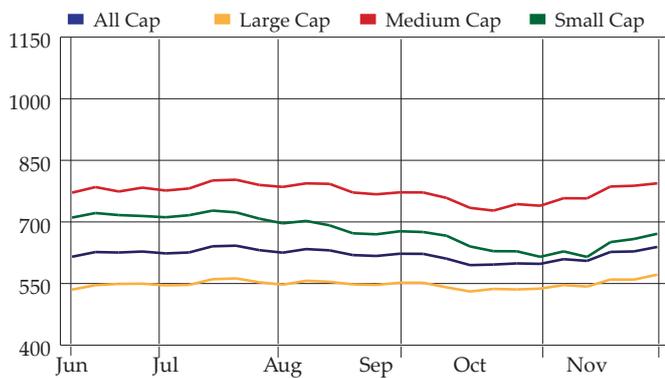
REDmoney Global

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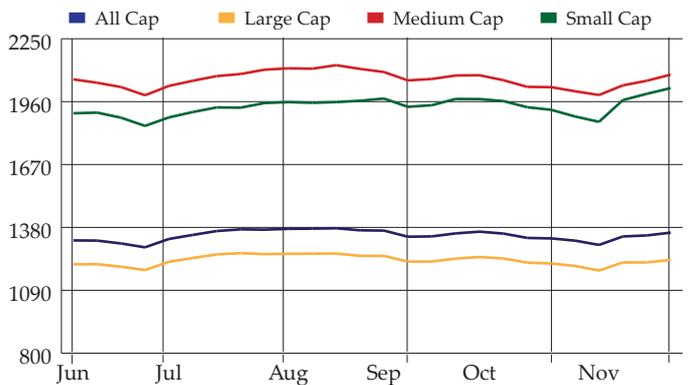
REDmoney MENA

6 Months



REDmoney US

6 Months



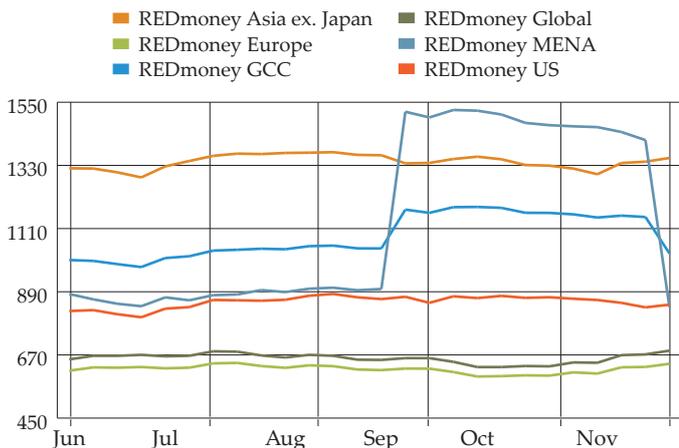
SAMI Halal Food Participation (All Cap)

6 months

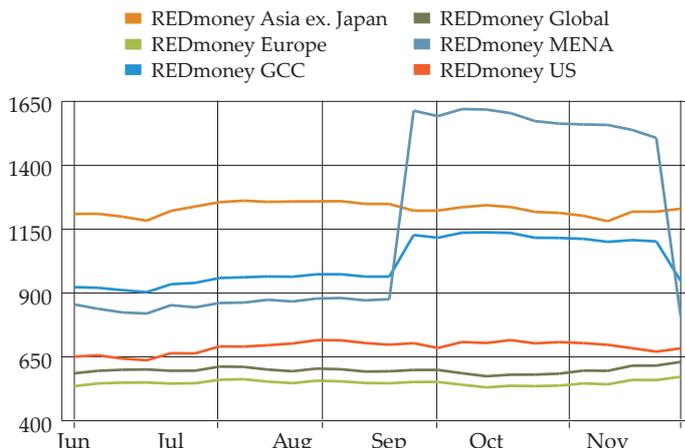


REDMONEY SHARIAH INDEXES

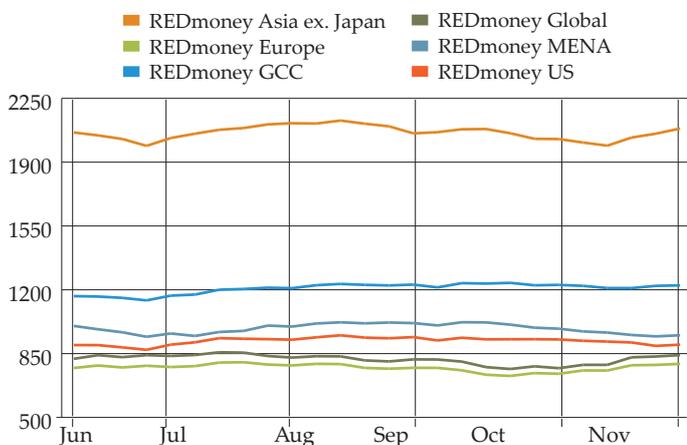
REDmoney Global Shariah Index Series (All Cap) 6 Months



