IFN Islamic Finance news

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COVER STORY

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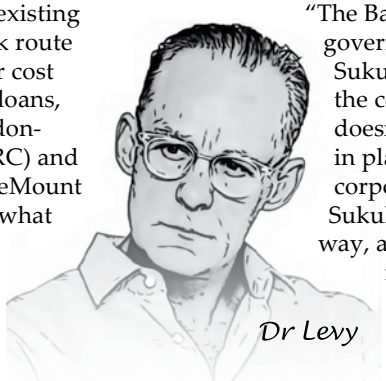
Bangladesh: Could corporate Sukuk take off?

Bangladesh turns 50 this month, and in a fitting celebration, March 2021 also saw the country's first corporate Sukuk announced: a US$250 million issuance from Deshbandhu Group (DGL) expected to mature in 2028. Following on from the government's first debut sovereign Sukuk back in December 2020, the move is an encouraging one as the economy gathers steam. But with significant barriers remaining to a conducive issuing environment, can Bangladesh maintain its momentum? LAUREN MCAUGHTRY speaks to the lead arranger of the deal to learn more.

DGL, a household name in Bangladesh for its food, sugar and drinks products, is seeking to raise US$250 million from international investors in order to expand its business and repay existing debts. The firm chose the Sukuk route as a means of achieving a lower cost of capital than expensive bank loans, with the deal arranged by London-based Bedford Row Capital (BRC) and Australian investment firm BlueMount Capital. "We are excited about what this transaction symbolizes for Sukuk issuance," said Dr Scott Levy, CEO of BRC, speaking to IFN. "It's a clear symbol of where we think the market is going to go in the next year or two, with all sorts of new issuers coming to market."

But it has not all been plain sailing. Structuring a corporate Sukuk issuance in Bangladesh comes with multiple challenges, the most significant of which is the absence of a robust issuance framework from the central bank — which means that in fact, despite coming from a Bangladeshi corporate, the deal will actually be executed by DB Group, a Dubai-based trading subsidiary of DGL, and mandated by Al Waseelah, a UK-based issuer platform which offers a flexible, quick-to-market solution for Sukuk issuance.


Dr Levy

"The Bangladesh government issued Sukuk last year, but the central bank doesn't yet have rules in place to allow a corporate to issue Sukuk in the same way, and central bank rules don't allow for international Sukuk investors. Which is a little strange," explained Dr Levy. "There's a bit of a disconnect. Why would the government establish a sovereign Sukuk without the opportunity for local corporates to follow suit? It made the deal more complicated than it needed to be."

The use of the Dubai-based entity in fact turned out to be a bonus, because investors are reassured by the use of Dubai as a jurisdiction due to its robust regulation and depth of market. But it is undeniably inconvenient for other Bangladeshi issuers, not all of which will have convenient subsidiaries in other jurisdictions through which to issue.

"If the Bangladesh government really wants their corporates to be able to tap the international Islamic capital markets, they'll have to change the rules to be more efficient, because at the moment it really doesn't work. The infrastructure and legal framework simply isn't there," said Dr Levy.

And while local currency Sukuk is certainly an option, international issuance is of greater appeal. "In

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DEALS

Pure Harvest Smart Farms secures US$50 million in funding through three-year Sukuk

Toyota Capital Malaysia prints RM105 million (US$25.49 million) Islamic medium-term note

Dubai Financial Services Authority and **NASDAQ Dubai** delist IsDB's US$1.5 billion Sukuk due 2021

Deshbandhu Group to raise US$250 million via Sukuk issuance to repay debts

Gamuda Land prints RM200 million (US$48.62 million) Islamic commercial paper

OSK Rated Bond auctions RM100 million (US$24.31 million) Islamic medium-term note with a profit rate of 3.55%

Shahjalal Islami Bank to raise BDT5 billion (US$57.93 million) via Mudarabah perpetual bond

Sunway Treasury Sukuk places Mudarabah-based Islamic commercial paper

NEWS

Algiers Stock Exchange discusses legislative framework for Sukuk in Algeria at Tipaza International Congress on Islamic Finance

Shariah compliant fintech **NowPay** joins **Y Combinator**; raises funds in pre-Series A round

Islamic trust company **Wasiyyah Shoppe** to set up subsidiary in June to spearhead international expansion strategy

Ministry of Entrepreneur Development and Cooperatives allocates RM5.15 billion (US$1.25 billion) for SME development

Meezan Bank to provide transaction banking solution to **Master Group** via **eBiz+**

IsDB invests in Pakistani healthcare tech firm

Yang di-Pertuan Agong Scholarship program offers scholarships for postgraduate level in Islamic finance studies

Peer-to-peer lender **ALAMI Technologies** acquires Shariah rural bank **BPRS Cempaka Al-Amin**

Ciracas district in East Jakarta welcomes new micro Waqf bank

RESULTS

Wataniya Insurance reports near 36% drop in pre-Zakat net profit on the back of weaker other income

Malath Cooperative Insurance Co registers 23.46% gain in pre-Zakat net profit on the back of higher net earned premiums and underwriting income

Islamic Arab Insurance Co records 162.5% year-on-year net profit growth for 2020

Bupa Arabia for Cooperative Insurance Co generates 15.58% increase in pre-Zakat net profit in 2020

Alinma Tokio Marine Co slashes pre-Zakat net loss by over 95% in 2020 driven by lower net claims and higher underwriting income, among others

ASSET MANAGEMENT

SICO acquires majority stake in **Muscat Capital** valued at BHD5.5 million (US$14.49 million)

Axis REIT to acquire property from **Xin Hwa Trading and Transport** for RM75 million (US$18.22 million)

TAKAFUL

CEO of **AXA Cooperative Insurance Company** Gary Lewin passes away

Fitch Ratings forecasts steady growth in Malaysia's Takaful industry this year

AIAhli Takaful Company renews insurance contract with **National Commercial Bank**

RATINGS

Damaan Islamic Insurance Company wins rating upgrade to 'A3' following changes in governance and financial strategy

Tropicana Corporation secures 'A+IS' rating affirmation for RM1.5 billion (US$364.67 million) Sukuk

MOVES

Azlina Mahmad joins **Bursa Malaysia**'s board of directors as public interest director

Bangladesh: Could corporate Sukuk take off?

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Bangladesh, the investment diaspora — Bangladeshis working overseas who want to invest back into the country, along with foreign investors, make up a much bigger pot of money than local institutional or retail possibilities. So international issuance is a better bet right now," noted Dr Levy.

Progress is certainly being made. The central bank already issues regular short-term Sukuk to assist Islamic banks with their liquidity needs, and the government on the 28th December issued its debut sovereign Sukuk, an BDT80 billion (US$926.29 million) deal to finance safe water supply projects. Oversubscribed by almost four times, the issuance was a notable success, and the high demand for Shariah compliant instruments has led Sukuk to be hailed as a potential game-changer for the country.

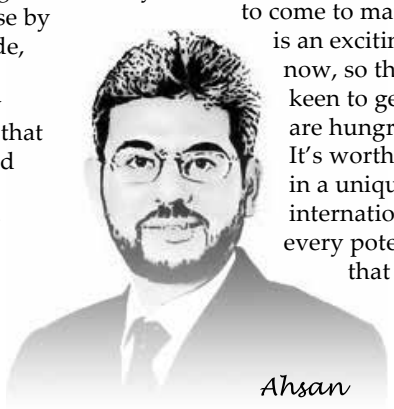
Its strong economic profile has also led to growing international interest. A four-day roadshow was organized by the Bangladesh Securities and Exchange Commission (BSEC) in Dubai last month (February 2021) to attract foreign investors and expat Bangladeshis into the country. The event included a seminar on 'Sukuk: The New Investment Opportunity in Bangladesh' in which interested investors from countries including Malaysia and Dubai discussed how to leverage this potential. "Now, mega projects are developing in Bangladesh. There is a need for more investment. The demand for this investment can be met through Sukuk bonds," said Ahsan Ali, the head of Islamic origination of Standard Chartered Bank.

As the Bangladeshi economy gathers pace, interest is growing. The country has seen exports increase by 80% over the past decade, and the UN Committee for Development Policy recently recommended that Bangladesh be upgraded from 'Least Developed Country' status and the Wall Street Journal this month called it "South Asia's economic bull case," citing its young demographic structure, a

continued competitive edge in terms of wage levels and strong female labor-force participation. In 2019, the country was the world's seventh-fastest growing economy, with a GDP growth rate of 8.2%. Even with the COVID-19 pandemic, Asian Development Bank figures predict a growth rate of 5.2% for 2020 and 6.8% for 2021, substantially higher than the average for the South Asian region, which as a whole contracted by -6.8% in 2020. But to achieve its target of becoming an upper-middle-income country by 2031, the World Bank has estimated that Bangladesh will need an investment of about US$300 billion for infrastructure development, and Sukuk could certainly play a valuable role in filling that gap.

So will we see more Bangladeshi corporates take the plunge?

"Local Bangladeshi feedback has been very positive," confirmed Dr Levy. "We have been speaking to lots of people over the last few months who want to come to market, and Bangladesh is an exciting opportunity right now, so there are lots of investors keen to get involved as well, who are hungry for opportunities. It's worth noting that DGL is in a unique position, as a vast international company, and not every potential issuer will be in that same space. So I don't think it's going to be a question of opening the floodgates, especially given the regulatory constraints. But we've already been in discussions with another potential issuer, a financial institution this time, and I certainly think we'll see one or two more Sukuk issuances out of Bangladesh this year."



> ***"I certainly think we'll see one or two more Sukuk issuances out of Bangladesh this year"***

There is certainly a lot of pent-up demand — especially from Islamic banks. Bangladeshi institutions including the National Credit and Commerce Bank, Dhaka Bank, Exim Bank and Al Arafa Islamic Bank have all expressed interest in tapping the Islamic capital market, for example. But changes still need to be made to really open up the options for issuance. Back in 2018, the BSEC hired the Asian Development Bank to help develop new regulations for Sukuk issuance in the country, yet little so far has come of the partnership.

In the absence of a formal and comprehensive legal and regulatory framework for Islamic capital market transactions in Bangladesh, progress — however encouraging — will be necessarily limited.

Indonesia's National Shariah Board to issue Fatwas supporting Islamic finance and capital market

The Dewan Syariah Nasional-Majelis Ulama Indonesia (DSN-MUI), or the National Shariah Board of the Indonesian Council of Ulama, is preparing to issue three Fatwas covering the Islamic finance sector of the country, particularly the Shariah capital market in response to demand from market players. NESSREEN TAMANO has the details.

"The Islamic capital market is the biggest contributor to the Shariah finance market in Indonesia," M Gunawan Yasni, the treasurer of the DSN-MUI, said, which explains the board's focus on releasing Fatwas in support of it.

> ***"The Shariah banking sector is very demanding of Fatwas, especially as they go into more advanced and complex products"***

The first Fatwa covers Shariah compliant social crowdfunding, which has been gaining popularity along with the Islamic fintech and blockchain sectors. "We want crowdfunding to be accessible to a wider range of investors, no matter how big or small their resources, so that more people can participate in the capital market (through blockchain)," M Gunawan said.

The second Fatwa is a development on previous Fatwas issued to support the Indonesia Stock Exchange (IDX) in its goal of serving the Shariah compliant market. In 2011, the DSN-MUI issued a Fatwa governing Shariah compliant stocks on the IDX, followed by another Fatwa issued in 2018 to include the IDX's subsidiary, Indonesia Central Securities Depository. "The new Fatwa to be issued this year will cover the Indonesia Clearing and Guarantee Corporation as well, also a subsidiary of the IDX, effectively giving comprehensive guidance for these three main players of the capital market to focus more on Shariah compliant services," M Gunawan explained.

Meanwhile, a Fatwa is also being prepared to guide financial institutions, including Shariah banks, that will be offering financing to Indonesian youth who are preparing to go for Hajj and registering early for their pilgrimage. Early registrations for the youth can be anywhere between 15 and 22 years in advance of their actual date of pilgrimage, which calls for complex processes in the financing system.

The three Fatwas, which the DSN-MUI hopes to be issued by the end of the year, were prepared in response to demand from market players seeking guidance in their Islamic financial transactions, products and services. "The Shariah banking sector is very demanding of Fatwas, especially as they go into more advanced and complex products," M Gunawan noted.

The National Shariah Board is looking to issue at least six other Fatwas that support the country's Islamic finance industry and wider Shariah economy, totaling nine Fatwas by the end of the year.

Islamic finance M&A galore as industry prepares for second wave

One merger completed, another underway while one more acquisition inches closer to conclusion: mergers and acquisitions (M&A) activities in the Islamic finance realm continue strongly in the first quarter and analysts expect a second M&A wave as economic pressures weigh on Shariah financial institutions. VINEETA TAN reports.