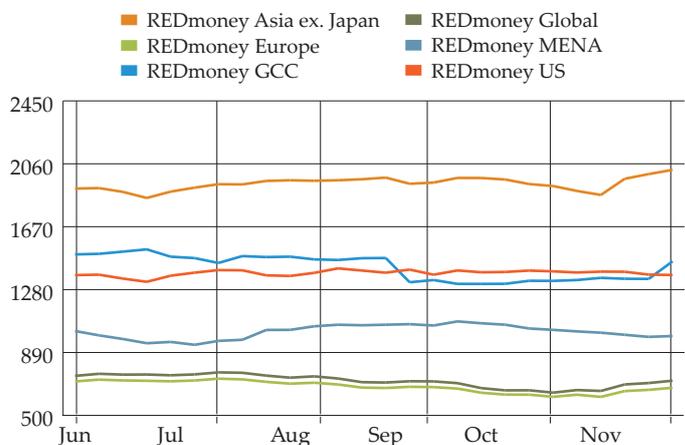
REDmoney Global Shariah Index Series (Large Cap) 6 Months



REDmoney Global Shariah Index Series (Medium Cap) 6 Months



REDmoney Global Shariah Index Series (Small Cap) 6 Months



REDmoney Global Shariah

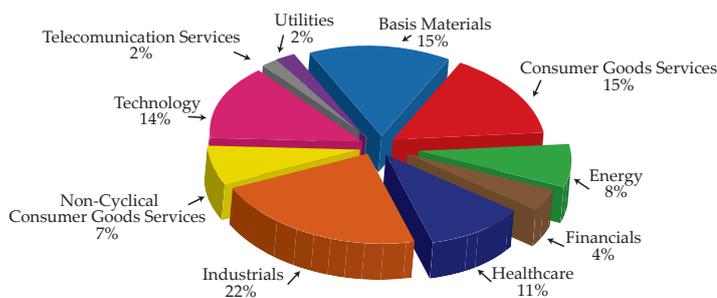
Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

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

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

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

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



REDmoney Global Shariah Index Series

REDmoney Indexes **IdealRatings®**

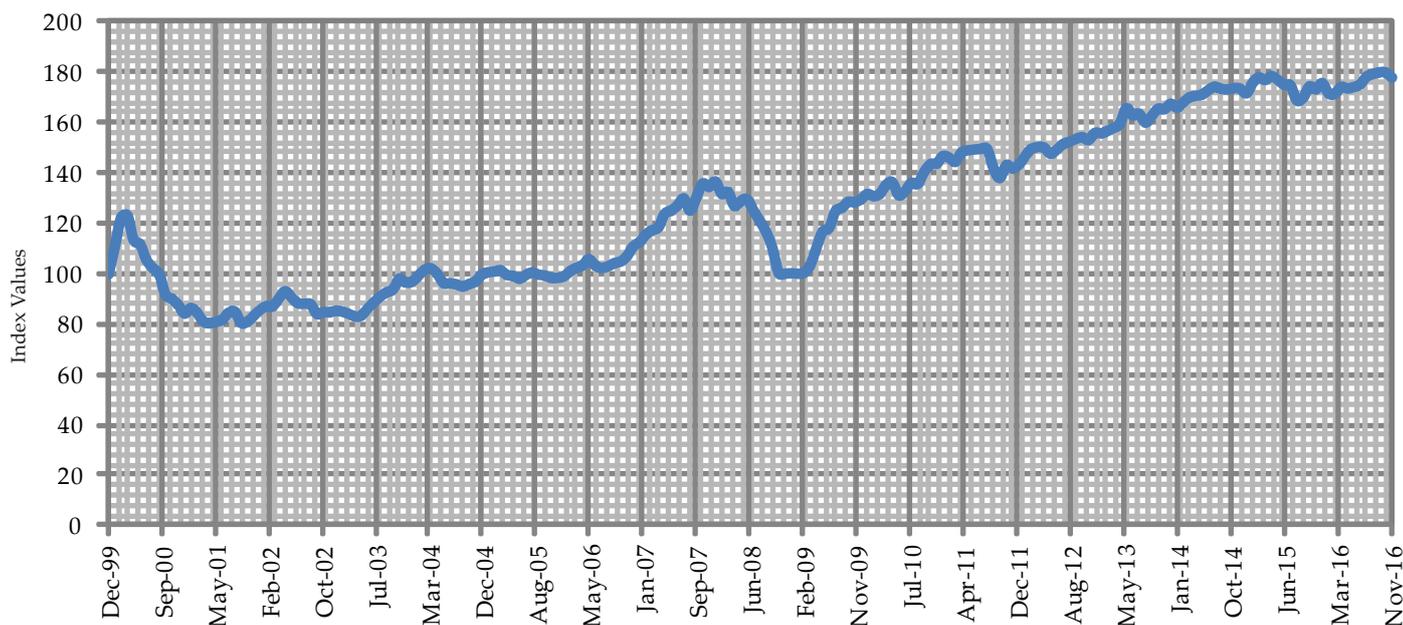
For further information regarding REDmoney Indexes contact:

Andrew Morgan
Managing Director, REDmoney Group

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Tel +603 2162 7800

EUREKAHEDGE FUNDS TABLES

Eurekahedge Asia Pacific Islamic Fund Index



Top 10 Yield-to-Date Returns for ALL Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Sanabel	HC Securities & Investment	49.63	Egypt
2 Deutsche Noor Precious Metals Securities - Class A	DWS Noor Islamic Funds	49.11	Ireland
3 Al Baraka	Hermes Fund Management	45.28	Egypt
4 JS Islamic	JS Investments	42.53	Pakistan
5 Banque Misr No. 4	HC Securities & Investment	39.25	Egypt
6 Faisal Islamic Bank of Egypt Mutual	Hermes Fund Management	37.02	Egypt
7 Atlas Islamic Stock	Atlas Asset Management	27.80	Pakistan
8 Atlas Pension Islamic - Equity Sub	Atlas Asset Management	26.88	Pakistan
9 Meezan Tahaffuz Pension - Equity Sub	Al Meezan Investment Management	25.03	Pakistan
10 Meezan Islamic	Al Meezan Investment Management	24.19	Pakistan
Eurekahedge Islamic Fund Index		2.76	

Based on 86.49% of funds which have reported November 2016 returns as at the 3rd January 2017

Top 10 Sharpe Ratio for ALL Funds

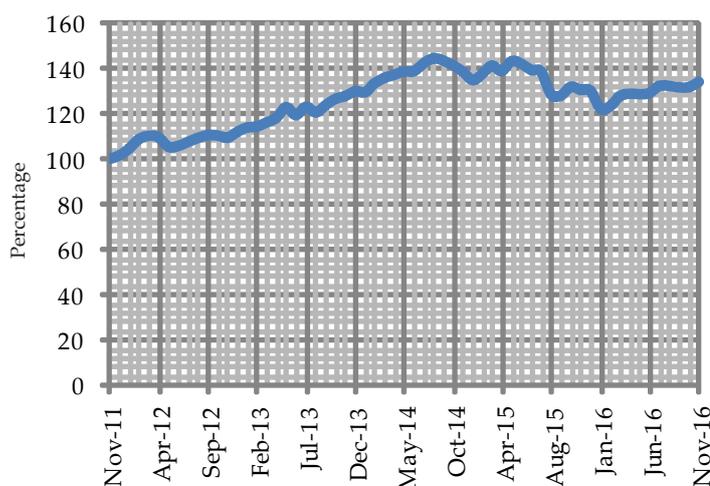
Fund	Fund Manager	Performance Measure	Fund Domicile
1 Public Islamic Money Market	Public Mutual	20.65	Malaysia
2 PB Islamic Cash Management	Public Mutual	17.56	Malaysia
3 PB Islamic Cash Plus	Public Mutual	12.41	Malaysia
4 Meezan Tahaffuz Pension - Money Market Sub	Al Meezan Investment Management	9.64	Pakistan
5 Meezan Tahaffuz Pension - Debt Sub	Al Meezan Investment Management	6.46	Pakistan
6 Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	6.36	Saudi Arabia
7 Atlas Pension Islamic - Debt Sub	Atlas Asset Management	6.36	Pakistan
8 FALCOM SAR Murabaha	FALCOM Financial Services	5.92	Saudi Arabia
9 MNC Dana Syariah	MNC Asset Management	5.33	Indonesia
10 KAF Dana al-Iddikhar	KAF Investment Funds	4.74	Malaysia
Eurekahedge Islamic Fund Index		0.11	

Based on 86.49% of funds which have reported November 2016 returns as at the 3rd January 2017

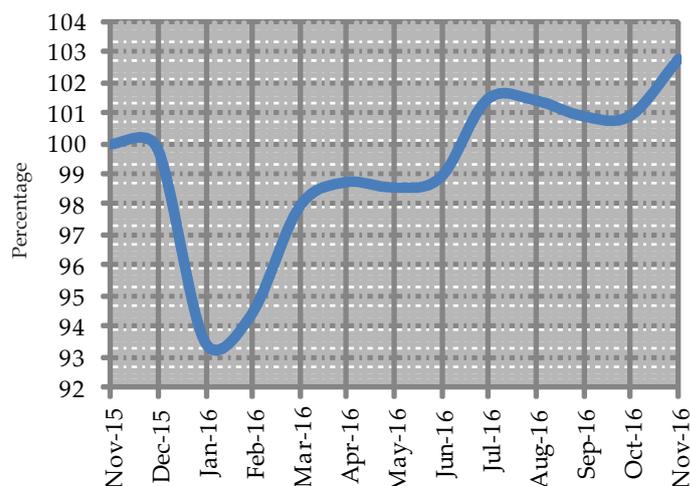
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity,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