Carrying on a trend seen pre-COVID-19, Islamic finance institutions are consolidating their operations in pursuit of inorganic growth within an increasingly competitive market.

This week, the industry witnessed the conclusion of the SABB–Alawwal Bank merger in Saudi Arabia, which merged legally in June 2019. As at the 14th March 2021, 4,500 corporate clients and 500,000 retail customers from Alawwal Bank have been migrated into the new entity.

In Qatar, Shariah compliant Al Khalij Commercial Bank this week confirmed that its wholly-owned subsidiary AKCB Finance is undertaking a consent solicitation exercise to support the merger with Masraf Al Rayan. Noteholders of its outstanding Series 2018-1 US$500 million 4.75% notes due 2023 are expected to meet on the 7th April for this purpose, to remove any unforeseen legal uncertainties for existing stakeholders over the proposed consolidation.

In Bahrain, EY Consulting and Freshfields Bruckhaus Dereinger recently joined the Bank of Bahrain and Kuwait (BBK)'s acquisition team Emirates NBD Capital to support the due diligence process over the potential acquisition by BBK of certain assets of Islamic financial group Ithmaar Holding.

It is also learned that Indonesian Islamic peer-to-peer financier ALAMI has acquired an Islamic local rural bank.

Such vibrant M&A activities in Islamic finance have been forecasted by industry analysts since 2019, and this trend is expected to maintain its momentum. Some of the most notable transactions over the last two years include Dubai Islamic Bank's acquisition of Noor Bank, and National Bank of Bahrain purchasing Bahrain Islamic Bank, and Indonesia's recent mega Islamic banking tripartite merger involving BNI Syariah, Bank Syariah Mandiri and BRI Syariah.

> *"The second wave will be more opportunistic"*

"When the dust settles and the full effect of current conditions on banks' financials is visible, we think there could be a second wave of M&A. The first wave was spurred by shareholders' desire to reorganize their assets. The second wave will be more opportunistic and driven by economic rationale. The current environment might push some banks to find a stronger shareholder or join forces with peers to enhance resilience," Dr Mohamed Damak, a senior director and the head of Islamic finance for S&P Global Ratings, elaborated in the firm's 2021 Islamic Finance Outlook, and who also added that this observation may involve GCC nations in particular.

Islamic financial institutions like its conventional peers in the GCC are grappling with the fallout of the ongoing COVID-19 pandemic which has delivered severe profitability blows in 2020 as cost of risk escalated, financing growth contracted and interest rates fell.

"This would require more aggressive moves by management than those seen in the past. The added hurdles of convincing boards and shareholders, who face the possibility of seeing their assets diluted or losing control, might be easier if they have to recapitalize their banks anyway," noted S&P.

ASEAN capital market regulators to strengthen resilience and growth with new action plan

The ASEAN Capital Markets Forum (ACMF), a group of capital market regulators from all 10 ASEAN countries including strong Islamic finance jurisdictions Brunei, Malaysia and Indonesia, has prepared its Action Plan 2021–25 aimed at fostering growth and recovery with sustainability amid the global pandemic. NESSREEN TAMANO has the details.

The new five-year action plan, which builds on the previous Action Plan 2016–20, was developed with feedback from the capital market players and stakeholders to ensure it is inclusive and relevant, and will be presented to ASEAN finance ministers at the end of March 2021.

Key priorities in the plan include higher levels of transparency and disclosure, capacity-building and regulatory harmonization, with a particular focus on fostering sustainable development in the ASEAN region to mitigate the risks of climate change and on strengthening the appeal of ASEAN asset classes and cross-border offerings.

In line with the ACMF's aim for greater capital market connectivity in the ASEAN region by the second half of 2021, the Philippines's admission to the ASEAN Collective Investment Schemes framework is in its final stages.

The new action plan was tabled at the 34th ACMF Chairs Meeting, hosted by the group's current chair Autoriti Monetari Brunei Darussalam, where the progress of the Roadmap for ASEAN Sustainable Capital Markets was also discussed. Earlier initiatives of the ACMF under the roadmap include the ASEAN Green Bond Standards, the ASEAN Social Bond Standards and the ASEAN Sustainability Bond Standards, all of which apply to Shariah compliant instruments as well. A total of US$8.35 billion in Sukuk and bonds labeled under these sustainable standards have been issued in the ASEAN region between 2017 and 2020, with 158 securities listed as at December 2020.

The ACMF recognizes the Islamic capital market as a key area for regional cooperation, as part of its efforts to better integrate the ASEAN region's capital markets and enhance its collective competitiveness.

Fund Focus: SP Funds S&P Global REIT Sharia ETF

Asset management firm SP Funds has introduced its latest Shariah compliant fund in the US market, targeting ethical investors looking to participate in the real estate market with smaller capital. JEVITHA MUTHUSAMY has more.

The SP Funds S&P Global REIT Sharia ETF (SPRE) marks SP Funds's third Shariah compliant fund introduced in the US. Launched in December 2020, the fund is dubbed as the first Shariah compliant REIT exchange-traded fund (ETF) in North America.

The SPRE, listed on the New York Stock Exchange, tracks the S&P Global Shariah All REIT Capped Index which is designed to measure all Shariah compliant constituents of the S&P Global REIT Index, a comprehensive benchmark of publicly traded equity REITs listed in both developed and emerging markets.

"The SPRE has joined our family of ETFs which are designed not only for investors looking for Halal exposure, but for any investors seeking a value-focused portfolio as well as those who seek to avoid overlevered enterprises," said Naushad Virji, CEO of SP Funds.

Leveraging on investor appetite in real estate, the fund seeks to provide exposure to Shariah compliant REITs as well as offer diversification benefits to a standard portfolio, while adding exposure to real estate-related asset classes, according to a prospectus.

Table 1: Fund fact sheet

Name of the fund	SP Funds S&P Global REIT Sharia ETF
Launch date	30th December 2020
Fund manager	Toroso Investments
Fund category	Exchange-traded fund (Shariah compliant)
Fund domicile	The US
Targeted size	N/A
Investment objective	The fund seeks to track the performance, before fees and expenses, of the S&P Global All Equity REIT Shariah Capped Index.
Asset allocation	At least 80% of the fund's total assets will be invested in the component securities of the index while up to 20% of fund's total assets will be invested in Shariah compliant securities or other Shariah compliant investments not included in the index.
Geographical exposure	The US
Targeted yield	3.68%
Investor type	All investors
Base currency	US dollar
Risk level	N/A
Benchmark	S&P Global Shariah All REIT Capped Index

The SPRE may invest at least 80% of the fund's total assets in the component securities of the index while up to 20% of fund's total assets will be invested in Shariah compliant securities or other Shariah compliant investments not included in the index.

Managed by Toroso Investments, the fund alongside two Shariah compliant ETFs offered by SP Funds — the SP Funds S&P 500 Sharia Industry Exclusions ETF and the SP Funds Dow Jones Global Sukuk ETF — were made available on the LPL Financial Platform effective January 2021.

Mortgage-backed Islamic securities to boost Bahrain's housing sector and capital market

The Bahraini government's commitment to addressing the housing demand in Bahrain as outlined in its Action Plan 2019–22 has received a boost through the launch of Kuwait Finance House (KFH)-Bahrain's Shariah compliant-backed securities, which support the Mazaya social housing finance scheme. NESSREEN TAMANO writes.

KFH-Bahrain launched mortgage-backed securities, which involve the issuance of Sukuk against a portfolio of Ijarah financing contracts under the Mazaya scheme. In this pass-through securitization structure, the Sukukholders become the ultimate beneficiaries of the financing portfolio.

Mazaya, first introduced in 2020 by the Ministry of Housing in partnership with local banks including Islamic banks, offers Bahraini citizens the opportunity to own homes through a real estate finance facility subsidized by the government, and is considered an attractive asset class for investors.

KFH-Bahrain is the first Islamic retail bank to launch mortgage-backed securities through Sukuk, which is the second issuance under its Shariah compliant Securitization Program first introduced in September 2020. The new securities can also be used for non-KFH-Bahrain financing portfolios with the bank acting as the arranger, providing a platform for any financial institution regulated by the Central Bank of Bahrain, or any government-owned entity, to securitize assets.

"The issuance of mortgage-backed securities would greatly stimulate the housing market, which is considered one of the largest contributors for economic growth [in Bahrain]. All stakeholders would benefit from this, as financial institutions can increase their ability to finance housing units, while development plans can be accelerated," said Abdulhakeem Alkhayyat, the managing director and CEO of KFH-Bahrain. "Furthermore, the continuous launch of asset-backed securities will positively contribute to the development of the capital markets in Bahrain by having diverse products for eligible investors."

The first issuance in KFH-Bahrain's Securitization Program was a series of Sukuk Mudarabah instruments under a trust structure that offers financial institutions and state-owned entities a solution to manage their liquidity positions and balance sheets.

Djibouti follows Turkey's lead in Islamic finance

Djibouti is set to follow the lead of Turkey, which has taken big steps to boost its Islamic finance and banking industry with the recent establishment of government divisions solely dedicated to developing participation finance in the country. NESSREEN TAMANO reports.

The East African nation's Ministry of Economy and Finance signed an MoU with the Participation Banks Association of Turkey (TKBB), with the latter aiming to transfer Islamic finance knowledge, skills and technical expertise to the stakeholders and main players of the Djibouti Shariah finance sector.

The agreement, signed under the guidance of the United Nations Development Programme Turkey Office, has a special focus on supporting the development of Islamic microfinance in both countries, and in encouraging the Shariah financial sector to be more involved with MSMEs in Djibouti.

Djibouti, the state religion for which is Islam, has three fully-fledged Islamic banks that, compared to their conventional counterparts, have more exposure to SMEs, microfinancing and retail financing. The population's positive perception of Islamic finance in the country points to potential areas of opportunities, such as the Takaful sector.

> ***"The share of participation banks within the Turkish banking system has increased from 5% to 7.2% in the last five years"***

According to the TKBB, which is the official representative of the participation banking sector in Turkey, the share of participation banks within the Turkish banking system has increased from 5% to 7.2% in the last five years. The organization is currently working on a roadmap that will take that number up to 15%.

Metin Ozdemir, the head of the TKBB, said that the group's promotion of participation finance, which includes Takaful, pensions, funds, fintech and capital market instruments, will not be limited to Turkey, and instead they will be sharing their experiences with different regions.

"In particular, we are in close contact with participation financial institutions in Islamic countries. While opening branches in countries such as Germany, Bahrain and Sudan, we hold meetings with delegations from Indonesia, Malaysia, Morocco, Djibouti, Somalia and Azerbaijan," Metin said.

Ziraat Participation was the first Turkish participation bank to open a branch in Africa — in Sudan — and is currently working on opening an office in Somalia.

Sovereign Securities: Indonesia continues aggressive borrowing strategy

Indonesia exercises greenshoe option in an additional Sukuk auction while the usual suspects entered the market this week. JEVITHA MUTHUSAMY rounds up Shariah sovereign securities developments over the week.

Malaysia

The government of Malaysia printed two facilities — a RM1.5 billion (US$363.31 million) Malaysian Islamic Treasury Bill on the 11th March 2021 which received 39 bids and a RM4 billion (US$971.51 million) Government Investment Issue Murabahah facility on the 15th March 2021 which carries a profit rate of 3.47%.

Meanwhile, Bank Negara Malaysia printed 11 Islamic papers totaling RM115.94 billion (US$28.16 billion).

Bangladesh

Bangladesh Bank concluded the auction of two Bangladesh Government Islami Investment Bonds (BGIIBs) on the 4th March 2021. The three-month BGIIB facility received seven bids totaling BDT9.42 billion (US$109.07 million) while the six-month BGIIB facility received five bids amounting to BDT5.2 billion (US$60.21 million).

Indonesia

The Indonesian government raised IDR4.5 trillion (US$310.86 million) from a Sukuk **auction** conducted on the 10th March 2021. Concurrently, the government **exercised** a greenshoe option, raising IDR7.51 trillion (US$518.76 million) from five sovereign papers with maturity dates ranging from the 15th May 2023 to the 15th October 2046.

Meanwhile, the Indonesian government's six sovereign Shariah securities **valued** at a total of IDR12 trillion (US$833.33 million) were listed on the Indonesia Stock Exchange on the 15th March 2021.

Bahrain

The Central Bank of Bahrain's Sukuk Salam **offering** worth BHD43 million (US$113.32 million) and Sukuk Ijarah **offering** worth BHD26 million (US$68.54 million) have been oversubscribed, receiving BHD294.95 million (US$777.3 million) and receiving BHD226.2 million (US$596.33 million) in subscriptions respectively.