EUREKAHEDGE FUNDS TABLES

Eurekahedge Islamic Fund Equity Index over the last 5 years



Eurekahedge Islamic Fund Equity Index over the last 1 year



Top 10 Islamic Fund Equity by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Al Baraka	Hermes Fund Management	33.80	Egypt
2 Sanabel	HC Securities & Investment	31.70	Egypt
3 Banque Misr No. 4	HC Securities & Investment	28.61	Egypt
4 Faisal Islamic Bank of Egypt Mutual	Hermes Fund Management	26.61	Egypt
5 JS Islamic	JS Investments	16.31	Pakistan
6 Jadwa Saudi Equity	Jadwa Investment	11.70	Saudi Arabia
7 Al Rajhi Saudi Equity	Al Rajhi Bank	11.21	Saudi Arabia
8 Saudi Companies	The Saudi Investment Bank	11.12	Saudi Arabia
9 FALCOM Saudi Equity	FALCOM Financial Services	10.84	Saudi Arabia
10 Al Rajhi Petrochemical and Cement Equity	Al Rajhi Bank	9.55	Saudi Arabia
Eurekahedge Islamic Fund Index		1.32	

Based on 85.00% of funds which have reported November 2016 returns as at the 3rd January 2017

Top 10 Islamic Fund Globally-Investing by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Al-Ameen Islamic Active Allocation Plan - II	UBL Fund Managers	5.07	Pakistan
2 Al-Ameen Islamic Active Allocation Plan - IV	UBL Fund Managers	5.05	Pakistan
3 Al-Ameen Islamic Active Allocation Plan - I	UBL Fund Managers	5.00	Pakistan
4 Al-Ameen Islamic Active Allocation Plan - III	UBL Fund Managers	4.89	Pakistan
5 Al-Ameen Islamic Active Allocation Plan - V	UBL Fund Managers	4.67	Pakistan
6 CIMB Islamic Greater China Equity	UOB Asset Management	3.98	Malaysia
7 Al Rajhi Commodity Mudarabah - USD	Al Rajhi Bank	0.46	Saudi Arabia
8 Watani KD Money Market	National Bank of Kuwait	0.13	Cayman Islands
9 Watani USD Money Market	National Bank of Kuwait	0.03	Cayman Islands
10 Jadwa Global Sukuk	Jadwa Investment	-0.25	Saudi Arabia
Eurekahedge Islamic Fund Index		(1.84)	

Based on 92.86% of funds which have reported November 2016 returns as at the 3rd January 2017

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

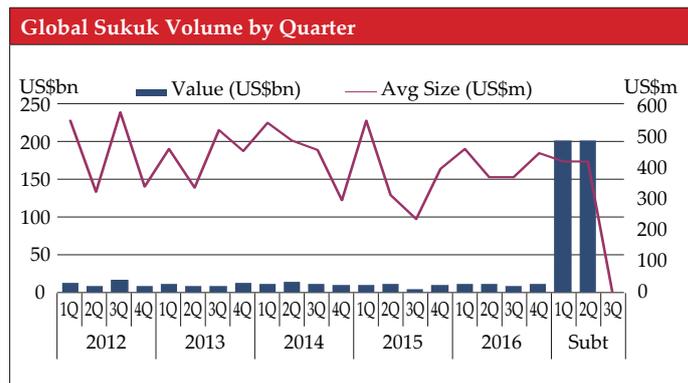
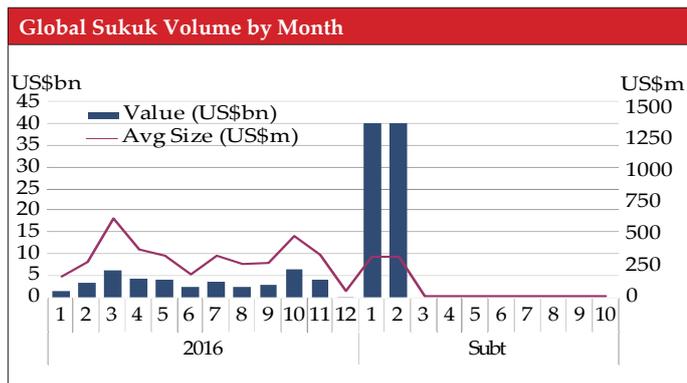
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DEALOGIC LEAGUE TABLES

Most Recent Global Sukuk						
Priced	Issuer	Nationality	Instrument	Market	US\$ (mln)	Managers
30 th Nov 2016	IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	1,250	Mizuho, Standard Chartered Bank, JPMorgan, National Bank of Kuwait, National Bank of Abu Dhabi, RHB Capital, Gulf International Bank, Natixis, Credit Agricole
23 rd Nov 2016	Etihad Airways	UAE	Sukuk	Euro market public issue	1,500	JPMorgan, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Abu Dhabi Islamic Bank
21 st Nov 2016	Bank Muamalat Malaysia	Malaysia	Sukuk	Domestic market public issue	113	OCBC, DRB-HICOM
18 th Nov 2016	Maxis Broadband	Malaysia	Sukuk	Domestic market public issue	560	Maybank, CIMB Group, AmInvestment Bank
8 th Nov 2016	Barwa Bank	Qatar	Sukuk	Euro market private placement	130	National Bank of Abu Dhabi PJSC
31 st Oct 2016	Bank Pembangunan Malaysia	Malaysia	Sukuk	Domestic market public issue	357	HSBC, CIMB Group
25 th Oct 2016	Kuveyt Turk Katilim Bankasi	Kuwait	Sukuk	Foreign market public issue	500	Standard Chartered Bank, Kuwait Finance House, Arab Banking, Dubai Islamic Bank, Emirates NBD, QInvest, Noor Bank
24 th Oct 2016	Celcom Networks	Malaysia	Sukuk	Domestic market public issue	133	HSBC, CIMB Group
20 th Oct 2016	Maxis Broadband	Malaysia	Sukuk	Domestic market public issue	120	AmInvestment Bank
18 th Oct 2016	Ahli United Bank	Bahrain	Sukuk	Euro market public issue	200	Credit Suisse, Citigroup, Credit Agricole
12 th Oct 2016	TNB Global Ventures Capital	Malaysia	Sukuk	Euro market public issue	750	BNP Paribas, HSBC, CIMB Group, Citigroup
12 th Oct 2016	Cagamas	Malaysia	Sukuk	Domestic market private placement	139	CIMB Group
12 th Oct 2016	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	1,079	HSBC, RHB Capital, Maybank, CIMB Group, AmInvestment Bank
5 th 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
4 th Oct 2016	Kingdom of Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	Standard Chartered Bank, JPMorgan, BNP Paribas, Arab Banking, Credit Suisse
26 th Sep 2016	Edaran SWM	Malaysia	Sukuk	Domestic market public issue	194	CIMB Group, Hong Leong Financial Group
22 nd Sep 2016	UMW Holdings	Malaysia	Sukuk	Domestic market public issue	169	Maybank, CIMB Group
8 th 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
7 th Sep 2016	Emaar Sukuk	UAE	Sukuk	Euro market public issue	750	Mashreqbank, Standard Chartered Bank, Arab Banking, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Union National Bank, Emirates NBD, Noor Bank
1 st 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

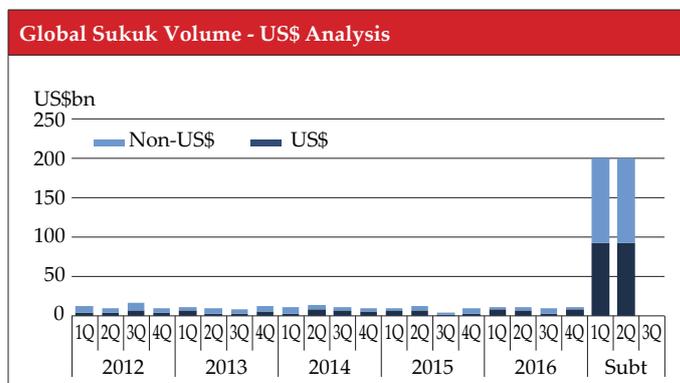
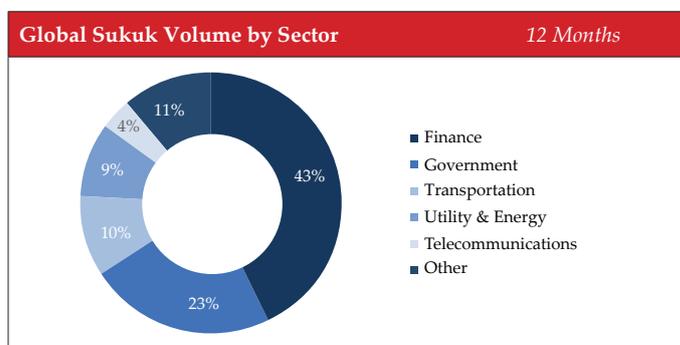
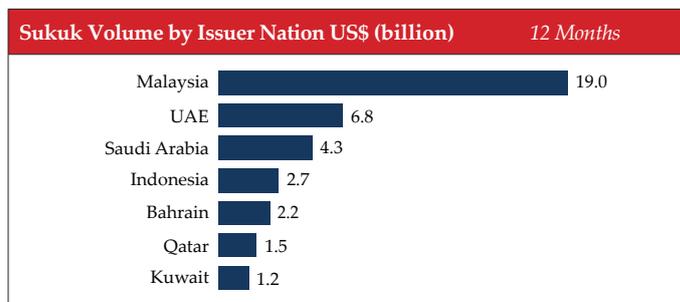
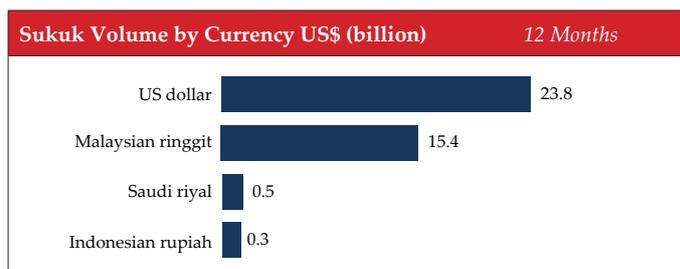