Iran

The Iranian Ministry of Economic Affairs and Finance's 41st bond auction held on the 9th March 2021 saw IRR22.7 trillion (US$537.8 million)-worth of government bonds sold through the stock exchange.

The central bank was due to conduct the 42nd stage of the government bond auction on the 14th March 2021. The outcome of the auction has yet to be announced at the time of publication.

Gambia

The Central Bank of Gambia's auction which concluded on the 9th March 2021 featured three Sukuk Salam facilities: a GMD5 million (US$96,923.5) three-month facility which was fully subscribed, and a GMD10 million (US$193,847) six-month facility and a GMD30 million (US$581,541) one-year facility which were both undersubscribed.

Upcoming sovereign Sukuk

Country	Amount	Expected issuance date	Date of announcement
South Africa	• US$3 billion • TBA (likely domestic Sukuk)	• 2021/22 • TBA	• 24th February 2021 • 11th July 2019
Tunisia	• TND300 million • US$500 million	• July 2021 • TBA	• 1st February 2021 • 27th November 2017
Pakistan	• US$500 million — US$1 billion Sukuk Ijarah • TBA (Ministry of Energy's Petroleum Division) • US$2.5 billion (comprising Sukuk, eurobond and Chinese panda bond) • PKR700 billion • PKR250 billion • At least US$1 billion • TBA (diaspora Sukuk or bond)	• March 2021 • TBA • TBA • TBA • TBA • TBA • TBA	• 24th January 2021 • 4th November 2020 • 3rd October 2020 • 17th December 2019 • 10th December 2019 • 10th September 2019 • 19th August 2020

VERTICAL IN FOCUS

TECHNOLOGY, IT & INFRASTRUCTURE

Sedania As Salam Capital plans composable Islamic banking solutions with Mambu partnership

Weeks after news of its collaboration with Bank Islam to assist the Malaysian bank in rolling out a digital banking proposition, software-as-a-service (SaaS) cloud banking platform Mambu has been engaged by another Malaysian firm to deliver Shariah compliant banking solutions.

Sedania As Salam Capital revealed that it has selected Mambu as its cloud core banking partner to design and launch composable Islamic banking solutions.

This partnership signifies an important turning point for Sedania As Salam. The company, whose core product has been its Tawarruq platform, is expanding its remit as it pivots toward becoming an Islamic fintech solutions provider under the leadership of CEO Nisa Ismail. The firm earlier **this month introduced** its new Islamic fintech digital platform for credit companies engineered to assist money lenders roll out Shariah compliant financing products.

Collaborating with Mambu will serve as a launching pad for the firm to incorporate Mambu's SaaS banking platform as part of the core system of its solution architecture.

"Our collaboration with Mambu aims to reimagine core banking systems that are rigged against legacy infrastructure by providing technological accessibility geared to the needs of our financial service institutions' partners," explained Nisa.

Mambu, which has a global presence, has been particularly active in the Islamic finance space. Originally serving microfinance organizations and fintech companies, Mambu's clientele now include the likes of ABN AMRO, N26, OakNorth, Globe Telecom and Orange in addition to 100 microfinance organizations across 26 countries.

Lendo closes Series A round

Islamic digital financier Lendo has closed a Series A funding round which will be used to bolster its platform capabilities and expand its offering.

Licensed by the Saudi Central Bank through the regulator's sandbox, Lendo is a crowdfinancing marketplace targeting SMEs, enabling them to prefinance their outstanding invoices in a completely digital environment. The SAR27 million (US$7.19 million) Series A round was led by Derayah Ventures and participated by Seedra, Shorooq Partners, 500 Startups and Impact46.

> ***"The additional investment helped us create more opportunities for Lendo to finance businesses during the challenging economic climate brought about by COVID-19"***

"The additional investment helped us create more opportunities for Lendo to finance businesses during the challenging economic climate brought about by COVID-19.

At Lendo, our strategy is to provide access to low profit rate financing to SMEs and help funders receive better returns," shared Osama Al Raee, CEO and co-founder of Lendo.

According to Osama, since the young start-up's launch in 2019, the platform has financed over 100 invoices to the tune of over SAR60 million (US$15.98 million), returning over SAR3 million (US$799,198) to investors in profit. And the profit distribution pipeline is looking healthy.

Co-Founder and COO Mohammad Jawabri noted that there was a "huge surge" in the number of SMEs which turned to Lendo during the pandemic to keep the businesses afloat, resulting in a 25% month-on-month growth.

Lendo, which is looking to expand into the MENA region, is participating as the only fintech and Saudi start-up in the first regional cohort of the Google Accelerator program.

Offshore centers: Strong support for Islamic financial deals

Offshore financial centers (OFCs) have gained popularity with Sukuk issuers and Islamic financial institutions looking at efficient and cost-effective tax planning and cross-border transactions. NESSREEN TAMANO rounds up the most prominent OFCs in the global Islamic finance industry.

Cayman Islands and British Virgin Islands

The most popular among Shariah investors from the Middle East and the UK, both the Cayman Islands and the British Virgin Islands have many Islamic SPV issuers registered within their jurisdictions. Some notable ones include Dubai Islamic Bank (DIB), Noor Bank, DP World, Dar Al Arkan and Aldar Properties, which have floated papers under programs with Cayman Islands-registered SPVs.

The Cayman Islands have regulations that accommodate Shariah transactions, allowing for less stringent license requirements and lower administration tasks and costs. In terms of categorization, Sukuk instruments that meet the criteria of alternative financial instruments now fall outside the scope of the Mutual Funds Law.

> *"OFCs were also involved in some of the notable issuances of 2020"*

The British Virgin Islands is a preferred destination for its benefits to Shariah compliant transactions, including the English legal system and adherence to international law, compliance with anti-money laundering legislation and bilateral tax exchange agreements with at least 27 countries.

Guernsey

The authorities in Guernsey have been making efforts to make the OFC more attractive to Islamic issuers — the law accommodates Shariah compliant financial transactions and Islamic funds, with structures such as the protected cell company (PCC) and fast-tracked fund regimes.

Guernsey also provides opportunities for Sukuk programs and Shariah compliant PCC vehicles to list on the Channel Islands Stock Exchange, and is popular with family offices.

Jersey

Unlike other OFCs, Jersey had no need to make amendments to its regulations as they already allow for Islamic financial transactions and a whole range of Shariah compliant products, including Murabahah and Sukuk structures.

Jersey-based SPVs, typically with Murabahah transactions, can be incorporated within a short span of time under a local regulator. The OFC is popular with Shariah investors from the UK's real estate sector.

Luxembourg

The Grand Duchy is a popular destination for Sukuk listings on the Luxembourg Stock Exchange, and is the world's leading non-Muslim domicile for Islamic investments. It has a supportive legal and regulatory framework for Islamic transactions, and has strong ties with Islamic financial powerhouses.

The banking regulatory framework in Luxembourg allows for the creation of Islamic banks and windows, and plans for a fully-fledged Islamic bank in the jurisdiction are in the works.

Malta

Finance Malta, a joint venture between the government and the finance industry, has established a dedicated Islamic finance group to develop Shariah compliant financial transactions in Malta.

The OFC launched an Islamic equity index in 2016, and has initiated government-commissioned studies to review regulatory and tax implications for Sukuk issuances.

Free zones

The success of the aforementioned OFCs has been replicated by some Shariah-

focused onshore jurisdictions in an effort to keep investments close to home.

Some of these offshore free zones that emulate OFCs include Malaysia's Labuan International Business and Financial Centre, which is home to several Islamic banks, Islamic windows, Takaful operators and Shariah funds; the UAE's Dubai International Financial Centre (DIFC) and the Abu Dhabi Global Market, which launched ADCorp, its first Islamic bank, in 2019; and the Qatar Financial Centre.

The Bahrain Financial Harbour manages a sizeable Takaful industry, and has plans to set up a Sukuk exchange center. The DIFC is actively promoting Sukuk regionally and internationally. Ultimately, these financial centers offer options for Shariah investors looking at the Middle East and the GCC region.

Outlook

Industry players are optimistic about OFCs being innovative with their Shariah compliant offerings, and we may yet see products such as Zakat distribution in the future to cater to the different business needs of Islamic financial institutions. OFCs were also involved in some of the notable issuances of 2020, including those issued by the Cayman Islands SPVs of Qatar Islamic Bank, Arab National Bank and DIB. Industry experts expect that OFCs will continue to feature in future Sukuk transactions.

Structured finance: Financing volume shrinks further

Islamic structured finance comprises an array of solutions including hybrid Sukuk, syndicated financing and collateralized financing, all of which are tailored to meet complex financing needs. JEVITHA MUTHUSAMY analyzes the latest developments in this sector.

Syndicated finance

Taking a look on a year-on-year basis, the Shariah compliant syndicated financing volume experienced a drop for the second year in a row to only 18 deals concluded in 2020 (2019: 24 deals) compared with the number of deals recorded in the three years leading to 2018 which hovered around the lower 40s region.

Over the past three years, the Middle East has snagged top spot, both in terms of value and number of contracts signed. However, the total amount of financing in 2020 decreased to US$10.17 billion compared with US$18.91 billion in 2019.

From a deal nationality perspective, Saudi Arabia once again took the lead in 2020 with four financings worth US$6.08 billion while the UAE, which was in the lead in 2019 with 10 deals totaling US$6.27 billion, came in second in 2020 with six deals worth US$2.09 billion, according to Dealogic.

Malaysia came in third with two deals worth US$915 million (2019: US$300 million) while Egypt and Bahrain took fourth and fifth places with one deal each worth US$510 million (2019: US$93 million) and US$250 million (2019: US$1.28 billion) respectively.

The US dollar maintains top spot as the most preferred currency for Islamic syndicated financing at 50% of total deals executed in 2020 followed by the Saudi riyal at 45%, the Malaysian ringgit at 2% and the euro at 1%.

Recent deals

Over the past 12 months, at least four syndicated financing deals have been signed.

In November 2020, the government of Pakistan **signed** US$370 million syndicated term loan and Murabahah financing facilities, with the hybrid commercial financing oversubscribed 1.2 times.

Table 1: Top five Islamic syndicated financing deals by industry, 2020

Rank	Industry	Deal value (US$ million) (Proceeds)	No.	% Share
1	Telecommunications	2,881	3	28
2	Utility & energy	2,574	2	25
3	Transportation	1,469	3	14
4	Finance	1,050	1	10
5	Retail	833	2	8

Source: Dealogic

Meanwhile in Saudi Arabia, Saudi Electricity Co in August 2020 signed a seven-year SAR9 billion (US$2.4 billion) syndicated Murabahah **financing** facility for general corporate purposes including capital expenditure.

Over in Malaysia, telecommunications company Axiata in May 2020 **secured** syndicated multicurrency Shariah compliant sustainability financing facilities worth RM3.5 billion (US$850.07 million).

In the same month, the IsDB and Turk Eximbank **signed** a 10-year syndicated US$100 million Murabahah deal to finance SMEs and middle capitalization companies in Turkey.

Hybrid Sukuk

In November 2020, an agricultural reclamation company not listed on the Egyptian Exchange was said to be **preparing** to issue the country's first hybrid Sukuk Ijarah–Mudarabah facility, and was expected to submit a formal request to the regulator in January 2021.

Meanwhile in July 2020, port operator DP World issued a perpetual dollar hybrid Sukuk facility worth US$1.5 billion to refinance its debt.

Convertible Sukuk

Sukuk exchangeable into shares remain a popular choice for issuers with Shahjalal Islami Bank in March 2021 announcing its intention **to raise** BDT5 billion (US$57.93 million) through the issuance of a contingent-convertible, Basel III compliant Mudarabah perpetual bond as part of its additional Tier 1 capital.

Over in Malaysia, Mah Sing Group in December 2020 completed the issuance of a RM100 million (US$23.99 million) seven-year redeemable convertible Sukuk Murabahah facility under the company's existing RM1 billion (US$239.88 million) Sukuk Murabahah program.

Meanwhile in November 2020, independent oil and gas company Hibiscus Petroleum **raised** RM203.6 million (US$49.74 million) from the issuance of Islamic convertible redeemable preference shares, making it the largest issuance of its kind in Malaysia in 2020.

SRC's Sukuk: Investing in Saudi Arabia's housing market

The high demand for housing in Saudi Arabia, coupled with the Kingdom's growing economy, makes investments in the market attractive, and Saudi Real Estate Refinance Company (SRC) seeks to be the bridge for those opportunities with its recent Sukuk issuance worth SAR4 billion (US$1.07 billion). NESSREEN TAMANO reports.