DEALOGIC LEAGUE TABLES

Top 30 Issuers of Global Sukuk							12 Months
Issuer	Nationality	Instrument	Market	US\$ (mln)	Iss (%)	Managers	
1 IDB Trust Services	Saudi Arabia	Sukuk	Euro market public issue	2,850	7.0	Standard Chartered Bank, JPMorgan, National Bank of Kuwait, Gulf International Bank, Natixis, CIMB Group, Emirates NBD, Mizuho, National Bank of Abu Dhabi, RHB Capital, Credit Agricole	
2 Perusahaan Penerbit SBSN Indonesia III	Indonesia	Sukuk	Euro market public issue	2,500	6.2	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, CIMB Group, Citigroup	
3 DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	2,242	5.5	RHB Capital, Maybank, CIMB Group, Hong Leong Financial Group, AmInvestment Bank, HSBC	
4 Kingdom of Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	4.9	Standard Chartered Bank, JPMorgan, BNP Paribas, Arab Banking, Credit Suisse	
5 Malaysia Sukuk Global	Malaysia	Sukuk	Euro market public issue	1,500	3.7	JPMorgan, HSBC, Maybank, CIMB Group	
5 Etihad Airways	UAE	Sukuk	Euro market public issue	1,500	3.7	JPMorgan, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Dubai Islamic Bank, Abu Dhabi Islamic Bank	
7 Sarawak Hidro	Malaysia	Sukuk	Domestic market public issue	1,365	3.4	RHB Capital, Maybank	
8 DP World	UAE	Sukuk	Euro market public issue	1,200	3.0	JPMorgan, Deutsche Bank, HSBC, National Bank of Abu Dhabi, First Gulf Bank, Barclays, Dubai Islamic Bank, SG Corporate & Investment Banking, Citigroup, Emirates NBD	
9 Danga Capital	Malaysia	Sukuk	Domestic market public issue	1,110	2.7	RHB Capital, AmInvestment Bank, Standard Chartered Bank, DBS, CIMB Group	
10 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	
11 Islamic Republic of Pakistan	Pakistan	Sukuk	Euro market public issue	1,000	2.5	Standard Chartered Bank, Deutsche Bank, Dubai Islamic Bank, Citigroup, Noor Bank	
11 Hazine Mustesarligi Varlik Kiralama Anonim Sirketi	Turkey	Sukuk	Euro market public issue	1,000	2.5	Standard Chartered Bank, HSBC, Emirates NBD	
13 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	
14 Lebuhraya DUKE Fasa 3	Malaysia	Sukuk	Domestic market public issue	912	2.2	RHB Capital, Maybank, CIMB Group, AmInvestment Bank	
15 Maxis Broadband	Malaysia	Sukuk	Domestic market public issue	886	2.2	CIMB Group, AmInvestment Bank, Maybank	
16 National Higher Education Fund	Malaysia	Sukuk	Domestic market public issue	880	2.2	Maybank, CIMB Group, Affin Investment Bank, AmInvestment Bank	
17 Kuveyt Turk Katilim Bankasi	Kuwait	Sukuk	Euro market public issue	850	2.1	HSBC, Kuwait Finance House, Dubai Islamic Bank, Abu Dhabi Islamic Bank, Emirates NBD, Kuwait Projects, QInvest, Noor Bank, Standard Chartered Bank, Arab Banking, Dubai Islamic Bank	
18 Pengurusan Air SPV	Malaysia	Sukuk	Domestic market public issue	793	2.0	RHB Capital, Maybank	
19 TNB Global Ventures Capital	Malaysia	Sukuk	Euro market public issue	750	1.9	BNP Paribas, HSBC, CIMB Group, Citigroup	
19 Emaar Sukuk	UAE	Sukuk	Euro market public issue	750	1.9	RHB Capital, Maybank, CIMB Group, AmInvestment Bank	
21 Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	733	1.8	RHB Capital, Maybank, Kenanga Investment Bank, CIMB Group, AmInvestment Bank	
22 Jambatan Kedua	Malaysia	Sukuk	Domestic market public issue	644	1.6	RHB Capital, Maybank, Kenanga Investment Bank, AmInvestment Bank	
23 Barwa Bank	Qatar	Sukuk	Euro market private placement	605	1.5	National Bank of Abu Dhabi, Standard Chartered Bank	
24 Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	570	1.4	Standard Chartered Bank, HSBC, Arab Banking, National Bank of Abu Dhabi, Dubai Islamic Bank, Sharjah Islamic Bank, Emirates NBD	
25 Sime Darby	Malaysia	Sukuk	Domestic market public issue	535	1.3	Maybank	
26 Bank Albilad	Saudi Arabia	Sukuk	Euro market private placement	533	1.3	HSBC	
27 Sultanate of Oman	Oman	Sukuk	Euro market public issue	500	1.2	Standard Chartered Bank	
27 SIB Sukuk 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	
27 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	
27 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	
Total				32,202	80		