Oversubscribed 2.15 times, the landmark Sukuk facility will be utilized by the company, which is owned by the sovereign wealth fund Public Investment Fund (PIF), to increase homeownership in the Kingdom. It also aims to achieve the PIF's strategy of enhancing the performance of the real estate sector and increasing the percentage of non-oil GDP.

The privately placed Islamic paper was issued in two tranches and guaranteed by the Saudi Ministry of Finance.

"The issuance cements our role as an intermediary between investors and the Kingdom's growing housing market," the company said. "SRC's Sukuk allows investors to get temporary liquidity through repurchase agreements, and helps reduce the cost of borrowing for Saudi citizens who want to own a suitable home."

SRC offers funding to banks and finance companies to enable them to offer accessible home financing options to Saudi homebuyers, which then creates a secondary market where the facilities are bought from the lenders and then sold to investors.

Saudi Arabia has set a homeownership target of 70% by 2030. The Ministry of Housing in 2020 exceeded its target, reporting that it had served 390,819 families through its homeownership initiatives in collaboration with financiers and the private sector.

> *"SRC's Sukuk allows investors to get temporary liquidity through repurchase agreements, and helps reduce the cost of borrowing"*

SRC **last issued** Sukuk in 2019 — a facility worth SAR500 million (US$133.13 million) parked under an SAR11 billion (US$2.93 billion) Sukuk program. The company's latest published results show total assets at SAR7.65 billion (US$2.04 billion) as at the 30th September 2020, an increase from SAR7.38 billion (US$1.97 billion) recorded in the same period of the previous year.

Saudi Real Estate Refinance Company's Sukuk

SAR4 billion (US$1.07 billion)

9th March 2021

Issuer	Saudi Real Estate Refinance Company
Tranches	Tranche 1: SAR1 billion (US$266.26 million) Tranche 2: SAR3 billion (US$798.78 million)
Tenor	Tranche 1: Seven years Tranche 2: 10 years
Profit rate	Tranche 1: 2.11% Tranche 2: 2.65%
Currency	Saudi riyal
Listing	Unlisted
Sole arranger	HSBC Saudi Arabia

Defining the unrestricted agent

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To refresh the last discussion, if an agent disposes of the principal's property at an amount lower than the threshold fixed by the principal, the agent breaches the terms of the agency agreement and shall be responsible to compensate the principal for the shortfall.

Also, if the agent is able to sell the principal's property at the sale price higher than the minimum price set by the principal, it complies with the agency agreement. Here, the matter of surplus sale proceeds is irrelevant since it appears after the agent has successfully gotten the desired price to the principal.

If the agency agreement is silent on how to deal with the surplus, the agent can retain such amount in addition to the agency fee paid by the principal. Nevertheless, if the agency agreement stipulates on how to share the surplus, the agent shall be bound to follow the instruction.

In a similar situation, if the agent was instructed to sell the principal's property on a deferred basis, expecting a higher price, but the agent sold it on cash at the same price, the agency shall have been discharged by the agent.

Nonetheless, in the opposite situation, ie if the agent was instructed to sell on cash but it sold the principal's property on a deferred basis, the agent shall be considered to have overstepped its authority and the agency shall hang in the balance until such time that either the deferred sale period is completed and the sale proceed is realized in full, or the principal ratifies the agent's unauthorized act.

What is discussed above relates to the restricted agency where the agent is required to perform a certain task within a narrow corridor and without much flexibility. In **article 128**, I had in passing mentioned the unrestricted agency and the time has now come for me to elaborate it further. The grant of the unrestricted agency is permitted under Shariah albeit with some constraints to safeguard the principal's interest.

Firstly, an unrestricted agency must not be granted by the principal to just anyone but only to someone who has necessary expertise and the required skill in the relevant field. Hence, the onus to carefully select an unrestricted agent shall always be on the principal. If the principal fails to discharge the required due diligence while appointing such an agent, it will bear the consequences.

Jurists opine that the scope of an unrestricted agency could be widespread. Therefore, the unrestricted agent shall have the discretion to sell the principal's goods either on cash or a deferred basis or a mix of both, knowing fully well the merits of each transaction. Such an agent may also have the power to dispose of the goods at below cost in order to cut the losses since he is assumed to have the market pulse.

The often repeated quote "with authority comes responsibility" fits well with the unrestricted agent in Shariah. Consequently, the unrestricted agent does have some boundaries to be respected. The primary responsibility of an unrestricted agent is to always safeguard the interests of the principal in whatever it does.

Now to a few specifics: the unrestricted agent must not accept the sale proceeds in the shape of illegal tender or weaker currency or barter against goods not in great market demand and which it will find difficult to realize. Add to that the present-day stringent anti-money laundering edicts which must be respected by the unrestricted agent toward protecting the principal at all times.

The other confine for the unrestricted agent is to prevent any conflict of interest situation from happening at all costs. Examples are purchasing the required goods from relatives and friends at higher than the market price or selling the principal's goods to them at a lower than the prevalent market price. There is no harm if such transactions take place at the market price while respecting the 'dealings at arm's length' principle.

Respecting all rules and regulations connected with the trading license of both the principal and the unrestricted agent, as well as valuing the laws of the land, is another major responsibility for the unrestricted agent.

The unrestricted agent is also answerable in terms of keeping the accounts up to date for its areas of operation and providing full information to the principal and to the principal's counterparties (such as financing banks) at its behest.

The debate so far has centered around the protection of the principal from the unrestricted agent's acts. What about the rights of the unrestricted agent over the principal?

Well, as I have always proved the utmost fairness of the Shariah principles, here too the principal shall not be able to hold the unrestricted agent responsible for any losses which were not caused by it or which took place due to any unforeseen situation over which the unrestricted agent had no control.

Also, as discussed earlier, the unrestricted agent shall still be eligible to get the agreed fee or compensation from the principal even if the principal continues to incur losses due to no transgression or fault of the unrestricted agent and which are attributed to an unfavorable market situation.

Can readers provide an example from the contemporary Islamic finance industry as to where the unrestricted agency is currently applied by an Islamic financial institution?

The views and opinions expressed in this article are those of the author and do not necessarily reflect the opinions of the Dubai Islamic Economy Development Centre, nor the official policy or position of the government of the UAE or any of its entities. The purpose of this article is not to hurt any religious sentiments either consciously or even unwittingly.

Next week: Discussion on the other interesting angles of Wakalah.

Where next?

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As vaccines are being rolled out, the world is slowly starting to think about what the new normal is going to be. More working from home, back to the office, more home schooling? From what I hear around me, it is certainly unlikely to be the latter. Home schooling appears not to be for the faint-hearted and there is a whole new appreciation for teachers across the board.

Many people I know are contemplating their wardrobe and whether they will still fit in those suits and shirts. Although few people have lost weight during the successive lockdowns, most will have to add at least one extra hole to the belt.

> ***"This then makes me think about the single most desirable investment in Islamic finance: property"***

The big question is, however, will we be going back to the office? As far as I can see, there are certainly managers who want their staff back in the office as soon as possible, even though we now have sufficient reasons to believe productivity has increased while everyone was working from home. Perhaps those who feel their staff must come back to the office are those who can't be trusted to work from home themselves?

Anyhow, never mind the manager who want their staff back in the office, companies have seen the increase in productivity and are actively considering the cost reduction associated with the need to have less office space available.

The 'new normal' will most likely be a combination of working from home interspersed with a day or two in the office. Many companies I know have already taken action by not renewing leases when they came up and not taking on additional office space even when there is an increase in the number of staff members.

This then makes me think about the single most desirable investment in Islamic finance: property. If people work from home more, they will need more space. However, this space is likely to be in demand in different locations.

> ***"There is likely going to be less demand for all the shiny new office buildings currently still in the process of being built"***

Working from home reduces your commute to nothing so it does not matter if you are miles away from the office. Even when going to the office two days a week, a longer commute is less of an issue, particularly, if you do those two days consecutively and can stay over for a night.

It is certainly not a new issue, but rather a trend that has started quite a while ago, but is now likely to change faster. This means that there is likely going to be less demand for all the shiny new office buildings currently still in the process of being built. And similarly for city center housing aimed at people sharing with a smallish bedroom each.

These shifts in the property market will provide some interesting investment opportunities like the conversion from office to homes, or from single occupancy offices to communal work spaces. But perhaps, now is the time to sit on your hands and not rush out to buy office buildings.

Islamic financing plays a key role in Egypt's emergence from COVID-19 crisis

EGYPT

By Dr Walid Hegazy

Whether through Sukuk or Shariah compliant lending, top Egyptian companies have turned to Islamic financing to secure additional capital in the second year of the COVID-19 economic downturn. Cairo for Real Estate Development (CIRA) and Porto Group are two property development companies that have taken advantage of Shariah compliant methods of funding.

CIRA used its first Sukuk issuance to reduce its debt portfolio and finance the expansion and maintenance of its existing projects. Porto Group and Bonyan Development and Trade Company will complete the construction of Porto October with the EGP1 billion (US$63.49 million) Shariah compliant loan extended by Banque Misr.

Meanwhile, the Egyptian government's issuance of sovereign Sukuk grows nearer as the recently elected parliament works on a draft sovereign Sukuk law.

The CIRA Sukuk issuance was approved by the Financial Regulatory Authority in late December. Structured on the basis of an underlying Ijarah (leaseback) contract and valued at EGP600 million (US$38.09 million), it is the first Sukuk whose proceeds will be directed toward educational infrastructure.

CIRA will use the funds for developing Assiut University, Badr University in Cairo and other schools. The company also improved its balance sheet by using part of the money to pay off a debt to QNB Alahli.

Banque Misr was already well known for its Shariah compliant Murabahah (cost-plus) and Wakalah (agency) consumer lending options. Porto Group suffered heavily from the COVID-19 economic crisis, with a EGP22.92 million (US$1.46 million) loss in the first half of 2020, compared with a profit of EGP85.98 million (US$5.46 million) during the same period in the previous year.

Although Porto Group has successfully concluded several residential, commercial and touristic real estate ventures, a reduced cash flow could have affected the company's ability to meet customer deadlines for the timely handover of units.

After several delays, Egypt's first sovereign Sukuk issuance could come this year. The sovereign Sukuk law was referred to parliament by the Prime Minister's Office last November.

> ***"The private Sukuk issuances for 2020 reached a total of EGP5.1 billion (US$323.78 million)"***

The economic committee has since made several amendments to the draft including a maximum Sukuk tenor of 30 years and setting the Sovereign Sukuk Company's minimum issued capital at EGP10 million (US$634,865) and its licensed capital at EGP100 million (US$6.35 million). Only the finance minister will be authorized to raise the issued capital.

Previous administrations have pledged to incorporate Islamic finance into Egypt's securitization offerings, but they have not moved past the theoretical phase of legislation drafting.

The current Egyptian government is the first government to establish specific regulations for private Sukuk issuance, and the effect of such strong legislation is apparent.

The private Sukuk issuances for 2020 reached a total of EGP5.1 billion (US$323.78 million).

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IFN Country Correspondents

Bangko Sentral ng Pilipinas's report on Islamic banking

THE PHILIPPINES

By Rafael A Morales

In its year-end report on financial inclusion initiatives, the Bangko Sentral ng Pilipinas (BSP) noted certain initiatives and developments relative to Islamic banking in the Philippines. At the outset, the BSP confirmed its continuing policy studies to implement the provisions of the Islamic Banking Law (Republic Act No 11439) on prudential reporting, liquidity, leverage and capital adequacy for stand-alone Islamic banks as well as Islamic banking units within conventional banks.

Corollary to this and as part of the initiative in increasing public awareness, the BSP issued Memorandum No 2020-052 containing the 'Frequently Asked Questions on Islamic Banking'.

In the report, the BSP lauded the issuance by the Bureau of Internal Revenue of a set of regulations intended to provide a level playing field for Islamic banking products and services in relation to their conventional banking counterparts. This is in compliance with the mandate of the Islamic Banking Law "to achieve neutral tax treatment" between Islamic and conventional banking transactions.

Further, the BSP confirmed its continuing coordination with the National Government–Bangsamoro Government Intergovernmental Relations Body, which was established under the Bangsamoro Organic Law (Republic Act No 11054), for the purpose of establishing an Islamic banking unit within the BSP itself. This is in line with the marching order in that law for the BSP, the Bangsamoro government, the Department of Finance and the National Commission on Muslim Filipinos to jointly promote the development of a robust Islamic banking and financial system in the Philippines.

All of these initiatives and developments seek to realize the policy guideline in the Islamic Banking Law to create "opportunities for greater financial inclusion especially for the underserved Muslim population" and to expand "the funding base for small and medium-sized enterprises as well as large government infrastructure" through Islamic banking and finance.

The BSP stressed in its report that it will "maintain flexibility in its approach to allow industry players to thrive in this new environment".

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How may Takaful in Iran benefit from insurance-linked securities?

IRAN

By Majid Pireh

Insurance-linked securities (ILSs) are financial instruments which provide a connection mechanism between the capital market and insurance. In developed financial markets, insurance companies may use ILSs to transfer some parts of their risk profiles to the capital market. However, since in ILSs, investors should bear some portion of the losses which may occur as a result of the damage which the insurer has accepted, normally such financial instruments will be categorized as riskier financial instruments than other common financing vehicles such as Sukuk.

In the Iranian financial system, Shariah scholars have issued Fatwas that an insurance contract by itself does not contradict Shariah principles. However, clear Shariah criteria such as avoiding Riba must be followed exactly if the insurance company intends to invest the money or do business.

Right now, as the insurance market regulator and supervisor, an option on the table for the Iran Central Insurance Company is issuing ILS in compliance with Shariah principles. But since in Iran's financial system normal investors expect to receive some payments at a specific time as premature profit payments, and they also expect to have their principal on the maturity date, it is a challenge for the capital market regulator to structure a financial instrument which is quite different than the other well-known financial instruments.

Additionally, in compliance with Article 5 of the Central Insurance Establishment Act which was ratified in 1971, the Iran Central Insurance Company is permitted to provide reinsurance services for insurance companies and hence, such activities play a key role in the daily business of the Iran Central Insurance Company.

Allow me to point to another important aspect of issuing ILS in the Iranian capital market. The Shariah committee of the Securities and Exchange Organization during its 177th meeting held in September 2018 resolved that "reinsurance securities are based on the rules of insurance and proxy contracts. It means that the Central Insurance Company or the insurance companies, in line with the provisions of [the] reinsurance agreement, transfer a portion of their insurance risks to the capital market. Investors of securities take the place of [the] reinsurer in the agreement and shall have the right to receive a certain amount of money as the premium from the reinsured party against rendering reinsurance services".

Right now, a the debut ILS issuance is still in the works and while the capital market investors are waiting to look at the paper's prospectus, issuing ILSs will change traditional investors' behavior and let them experience more rewards by taking more risks. Based on the released news, some other insurance companies are preparing the ILS insurance documents to transfer some parts of their profile to the capital market through the reinsurance process. This may deepen the ILS market to more volunteers as well.

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Algeria: A special regulation for Takaful

ALGERIA

By Dr Ahmed Tahiri Jouti

The Algerian government has on the 23rd February 2021 issued a dedicated regulation for Takaful comprising 27 articles and three chapters which define the conditions related to the practice of Islamic insurance operations.

First, the regulation authorizes the creation of fully-fledged Takaful operators as well as Takaful windows. It also recognizes two categories of insurance operations: General Takaful and Family Takaful.

> ***"The Takaful operators can use conventional reinsurance products upon the approval from the Shariah supervisory committee"***

For each category, the operator shall create separate Takaful funds and can apply one of the following models:

- The Wakalah model which consists of a fixed commission deducted from the contributions collected by the operator in order to take charge of the management of the funds.
- The Mudarabah model which consists of a share in the financial and technical surpluses of the funds managed by the Takaful operator.
- The Wakalah and Mudarabah model which consists of both a fixed commission deducted from the contributions and a share in the financial and technical surpluses of the funds managed by the Takaful operator.

From the Shariah governance perspective, the regulation appoints the National Shariah Committee for the Islamic finance industry (part of the Islamic Higher Council) as the entity that shall approve the legal documentation of Takaful operators.

Moreover, the regulation stipulates that every Takaful operator shall constitute a Shariah supervision committee composed of at least three members appointed by the General Assembly for a period of three years and renewable once.

The Takaful operator shall also appoint a Shariah auditor to assess the company's compliance with the Shariah principles and standards issued by the National Shariah Committee for the Islamic finance industry.

The Takaful regulation defines the surplus (deficit) calculation method. Indeed, if there is a surplus, the Takaful operator shall distribute it based on the Takaful model (Wakalah, Mudarabah or both) and the distribution methods allowed by the regulation:

- Distribute the surplus to all the participants without distinction.
- Distribute the surplus to the participants who had no claims during the year.
- Distribute the surplus to the participants with contributions that are higher than the claims they received.

In case of a deficit, the Takaful operator shall grant a Qard Hasan amount to the funds that shall be paid back once there is a surplus.

Finally, the Takaful operators are to use re-Takaful products unless there are no convenient offerings. Therefore, the Takaful operators can use conventional reinsurance products upon the approval from the Shariah supervisory committee.

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AAOIFI and CIBAFI get together for initiative

BAHRAIN

By Dr Hatim El Tahir

The current COVID-19 pandemic has opened up eyes, and resulted in more time spent on several 'internal industry' practice synergy efforts and collaborations which are well overdue.

In the past three decades or so, industry standard-setters and self-regulatory organizations have worked in silos and often overlapped in practice policy development and drained unnecessary resources, time and efforts.

In 2018, the AAOIFI and IFSB collaboration was welcomed warmly by industry executives and policymakers and we all hoped that more would come our way for seamless and sustainable industry growth in such a highly competitive financial service industry and increasingly uncertain economies.

Here we are, in early 2021, and AAOIFI and the General Council for Islamic Banks and Financial Institutions (CIBAFI) have announced an excellent initiative to boost efforts toward market practice synergies aimed at driving cooperation for the development of the Islamic financial services industry.

The detailed outline and objectives of this collaboration are yet to be revealed, but one can envisage the strategic thinking behind this collaboration to develop a meaningful practice harmonization strategy leveraging the two organizations' resources, capabilities and memberships.

For instance, for AAOIFI, the key value to add to this collaboration is the rich expertise it has built over the last four decades in developing the industry Shariah, accounting, auditing and ethics standards and Shariah governance practices and guidance. This invaluable industry knowledge needs to be implemented.

Undoubtedly, AAOIFI continues to spare no efforts in doing so, albeit there is evidently significant work to be done to ensure a wider implementation of these standards, in particular within the OIC marketplace and other core Islamic financial markets.

On the other hand, CIBAFI's modus operandi falls on the organization's strategic plans of strengthening the good practice approach in the industry and promoting international best practices.

The AAOIFI standards will be a case to consider here. CIBAFI has a clear mandate to provide industry support and executive education and learning programs, and will be able leverage its global industry membership base to lead this desired goal and hence develop capacity-building programs partnering with its global training, research and academic institutions to streamline global practice synergies, aligning our practices with those of global good investment and finance governance such as environmental, social and governance principles; the UN Principles for Responsible Investment; and the most relevant nowadays, the UN Sustainable Development Goals.

With this in mind, one would hope that this initiative will open the door to wider industry collaborative initiatives among business supporting institutions and other standard-setters.

Key to this kind of collaboration is to provide the required regulatory and practice guidance needed to sustain industry market growth and provide the social and economic values in societies where Islamic finance operates.

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LIBOR in aviation and structured finance — an endangered species?

There is clear international consensus that existing rates based on the London Interbank Offered Rate (LIBOR) must be replaced by risk-free rates. However, there is divergence in different markets and products, which means that there is no straightforward approach for Islamic finance transactions. The key issue for any proposed solution will be the interplay between the Islamic finance product and its equivalent conventional product, particularly where obligors continue to access dual tranche conventional and Islamic facilities. ANTONY SINGLE and AHMED CHOUDHRY explore.


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As aircraft are US dollar-valued assets, most Islamic aviation transactions use the US dollar LIBOR as their benchmark rate. We anticipate that the aviation market lessors will follow the US dollar syndicated bank market in adopting the secured overnight financing rate (SOFR) but one should be sensitive to the need for airlines to be formulating a wider currency hedging strategy to cover non-US dollar cash flows. There are particular issues for Islamic finance transactions in the new SOFR methodology (which can be utilized to form a backward-looking term rate); however, there is no solution as of yet in relation to a forward-looking term rate. The Shariah principle of Gharar (uncertainty) requires absolute certainty on all fundamental terms in Islamic financing contracts, including that the floating rate must be fixed at the start of a calculation period for the contracts to be considered Shariah compliant.

Calculation conventions and market documentation

The derivatives market is the most progressed and offers the least optionality, with the International Swaps and Derivatives Association (ISDA)'s IBOR [interbank offered rate] Fallbacks Supplement and Protocol. Any new transaction incorporating the 2006 definitions entered into from the 25th January 2021 will automatically implement the supplement terms, unless expressly 'switched off'. There is an added urgency to this topic given the announcement of the UK's Financial Conduct Authority (FCA) on the 5th March 2021 which has led to a 'Spread Adjustment Fixing Date' being announced by the ISDA for all LIBOR tenors across all LIBOR currencies. However, often in Islamic finance transactions, the hedging does not follow an ISDA format and so this greater level of 'automation' will not be possible or appropriate.

The Loan Market Association (LMA) has published the exposure draft 'Rate Switch Agreements', which reflects the conventions for the pound sterling LIBOR replacement (SONIA). Although the Rate Switch Agreements have been adapted for all currencies, the LMA notes that market participants will need to decide whether this is the correct approach for currencies other than the pound sterling. There is an in-built backstop date for the rate switch which parties may specify and for the LIBOR, this should not be past the 31st December 2021 in the UK context.

In the US, the Alternative Reference Rates Committee (ARRC) has published updated 'hardwired' fallback provisions for use with business transactions. The ARRC has recommended using these provisions since the third quarter of 2020, and that, from the 30th June 2021, US banks use the SOFR at the outset.

Each organization presents the SOFR and any credit spread adjustment differently:

- The ISDA calculates a term adjusted rate, by compounding the daily SOFR in arrears over an accrual period that matches the relevant LIBOR tenor. A 'lookback' of two business days applies to the calculation period.
- The ARRC provides a hierarchy of rate options, starting with the term SOFR (which is not yet available), then the daily simple SOFR and finally, an alternative rate selected by the obligor and agent. The ARRC recognizes that, instead of the daily simple SOFR, parties may wish to use a compounded form and it allows for different methodologies (daily compounded in arrears or alternatively, using SOFR averages to calculate a compounded-in-advance rate).
- The LMA Rate Switch Agreements seek to convert to the SOFR, with the SOFR compounded in arrears. Drilling down, this is drafted as a non-cumulative compounded rate, while the ARRC starting point is to compound the balance. It also applies a five-business-day lookback period, compared with the ISDA's two business days, which can create an issue with hedged transactions.
- The ARRC has recommended follow the ISDA's credit spread adjustment methodology, which is the historic median difference over a five-year lookback period. The LMA documentation effectively defers to the individual parties' commercial agreement.
- Finally, the Asia Pacific Loan Market Association has published two discussion draft US dollar SOFR facility agreements for Asia Pacific market participants to consider: while the drafting style is more akin to the LMA's, it has adopted some of the ARRC approach.

Operating lessors may have more flexibility, as they will be able to formulate their own contractual fallback provisions for leases. However, it is paramount that they review any linked financing agreements, including any hedging documents, to mitigate against any mismatches between replacement rate definitions, triggers and other payment-related provisions. They should also be mindful of the tradability of their

leases, especially where potential buyers are subject to funding requirements.

Timing and hedging considerations

The FCA's recent announcement that certain LIBOR tenor/settings should cease from the 31st December 2021 has been a huge development. Importantly, overnight US dollar LIBOR and one-, three-, six- and 12-month US dollar LIBOR should currently continue until the 30th June 2023, and there is a further consultation for the continuation of one-, three- and six-month US dollar LIBOR on a synthetic basis. Depending on the existing replacement rate (fallbacks) wording in any relevant aircraft transaction documents, the FCA's announcement and/or the aforementioned dates may engage contractual triggers for the parties' selection and/or the application of replacement rates and the consequent amendment process. For documentation (notably hedging) with reference to the IBOR Fallbacks Supplement and Protocol, the ISDA has now, therefore, declared that an 'index cessation event' has occurred.

Islamic structuring solution

In the absence of a usable forward-looking term rate, innovative structuring solutions will need to be employed to ensure the same economic effects are reached. Although there is no market consensus on the approach, solutions may include entering into multiple Ijarah or Murabahah contracts, together with purchase undertakings (the use of which has already received broad market acceptance in Islamic hedging products) or using a backward-looking term rate at the start of the profit period and, to the extent there is a difference between the backward-looking term rate before the start of the period and the actual backward-looking rate for that period, including the adjustment as part of the profit in the subsequent period.