DEALOGIC LEAGUE TABLES

Top Managers of Sukuk		12 Months		
Manager	US\$ (mln)	Iss	%	
1	CIMB Group	5,374	37	13.3
2	Maybank	4,428	31	11.0
3	Standard Chartered Bank	4,210	23	10.4
4	RHB Capital	3,279	32	8.1
5	HSBC	2,979	19	7.4
6	AmInvestment Bank	2,544	20	6.3
7	Dubai Islamic Bank	1,829	16	4.5
8	JPMorgan	1,598	7	4.0
9	Emirates NBD	1,456	14	3.6
10	National Bank of Abu Dhabi	1,394	9	3.5
11	Citigroup	1,146	6	2.8
12	Deutsche Bank	987	4	2.5
13	Arab Banking Corporation	854	8	2.1
14	Noor Bank	634	8	1.6
15	BNP Paribas	588	2	1.5
16	First Gulf Bank	550	5	1.4
17	Credit Suisse	467	2	1.2
18	National Bank of Kuwait	450	4	1.1
19	Kenanga Investment Bank	406	7	1.0
20	Abu Dhabi Islamic Bank	393	3	1.0
21	Affin Investment Bank	391	4	1.0
22	Hong Leong Financial Group	367	4	0.9
23	Natixis	353	2	0.9
23	Gulf International Bank	353	2	0.9
25	OCBC	281	7	0.7
26	DBS	253	3	0.6
27	Sharjah Islamic Bank	226	3	0.6
28	Credit Agricole	223	3	0.6
29	Kuwait Finance House	206	4	0.5
30	Barclays	203	2	0.5
Total		40,311	133	100



Top Islamic Finance Related Project Finance Mandated Lead Arrangers		12 Months		
Mandated Lead Arranger	US\$ (million)	No	%	
1	Kuwait Finance House	1,996.95	1	17.32
2	National Bank of Kuwait	1,996.95	1	17.32
3	Al Rajhi Capital	663.09	2	5.75
4	Alinma Bank	549.59	2	4.76
4	Banque Saudi Fransi	497.22	3	4.31
4	HSBC	497.22	3	4.31
7	Samba Capital & Investment Management	497.22	3	4.31
8	National Commercial Bank	490.69	3	4.25
9	Mitsubishi UFJ Financial Group	377.18	3	3.27
10	Standard Chartered Bank	328.92	3	2.85

Top Islamic Finance Related Project Financing Legal Advisors Ranking		12 Months		
Legal Advisor	US\$ (million)	No	%	
1	Latham & Watkins	4,279.40	3	32.24
2	Allen & Overy	3,197.46	3	24.09
3	Clifford Chance	2,755.10	2	20.76
4	Baker & McKenzie	1,365.38	1	10.28
5	Norton Rose Fulbright	915.00	1	6.89
5	White & Case	758.14	1	5.71

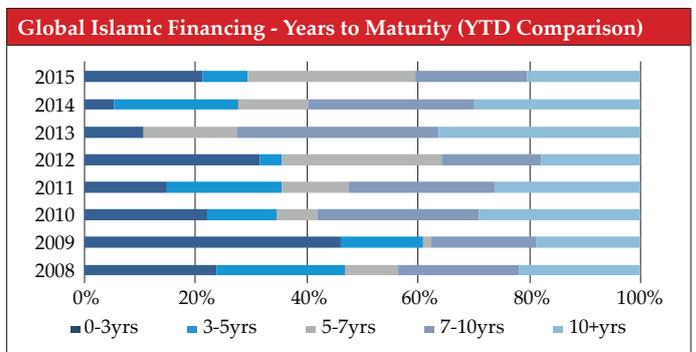
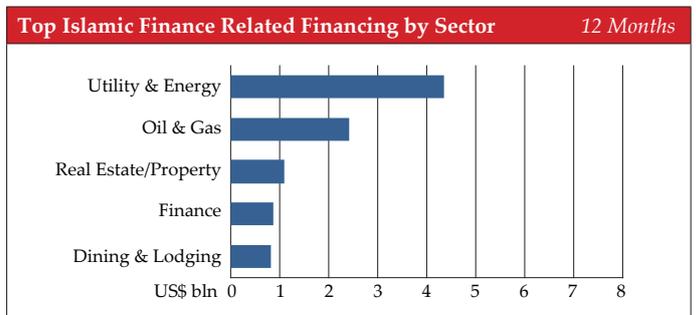
DEALOGIC LEAGUE TABLES