Conclusion

The market is a lot further forward than 12 months ago but there is a long way still to go, especially for Islamic finance transactions where the lack of a forward-looking rate is particularly problematic. Given the imminent cessation of forward-looking rates, and the recent triggering of an 'index cessation date', the market should now urgently work together to find viable and robust alternative structuring solutions across all Shariah compliant products.

Is the Islamic banking risk model different from conventional banking?

We are living in an era where we are protecting ourselves from the risk of COVID-19 and now most of us are able to understand the significance of the word 'risk' and how to mitigate it. In the last decade, the same situation was faced by financial markets where all stakeholders including regulators became more risk-averse than previously to protect the financial interests of the general public. In the last century, we have seen Islamic financial institutions started taking their place in the financial industry and now around 526 Islamic banks ('Number of Islamic banks worldwide in 2019' by Statista) are playing their role in the financial sector. FAIZAN AHMED writes.

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In the current market scenario, there is a discussion whether Islamic banks are also facing the same risks as conventional banks or whether it is different for Islamic banks. Here, we are trying to build the argument that Islamic banks are based on different principles than conventional banks and therefore, the risk-taking appetite for Islamic banks may be different.

However, investment account holders (IAHs) in Islamic banks are facing the additional risks of equity investment risk and rate of return risk. Generally, Islamic banks offer investment/deposit products based on Mudarabah where IAHs/depositors are subject to a risk of loss of their investments or a lower rate of return.

Islamic banks also face fiduciary risk in this case and have to tighten the risk models and their strategy to avoid any unforeseen events. However, we cannot deny that Islamic banks cannot pass on the losses to their investors.

Why this argument? The reason is simple. Islamic banking models are different than conventional models where the equity risk is only borne by the shareholders, whereby in Islamic banks IAHs are also the taking risk of losing their equity (as per their contracts).

AAOIFI accounting standards treat investment/deposits of IAHs as redeemable capital and classify them as quasi-equity. The reason for the classification of investments of IAHs as quasi-equity is due to the nature of the underlying contracts. As per the contracts, they are profit- and loss-sharing and also have a put option which means IAHs can withdraw their money on demand (AAOIFI Conceptual Framework for Financial Reporting).

As per the aforementioned discussion of AAOIFI's accounting framework, we are clear that IAHs are not like the normal depositors of conventional banks. They also carry equity risk (not similar to shareholders, but as per their contractual obligations they carry equity risk of their investments as assets are tagged to their investments).

Shareholders of Islamic banks carry the overall bank's equity risk but IAHs carry the specific risk of investment with their money. In simple words, in case of a default by the Islamic bank, IAHs will have a right to the asset/investment made with their money.

Now let us shed some light on the argument that Islamic banks carry different risk models than conventional banks. Conventional banks have to pay a committed return to depositors along with the capital of the depositors; however in Islamic financial institutions, the scenario is different. In case of an actual loss of investment made with the money of IAHs, the Islamic bank may pass on the loss to the IAHs.

IAHs' money does not qualify as the core capital of the bank due to the dual nature of equity and liability at same time as per the IFSB Capital Adequacy Standard.

However, as per para 3.4.2 of the IFSB Capital Adequacy Standard: "The capital amount of [the] Profit-Sharing Investment Account (PSIA) is not guaranteed by the Islamic bank due to the profit-sharing nature of the underlying Mudarabah contract."

Therefore, any losses arising from investments or assets financed by PSIAs are to be borne by the IAHs. Nevertheless, IAHs are not liable for any losses arising from the Islamic bank's negligence, misconduct, fraud or breach of its investment mandate, characterized as a fiduciary risk and considered part of the operational risk of the institution offering Islamic financial services.

In principle, assets financed by unrestricted or restricted PSIAs do not represent risks for the Islamic bank's own (shareholders') capital and thus would not entail a regulatory capital requirement for the Islamic bank. This implies that assets funded by PSIAs would be excluded from the calculation of the denominator of the capital adequacy ratio (CAR), that is, the Islamic bank would not be required to hold regulatory capital in respect of risk arising from PSIA-funded assets.

Hence, this supports the argument that Islamic banks are safer than conventional banks in terms of their sustainability as they have a wide range of equity participation as compared to their conventional counterparts.

Despite the presence of the aforementioned standards, in certain jurisdictions the reporting of IAHs is still not done as per its substance, therefore leading to unclear differentiation in the identification of assets at the balance sheet level and also in calculating the CAR of Islamic banks.

It is therefore proposed for the jurisdictions where Islamic banks are calculating the CAR as per the conventional framework to revise the calculations as recommended by the IFSB standard (after consultation/approval from their respective regulator) to strengthen the CAR of Islamic banks and to show a clear bifurcation of the risk appetite of Islamic banks from conventional banks.

Quiet beginnings in Qatar

Slightly larger than Cyprus, the State of Qatar is a peninsula that juts off the northern coast of Saudi Arabia. This century, the country has made its name by developing the world's largest non-associated gas field which it shares with Iran. Behind Russia's 25%, Iran has 13% of all proven gas reserves and Qatar has 12%. AKBER KHAN explores.

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Decades after being discovered, this gas field lay largely idle as Qatar's immediate neighbors were also rich with hydrocarbons so gas pipelines were unfeasible. The historic turning point came when the visionary, and multibillion dollar, decision was made to freeze the gas to liquid and then export it; Qatar's first liquified natural gas (LNG) shipment was to Chubu Electric Power Corporation of Japan in late 1996. To this day, Japan remains the largest destination for Qatari LNG with well over 3,000 LNG cargoes having been delivered.

1996–2011: Unprecedented growth

After a modest beginning, by early 2011, Qatar's annual LNG output had swelled to 77 million metric tons. In 2011, the tiny state accounted for almost one-third of all LNG exports, while Malaysia and Indonesia, the world's second- and third-largest LNG exporters, had less than a 20% share combined.

In 1996, when Qatar began exporting LNG, its GDP stood at US$9 billion. By 2011, GDP had surged to US$167 billion and Qatar's famed GDP/capita was the highest in the world. The Qatar Stock Exchange benchmark index was launched in August 1998 at approximately 1,000 points, yet such was the explosion of the economy and corporate profits, by 2011 the index had broken through 10,000.

Twenty months to go

On the 21st November 2022, in less than 20 months, the FIFA World Cup will kick off in Qatar. More than half a million are expected to visit during the month-long event; some estimates, reflecting pent-up travel demand after COVID-19 vaccination rollouts, are at more than one million. For a country of 2.5 million, these are very large numbers. This will be the first football World Cup more like an Olympics as the two furthest stadiums are 67 km apart; at Russia 2018 the comparison was 2,500 km.

Knowing it will be in the world's spotlight during the tournament and in the lead-up to it, Qatar accelerated its longer-term plans to build-out the country. More than US$250 billion was spent over a decade on road, metro, sea and air infrastructure as well as utilities, parks, public spaces, museums, cultural sites, an entirely new suburb north of Doha and, of course, the eight stadiums for the World Cup.

FIFA World Cup 2022 the end of the story?

By 2023, World Cup fever will have cooled but only two years will remain for the next milestone. In February 2021, state-owned Qatargas signed contracts with Chiyoda, Saipem, Technip and Samsung C&T to build production and storage infrastructure to take Qatar's LNG capacity to 110 million metric tons by 2025. Other contract awards will follow and the overall cost will be approximately US$29 billion. Two additional LNG production lines — known as trains — will be added over the subsequent two years, raising LNG output to 126 million metric tons by 2027, 64% higher than today's 77 million. Qatar will regain its place as the world's LNG giant.

In 2019, Qatar placed a US$20 billion order for 100 LNG vessels with Daewoo Shipbuilding, Hyundai Heavy and Samsung Heavy Industries, all to be delivered through 2027. In 2020, Baker Hughes won an enormous contract to supply refrigerant compressors to Qatar by 2025. 'AA-'-rated Qatar's LNG expansion plans are clear and, with funding of no concern, offer remarkable visibility on government spending and economic growth for an entire decade. Qatar's nominal GDP has been closely tied to LNG output so, on current plans, should expand more than 60% by 2030.

Many investors enjoyed the transformational multiplier effect on the non-hydrocarbon economy during Qatar's LNG expansion in the 2000s. Going forward, Qatari banks will again be key to funding growth (the four Islamic banks, three are listed, account for 24% of banking assets); insurance companies will benefit from a steady expansion in premiums (the four Takaful companies are minnows in the local market, two are listed); availability of additional gas will likely fuel downstream expansion for listed companies such as Industries Qatar, Mesaieed Petrochemical and Qatar Aluminium Company; another listed company, Qatar Gas Transport Company, is majority-owned by the state and currently transports all Qatari LNG using the world's largest fleet of tankers.

Climate change is of growing importance to asset managers and their end clients. Dirty, carbon-intensive fossil fuels such as coal and oil are 'out' while solar and wind are 'in'. While gas does emit carbon, it is the cleanest hydrocarbon and is set to enjoy exponential demand growth. China has already stated its goal of doubling LNG imports by 2030. Qatar offers an interesting hedge against the potentially disruptive impact climate change will have on investment decisions.

Unusually visible growth over an unusually long period

For investors able to apply a longer lens, Qatar offers unusually visible growth over an unusually long period. This merits a valuation premium but the domestic stock market's average pre-COVID-19 dividend yield was a healthy 5% and traded on mid-teen earnings multiples.

The most convenient way to gain broad exposure to Shariah compliant Qatari stocks is via the domestically-listed, US$150 million Al Rayan Qatar ETF [exchange-traded fund] (ticker: QATR). QATR tracks an index of Shariah compliant large-, medium- and small-cap stocks, pays an annual dividend and has a competitive expense ratio of 0.5%.

Setting up an Islamic investment bank: A long road ahead for Indonesia

Indonesia has been moving really fast in the past decade to address the country's lagging infrastructure and socioeconomic problems. The current government is quite ambitious in its drive to provide adequate infrastructure for the expanding economy, and perhaps also leaving a lasting legacy for generations to come. It has allocated close to US$135.3 billion on infrastructure in the past five years. LUQYAN TAMANNI and BAZARI AZHAR AZIZI write.


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However, Islamic finance has been left behind all these years, unable to participate in this unique opportunity and maximize its potential. Islamic commercial banks in particular have not been able to serve a strong demand for private sector participation in Indonesia's thirst for building roads, educational and health facilities, and other basic infrastructure.

While most of the projects are funded by the government and executed by state-owned enterprises, large commercial banks have enjoyed strong demand for their services in this parade of large-scale projects.

One of the reasons why Islamic financial institutions are being left out is due to their broad range of portfolios, particularly in serving the less risky and fast-moving retail or consumer segment. Also, the demand from the micro and SME sector is hard to ignore for emerging Islamic banks.

On the other hand, large institutional investors that have sizeable Shariah compliant portfolios such as pension funds, employees provident funds and Hajj fund management entities (for example Badan Pengelola Keuangan Haji) are voraciously looking for long-term Islamic securities to balance their portfolios. Locally issued Shariah compliant papers with tenors of more than 10 years are scarce and hard to find. All these make for a strong impetus for the creation of investment-focused Islamic financial institutions such as Islamic investment banks. Currently, Indonesia does not recognize a full-service investment bank; instead a segmented license is given, ie on underwriting or brokerage services, to the so-called securities company, while private equity or structured finance is authorized to another entity. All of these companies are conventional to date. As such, there is no Islamic financial institution that offers a wide range of investment banking services such as underwriting Sukuk, large-scale project financing and advisory.

All Sukuk issuances in the country are arranged by mostly Islamic desks of conventional banks or securities companies, either foreign or local. To illustrate, sovereign Sukuk issuance continues to increase on an annual basis. In 2020, the government of Indonesia issued a variety of Sukuk reaching US$11.2 billion. In 2021, the government plans to raise approximately US$19.5 billion in the Sukuk market (Ministry of Finance, 2021).

On the corporate side, although less exciting than the sovereign side, ie only US$2.18 billion in 2020 or 7% from the total (Financial Service Authority, 2020), the government is encouraging more private companies to issue Sukuk and other Shariah compliant securities.

Hence, the establishment of an Islamic investment bank is timely to uplift the size of the Islamic capital market in Indonesia, and at the same time it also fits within the strategic imperative taken by the government. There are three approaches that can be taken to set up an Islamic investment bank in Indonesia.

First, via the creation of an entirely new entity that can be owned by an existing financial institution. The new entity could be in the form of a fully-fledged Islamic securities company that could be owned by an Islamic bank, or as a subsidiary of a state-owned conventional bank. This entity differs from that of conventional securities since its main focus is to provide a whole range of Islamic capital market services.