Top Islamic Finance Related Financing Mandated Lead Arrangers				
Ranking		12 Months		
	Mandated Lead Arranger	US\$ (mln)	No	%
1	Samba Capital	969	5	7.0
2	Banque Saudi Fransi	939	4	6.8
3	Saudi National Commercial Bank	933	4	6.7
4	Abu Dhabi Islamic Bank	739	6	5.3
5	Dubai Islamic Bank	684	9	4.9
6	China Development Bank	621	1	4.5
7	Emirates NBD	615	7	4.4
8	SABB	559	5	4.0
9	Noor Bank	545	8	3.9
10	Mashreqbank	489	5	3.5
11	Al Rajhi Capital	366	2	2.6
12	Standard Chartered Bank	363	6	2.6
13	Union National Bank	345	4	2.5
14	Abu Dhabi Commercial Bank	313	4	2.3
15	AKFED	292	2	2.1
16	Alinma Bank	260	2	1.9
17	Riyad Bank	258	2	1.9
18	Arab Banking	251	4	1.8
24	Natixis	175	3	1.3
25	BBK	174	3	1.3
26	National Bank of Bahrain	159	2	1.1
26	Ahli United Bank	159	2	1.1
28	National Bank of Abu Dhabi	148	3	1.1
29	Mitsubishi UFJ Financial Group	138	1	1.0
29	Arab National Bank	138	1	1.0

Top Islamic Finance Related Financing Mandated Lead Arrangers				
Ranking		12 Months		
	Bookrunner	US\$ (mln)	No	%
1	Abu Dhabi Islamic Bank	1,006	6	13.2
2	Noor Bank	746	7	9.8
3	Dubai Islamic Bank	642	5	8.4
4	Standard Chartered Bank	570	5	7.5
5	Emirates NBD	474	3	6.2
6	Mashreqbank	428	2	5.6
7	SABB	312	2	4.1
8	Abu Dhabi Commercial Bank	283	1	3.7
9	Arab Banking Corporation	275	4	3.6
10	Saudi National Commercial Bank	267	1	3.5

Top Islamic Finance Related Financing Deal List				
		12 Months		
Credit Date	Borrower	Nationality	US\$ (mln)	
15 th Apr 2016	Yanbu Aramco Sinopec Refining	Saudi Arabia	4,700	
27 th Jun 2016	Rabigh Electricity	Saudi Arabia	2,686	
20 th Sep 2016	Aluminium Bahrain	Bahrain	1,500	
19 th Sep 2016	Saudi Electricity	Saudi Arabia	1,333	
9 th Mar 2016	Dhuruma Electricity	Saudi Arabia	1,138	
15 th Jun 2016	PNB Jersey	Malaysia	889	
21 st Dec 2015	Engro Powergen	Pakistan	851	
29 th Aug 2016	Atlantis The Palm	UAE	850	
31 st Aug 2016	Almarai	Saudi Arabia	600	
1 st Mar 2016	National Oil & Gas Authority	Bahrain	570	

Top Islamic Finance Related Financing by Country				
		12 Months		
Nationality	US\$ (mln)	No	%	
1	Saudi Arabia	5,406	6	39.0
2	UAE	3,475	15	25.1
3	Pakistan	1,548	3	11.2
4	Bahrain	1,188	2	8.6
5	Jordan	550	2	4.0
6	Qatar	460	1	3.3
7	India	368	1	2.7
8	Egypt	305	2	2.2
9	Malaysia	283	1	2.0
10	Turkey	204	2	1.5



Are your deals listed here?

If you feel that the information within these tables is inaccurate, you may contact the following directly: Mayumi Ohira (Media Relations)
Email: mayumi.ohira@dealogic.com

Tel: +852 2804 1223

EVENTS DIARY

FEBRUARY 2017

22 nd	KL Awards Dinner	Kuala Lumpur, Malaysia
27 th	Iran Dialogue	Tehran, Iran
28 th	Dubai Awards Dinner	Dubai, the UAE

MARCH 2017

7 th	IFN Oman Forum	Muscat, Oman
9 th	IFN Jordan Dialogue	Amman, Jordan
14 th	CIS Forum	Astana, Kazakhstan
22 nd	China OIC Forum	Beijing, China
28 th	IFN Morocco Forum	Casablanca, Morocco

APRIL 2017

10 th – 11 th	IFN Asia Forum	Kuala Lumpur, Malaysia
12 th	IFN FinTech Forum	Kuala Lumpur, Malaysia

MAY 2017

16 th	IFN UK Forum	London, the UK
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JULY 2017

27 th	IFN Indonesia Forum	Jakarta, Indonesia
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SEPTEMBER 2017

14 th	IFN Turkey Forum	Istanbul, Turkey
18 th	IFN Europe Dialogue	Luxembourg
19 th	IFN Investor Forum	Luxembourg

OCTOBER 2017

TBC	Africa Islamic Finance Forum	TBC
16 th	Sovereign Sukuk Dialogue	Washington DC, the US
18 th	IFN US Forum	New York, the US
TBC	IFN Pakistan Forum	Lahore, Pakistan

NOVEMBER 2017

19 th	IFN Kuwait Forum	Kuwait City, Kuwait
22 nd	IFN Saudi Arabia Forum	Jeddah, Saudi Arabia

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