Second, through a corporate action such as a spin-off from an existing Islamic unit of a conventional financial institution. This undertaking could be implemented while embedding the Islamic investment banking business model and services to the new entity, which is derived from the spin-off initiative. This approach necessitates a strong commitment from existing shareholders to allow and support the spin-off entity to thrive.

Third, by expanding the function of existing Islamic banks to provide Islamic investment banking services. Consequently, their activities would be varied and go beyond typical commercial banking services. However, this approach requires substantial amendments to the existing laws and regulations. It may take some years to materialize.

Setting up such an important yet complex or sophisticated institution is certainly not easy. The experiences of some other countries in regulating and establishing an investment banking ecosystem indicate that a robust regulatory framework is key. It is also important to establish a strong team of Islamic bankers who will manage the entity with both prudence and compliance, as well as being very entrepreneurial.

The other enabling factor is using a proven business model in the Islamic finance space, ideally drawing from the experiences of other countries. In this instance, the role of a multilateral such as the IsDB could be instrumental. Finally, the most important aspect to the sustainability of an Islamic investment bank is certainly having a solid and carefully developed pipeline of projects.

As we look around Indonesia's Islamic finance space, we do believe that these ingredients are available in the country. Also, many Indonesians with global Islamic investment banking expertise can be tapped from overseas. We just have to start somewhere. The creation of the National Committee for Islamic Economy and Finance (KNEKS) by the government should be a real game-changer. After successfully advocating for the merger of three Islamic banks, it could also orchestrate the creation of an Islamic investment bank, hopefully, sooner rather than later.

New Takaful regulations for Algeria

The Algerian government has discovered over the past two years the advantages of Islamic products and their positive effects on the national economy. The Finance Law of 2020 N° 19-14 dated the 11th December 2019 published in the Official Journal N° 81 on the 30th December 2019 in Article 103 stipulates that Law N° 95-07 of the Insurance Act is supplemented by Article 203 which states that insurance companies may also carry out insurance operations in the form of Takaful. MILOUD BENADJEMIA delves further.

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In accordance with the provisions of Article 203, the Algerian government has set a new Regulation N° 21-81, published on the 28th February 2021, explaining the conditions and modalities for exercising Takaful. An insurance company may carry out Takaful insurance operations in Algeria exclusively or as a window by an internal organization within an insurance company carrying out insurance business. In this case, the company is required to separate its plans with regards to the technical, accounting and financial areas.

SAA Assurance operates traditional insurance as per the Algérian Companies of Insurance Article 4 of Régulation N° 21-81. SALAMA Insurance Algéria, a subsidiary of Islamic Arab Insurance (SALAMA), operates both Family Takaful and General Takaful.

Takaful companies in Algeria are required to separate conventional funds from funds that are intended for Islamic insurance services. They operate the Takaful insurance by managing the funds mentioned in Article 2 of Regulation N° 21-81, in accordance to the conditions of the operating models:

a. Wakalah
b. Mudarabah, and
c. A combination of Wakalah and Mudarabah.

According to the Wakalah operating model cited in Article 9, the company exercising Takaful undertakes to manage the fund in return for remuneration in the form of a Wakalah commission calculated on the basis of a fixed rate applied to the amounts of contributions paid.

For the Mudarabah operating model, the company undertakes to manage the fund in return for remuneration calculated on the basis of a predefined share of surpluses technical and financial generated by the fund.

Under the mixed model, the company undertakes to manage the fund, in return for remuneration composed of a Wakalah commission and predefined technical and financial surpluses generated by Articles 2, 9, 10, 11 and 12 of Regulation N° 21-81.

The accounts for financial and accounting must be separated into investment-related capital that belongs to the shareholders of the Takaful company and capital related to the fund defined in the provisions of Article 3 of Regulation N° 21-81. Revenue is contributions, income from investments, claims and other sources while compensation, provisions and other management costs come under expenses.

At the end of the financial year, the fund's balance constitutes the difference between income and expenditure as cited in Article 21 of Regulation N° 21-81. If the fund balance is positive, the amount is distributed according to the contractual conditions whereby:

1. All participants are included, without distinction between those who have benefited and not benefited from compensation during the financial year.
2. It is limited to participants who have not benefited from compensation during the financial year in question.
3. It is based on the contribution rate of each participant, after the deduction of the allowances which were paid to him during the reporting period.

Takaful companies in Algeria are required to separate conventional funds from funds intended for Islamic insurance services because of the difference between the two kinds of insurance. The first type assures customers the acquisition of an insurance product with a contract. Once signed, it binds the company and the insured. The latter will receive compensation in the event of an incident. The second type is based on the principles of Shariah and the insured in question becomes a shareholder of the company which takes the form of a mutual fund. The shareholder will benefit from compensation in the event of the insured incidents. In addition, the profits will be shared with customers which will take place when their contracts come to an end.

If the amount of the compensation paid is greater than its share in the total amount of the balance, the participant is not entitled to any payment. The terms of distribution of the fund balance are specified in the Articles of Association of the Takaful company. If the fund balance is negative, the company can proceed to receive the granting of an endowment to the participants' fund called Qard Hasan. The amount of Qard Hasan is refunded from the positive balance of the fund which will be realized later. The amount of Qard Hasan cannot exceed 70% of the amount of equity of the Takaful company.

It should be noted that the introduction of Takaful consolidates the approach adopted by the government in its action plan for the development of alternative finance so as to capture savings outside the banking circuit. Takaful services will be executed by opening several counters of the insurance companies as well as establishments dedicated to Halal insurance.

DEALS

Pure Harvest secures funding

UAE: Pure Harvest Smart Farms has secured US$50 million in funding through a structured three-year Sukuk financing solution led by SHUAA Capital in a bid to support its expansion plans and to enhance food security in the region, a press release confirmed.

SHUAA Capital co-invested in Pure Harvest through its managed funds. The funding round also attracted investments from Franklin Templeton and Sancta Capital, among others.

Toyota Capital prints IMTN

MALAYSIA: Toyota Capital Malaysia has on the 15th March 2021 issued a RM105 million (US$25.49 million) Islamic medium-term note (IMTN) with a profit rate of 3.4%, according to a filing on the Bond and Sukuk Information Exchange.

The IMTN has a five-year tenor and is rated 'AAA (s)' by RAM Ratings.

DFSA and NASDAQ Dubai delist IsDB Sukuk

GLOBAL: The IsDB's US$1.5 billion Sukuk facility due in 2021 has been delisted from the Dubai Financial Services Market (DFSA)'s Official List of Securities and removed from trading on NASDAQ Dubai, according to separate statements.

Deshbandhu Group to issue Sukuk

BANGLADESH: Deshbandhu Group is looking to raise US$250 million from international investors through a Sukuk issuance in a bid to expand its business and repay its local debts, The Daily Star reported quoting Golam Mostafa, the chairman of Deshbandhu Group. The Sukuk facility is expected to be listed on the Frankfurt Stock Exchange this year and will mature in 2028.

Bedford Row Capital and BlueMount Capital have been mandated to structure the Sukuk and will assist the group with the preparation of legal documents, structures and the draft investment memorandum, among others, to be distributed among prospective institutional investors.

Gamuda Land prints ICP

MALAYSIA: Property developer Gamuda Land has on the 12th March 2021 issued a RM200 million (US$48.62 million) Islamic commercial paper (ICP) structured under the Murabahah concept, according to a filing on the Bond and Sukuk Information Exchange.

The ICP has a three-month tenor and is rated 'P1 (s)' by RAM Ratings.

OSK auctions IMTN

MALAYSIA: OSK Rated Bond has on the 12th March 2021 issued an Islamic medium-term note (IMTN) worth RM100 million (US$24.31 million) with a profit rate of 3.55%, according to a statement. The Sukuk facility has a five-year tenor and is rated 'AA IS' by Malaysian Rating Corporation.

Shahjalal Islami to issue Mudarabah bond

BANGLADESH: Shahjalal Islami Bank is looking to raise BDT5 billion (US$57.93 million) through the issuance of a contingent-convertible, Basel III compliant Mudarabah perpetual bond as part of its additional Tier 1 capital, to be conducted via a private placement, a bourse filing confirmed.

The issuance is subject to regulatory approval as well as approval of shareholders in the upcoming annual general meeting of the bank which will be held on the 28th April 2021.

STSSB places ICP

MALAYSIA: Sunway Treasury Sukuk (STSSB) has on the 12th March 2021 issued a RM30 million (US$7.29 million) Islamic commercial paper (ICP) structured under the Mudarabah concept, according to a statement on the Bond and Sukuk Information Exchange.

The ICP has a three-month tenor and is rated 'MARC-1 IS(cg)' by Malaysian Rating Corporation.

Malaysia auctions MITB and GII Murabahah facilities

MALAYSIA: The government of Malaysia has on the 11th March 2021 issued a Malaysian Islamic Treasury Bill (MITB) worth RM1.5 billion (US$363.31 million) which received 39 bids, according to a tender result. On the 15th March 2021 it also issued a RM4 billion (US$971.51 million) Government Investment Issue (GII) Murabahah facility with a profit rate of 3.47%.

Separately, Bank Negara Malaysia has issued five Money Market Tender Murabahah Overnight Borrowing Acceptance Islamic facilities worth a total of RM103.09 billion (US$25.04 billion) and six Qard papers worth a total of RM12.85 billion (US$3.12 billion).

Brains and Hammers issues Sukuk

NIGERIA: Real estate company Brains and Hammers has raised NGN8 billion (US$20.99 million) in funding through a Sukuk issuance from the private capital market for investment purposes, Business Day reported.

DEAL TRACKER Full Deal Tracker on page 34

EXPECTED DATE	COMPANY / COUNTRY	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Deshbandhu Group	US$250 million	Sukuk	15th March 2021
TBA	Shahjalal Islami Bank	BDT5 billion	Sukuk Mudarabah	12th March 2021
TBA	Bangladesh Export Import Company	BDT30 billion	Sukuk Istisnah	4th March 2021
2021	Masraf Al Rayan	Up to US$4 billion	Sukuk	3rd March 2021
2021	First Abu Dhabi Bank	Up to US10 billion	Sukuk	1st March 2021

SRC's Sukuk oversubscribed

SAUDI ARABIA: Saudi Real Estate Refinance Company (SRC)'s two-tranche Sukuk facility worth SAR4 billion (US$1.07 billion) has been oversubscribed by 2.15 times, an official LinkedIn post confirmed.

Reuters had earlier reported that the Sukuk facility was issued via private placement, quoting Fabrice Susini, CEO of SRC.

The Sukuk facility is guaranteed by the Saudi Ministry of Finance. The news agency further reported that SRC plans to issue US dollar-denominated Sukuk by the end of 2021.

Albaraka Turk makes return payments

TURKEY: Albaraka Turk Katilim Bankasi in a bourse filing has confirmed the return payments to holders of its TRY170 million (US$22.14 million) 46-day lease certificates on the 9th March 2021, following their maturity.

Separately, Albaraka Turk Katilim Bankasi also issued TRY200 million (US$26.38 million)-worth of 90-day lease certificates on the 12th March 2021 with a maturity date set on the 10th June 2021.

Bangladesh auctions BGIIBs

BANGLADESH: Bangladesh Bank has concluded the auction of two Bangladesh Government Islami Investment Bonds (BGIIBs) on the 4th March 2021.

According to a statement, the three-month facility received seven bids totaling BDT9.42 billion (US$109.07 million) while the six-month facility received five bids amounting to BDT5.2 billion (US$60.21 million). The profit-sharing ratio of the accepted bids was 90:10.

Turkiye Emlak sells lease certificates

TURKEY: Turkiye Emlak Katilim Bankasi has issued TRY170 million (US$22.7 million)-worth of 70-day lease certificates on the 10th March 2021 with a maturity date set on the 20th May 2021, a bourse filing confirmed.

CBB's Sukuk Ijarah and Sukuk Salam oversubscribed

BAHRAIN: The Central Bank of Bahrain (CBB)'s monthly short-term Sukuk Ijarah offering worth BHD26 million (US$68.54 million) has been oversubscribed, receiving BHD226.2 million (US$596.33 million) in subscriptions, a press release confirmed.

The Sukuk facility issued by the CBB on behalf of the government has a tenor of 182 days and a maturity date set on the 9th September 2021. The issuance has an expected return of 1.69%.

Separately, the CBB's monthly short-term Sukuk Salam offering worth BHD43 million (US$113.32 million) was also oversubscribed, receiving BHD294.95 million (US$777.3 million) in subscriptions.

The Sukuk facility issued by the CBB on behalf of the government has a tenor of 91 days and a maturity date set on the 16th June 2021. The issuance has an expected return of 1.44%.

CBG concludes Sukuk Salam auction

GAMBIA: The Central Bank of Gambia (CBG) has concluded its auction featuring three Sukuk Salam facilities on the 9th March 2021.

According to a statement, the GMD5 million (US$96,923.5) three-month facility was fully subscribed while the GMD10 million (US$193,847) six-month and GMD30 million (US$581,541) one-year facilities were undersubscribed, receiving GMD9.68 million (US$187,644) and GMD21.1 million (US$409,017) in bids respectively.

PTPTN sells IMTNs

MALAYSIA: Perbadanan Tabung Pendidikan Tinggi Nasional (PTPTN) has on the 10th March 2021 issued three Islamic medium-term notes (IMTNs) — a six-year RM150 million (US$36.39 million) facility with a profit rate of 3.03%, an eight-year RM150 million facility with a profit rate of 3.36% and a 15-year RM700 million (US$169.82 million) facility with a profit rate of 4.17% — structured under the Murabahah concept, according to separate filings on the Bond and Sukuk Information Exchange.

Iran concludes 41st bond auction

IRAN: The Iranian Ministry of Economic Affairs and Finance has concluded its 41st bond auction held on the 9th March 2021.

According to a statement, one bank registered orders worth IRR5.9 trillion (US$139.78 million) in the interbank market system. The ministry agreed to sell IRR5.9 trillion-worth of Arad 77 bonds with a yield rate of up to 19.74%. In addition, IRR10.9 trillion (US$258.24 million)-worth of government bonds were sold to investors through the stock exchange.

The central bank will conduct the 42nd stage of the government bond auction on the 14th March 2021 to banks, non-bank credit institutions, investment funds, insurance companies and financing companies. The bonds structured under the Murabahah concept will have interest payments with a frequency of six months. The outcome of the auction has yet to be announced at the time of publication

PNM floats Sukuk Mudarabah

INDONESIA: Permodalan Nasional Madani (PNM) will conduct a limited offering of its Sukuk Mudarabah IV PT Permodalan Nasional Madani (Persero) Tahun 2020 Seri B worth IDR780 billion (US$53.88 million), a statement confirmed.

The Sukuk facility has a three-year tenor with a maturity date set on the 10th March 2024. The electronic distribution for the Sukuk facility started on the 10th March 2021.

Indonesia concludes Sukuk auction

INDONESIA: The Indonesian government has raised IDR4.5 trillion (US$310.86 million) from a Sukuk auction conducted on the 10th March 2021. According to a statement, the auction generated IDR17.98 trillion (US$1.24 billion) in bids. The Sukuk facilities have maturity dates ranging from the 10th September 2021 to the 15th October 2046.

The Indonesian government also exercised a greenshoe option, raising IDR7.51 trillion (US$518.76 million) from five papers on the 10th March 2021. The auction featuring five sovereign Shariah securities generated IDR9.21 trillion (US$636.19 million) in bids and have maturity dates ranging from the 15th May 2023 to the 15th October 2046.

Separately, the Indonesian government's six sovereign Shariah securities issued in February 2012, January 2018, May 2020, July 2020, January 2021 and March 2021 have been listed on the Indonesia Stock Exchange (IDX), effective the 15th March 2021. The one new listing and five reopenings carry a total issuance value of IDR12 trillion (US$833.33 million) and will mature in February 2037, October 2025, May 2023, October 2046, March 2034 and September 2021 respectively.

AFRICA

NowPay joins Y Combinator and raises funds

EGYPT: Egyptian fintech NowPay, which offers Shariah compliant solutions for corporate employees, has joined Y Combinator and raised an undisclosed amount in a pre-Series A round, MENAbytes reported.

Algiers Stock Exchange participates in Sukuk discussion

ALGERIA: The Algiers Stock Exchange has participated in the third edition of the Tipaza International Congress on Islamic Finance under the theme 'Towards a legislative framework for Sukuk in Algeria', the exchange said in a statement.

ASIA

Wasiyyah Shoppe eyes expansion

MALAYSIA: Wasiyyah Shoppe will be setting up a subsidiary in June through which it will undertake its international expansion plan. According to the New Straits Times, the Islamic trustee company is looking to expand its services to Indonesia, Brunei, China, Australia, the UK and the Middle East as early as July. Wasiyyah Shoppe's CEO, Ariffin Sabirin, has been quoted as saying that the firm is aiming for a listing on Bursa Malaysia's Main Market by 2025 and expects to more than double its network of agents, which currently stands at almost 2,000, to 5,000 by 2024.

MEDAC allocates financing for SMEs

MALAYSIA: The Ministry of Entrepreneur Development and Cooperatives (MEDAC) is set to implement 86 programs with a total allocation of RM5.15 billion (US$1.25 billion) this year for the development of the SME sector, Bernama reported quoting Dr Wan Junaidi Tuanku Jaafar, the Minister of Entrepreneur Development and Cooperatives.

The implementation of the programs includes related funding and moratoriums, capacity-building and training, digitization and adaptation of technology, as well as access to markets.

Meezan Bank and Master Group collaborate

PAKISTAN: Meezan Bank has signed an agreement with Master Group to provide the latter with its eBiz+ end-to-end transaction banking solution which will enable the company to fully automate its customer collections and supplier payments, a statement confirmed.

IsDB invests in start-up

PAKISTAN: The IsDB, along with 10Pearls Ventures, Mentors Fund, Korean Impact Collective Funds and Impact Investment Exchange, has invested US$1 million in a pre-series A round into Pakistan-based healthcare tech firm Sehat Kahani, confirmed an official posting by the start-up.

BYDPA offers scholarships

MALAYSIA: The Yang di-Pertuan Agong Scholarship program (BYDPA) is offering 12 scholarships covering studies in the fields of Islamic finance, science, technology, economics and law, for students interested in pursuing Master's and PhD programs for the 2021 session, a statement confirmed.

ALAMI acquires BPRS Cempaka Al-Amin

INDONESIA: Shariah compliant peer-to-peer lender ALAMI Technologies has acquired Islamic rural bank BPRS Cempaka Al-Amin in a transaction valued at less than US$10 million, IFN has learned. ALAMI is also looking at raising funds in a Series A+ round to meet the regulator's capital compliance requirements for fintech companies.

New micro Waqf bank

INDONESIA: The Pondok Karya Pembangunan Micro Waqf Bank has been launched in the district of Ciracas in East Jakarta, according to Mi'raj News Agency.

HSBC Malaysia rolls out new index

MALAYSIA: HSBC Malaysia has rolled out the Solactive Luxury Dynamic Factors Index in a bid to provide investment opportunities for all HSBC Malaysia's wealth clients, a press release confirmed. The index is available as both a conventional and a Shariah compliant solution and aims to generate positive long-term returns and to build wealth for HSBC Malaysia's clients.

The luxury index provides investors dynamic exposure to a list of global stocks that have high exposures to the luxury sector.

Bank Muamalat Indonesia to receive capital funding

INDONESIA: Bank Muamalat Indonesia expects to receive a capital injection from an undisclosed investor in the coming future to strengthen its position, Kontan.co.id reported citing Achmad Permana, the president director of the bank. The

transaction is reportedly expected to be completed "soon".

Sedania partners with Mambu

MALAYSIA: Sedania As Salam Capital has engaged Mambu as its cloud core banking partner to deliver composable banking solutions to bolster its Islamic fintech efforts, according to a statement.

BSI collaborates to develop Islamic finance industry

INDONESIA: Bank Syariah Indonesia (BSI) is actively collaborating with the Islamic Economic Community and the Association of Indonesian Shariah Banks through discussion forums and seminars for the development of Islamic banks, KONTAN reported.

The steps were taken to achieve BSI's vision of becoming among the top 10 global Islamic banks based on market capitalization within the next five years.

UNU Yogyakarta launches Shafiec

INDONESIA: Universitas Nahdlatul Ulama Yogyakarta (UNU Yogyakarta) has launched the UNU Center for Sharia Finance and Digital Economy (Shafiec) on the 12th March, according to its website. Shafiec is established as an institution to develop creativity in enhancing Islamic financial literacy as well as drive the Islamic digital economy.

Jamkrindo Syariah distributes funds

INDONESIA: Jamkrindo Syariah has distributed a total of IDR3.57 trillion (US$248.9 million) in working capital financing guarantee as part of the National Economic Recovery program aimed at encouraging the recovery of MSMEs, KONTAN reported.

Income tax exemption for BPKH

INDONESIA: The Ministry of Finance of Indonesia has exempted income tax on Hajj fund management for the Indonesian Hajj Financial Management Agency, or Badan Pengelola Keuangan Haji (BPKH), under the Ministry of Finance Regulation Number 18/PMK.03/2021, according to a document viewed by IFN.

Faysal Bank and Akhuwat collaborate

PAKISTAN: Faysal Bank has signed an MoU with Akhuwat to provide affordable Shariah compliant housing finance facilities to prospective applicants as recommended by Akhuwat, a statement confirmed.

BRIS to issue new shares

INDONESIA: Bank Syariah Indonesia (BRIS) will issue new shares via a rights issue with a fund target of US$500 million in 2021 in a bid to look for strategic partners, KONTAN reported quoting Kartika Wirjoatmodjo, the deputy minister of the Ministry of State-Owned Enterprises.

ASSA signs Islamic financing agreement

INDONESIA: Adi Sarana Armada (ASSA) has signed a IDR50 billion (US$3.45 million) credit facility agreement with Bank BCA Syariah under the Musharakah structure, to increase the company's working capital and to develop its subsidiary Tri Adi Bersama, the company disclosed in a statement.

EUROPE

Qardus raising funds

UK: Qardus, an Islamic peer-to-peer financing platform, is raising funds which will go toward marketing, expanding its team and expanding its services to SMEs. The start-up is looking to crowdfund GBP215,000 (US$299,087) through Seedrs.

Turkey unveils new economic reform package

TURKEY: Turkey has unveiled a new economic reform package, under which a uniform legislation is being prepared to accelerate the development of the participation financing sector while a central advisory board for the sector will be set up and a participation financing arbitration mechanism of international standards will be established, Anadolu Agency reported quoting President Recep Tayyip Erdogan.

Gatehouse Bank joins mortgage club

UK: Gatehouse Bank has been added to Brilliant Solutions's Mortgage Club, allowing its members access to the bank's Shariah compliant range of buy-to-let products, a statement confirmed.

The products carry no early payment charges and are available to residents and expatriates in the UK, as well as international residents.

DDCAP integrates platform

UK: Commodity Murabahah platform DDCAP Group has partnered with Murex, a provider of trading, risk management and processing solutions for capital markets, to streamline booking and process Shariah compliant transactions by financial institutions. According to a statement, Murex's MX.3 platform has been fully integrated with DDCAP's ETHOS AFP, reducing cost of ownership for clients, while the packaged interface allows Murex Shariah compliant clients to book MX.3 Murabahah contracts with direct access to DDCAP trade and post-trade environments including automated inventory screening and allocation, issuance of trade contracts and all supporting documentation.

Caizcoin officially launches

GERMANY: Shariah compliant fintech company Caizcoin has officially launched in Germany, a statement confirmed. Caizcoin provides decentralized financial solutions and cryptocurrency services that enable quick and cost-efficient international money transfers.

GLOBAL

OIC to aid eight projects

GLOBAL: The OIC has finalized the procedures for the provision of new financial assistance through the Islamic Solidarity Fund to eight social, development, educational and cultural projects in certain member states, read an official statement.

OJK signs two MoUs

GLOBAL: Otoritas Jasa Keuangan (OJK) has signed an MoU with Autoriti Monetari Brunei Darussalam (AMBD) as well as continued its cooperation

with the Organization for Economic Cooperation and Development (OECD), confirmed a statement.

The agreement between OJK and AMBD covers capacity-building; exchange of information and best practices; monitoring and supervision of financial institutions in both markets; as well as other areas of cooperation across both the Islamic and conventional financial sectors. The MoU with OECD on the other hand covers the development of sustainable finance in the form of research, exchange of information and/or expertise and other collaborations. These MoUs are part of the Indonesian regulator's efforts to strengthen cooperation with the region's financial authorities.

CoinMENA launches in GCC

GLOBAL: Crypto-asset trading platform CoinMENA, which is certified as Shariah compliant by the Shariyah Review Bureau and licensed by the Central Bank of Bahrain, has officially launched to serve Bahrain, the UAE, Saudi Arabia, Kuwait and Oman, it said in a press release.

Users of the platform can now deposit, trade and withdraw crypto-assets in their local currency with CoinMENA's five major crypto-assets: Bitcoin, Ethereum, Ripple, Litecoin and Bitcoin Cash.

MIDDLE EAST

UAE banking liquidity back to "normal"

UAE: The overall liquidity of the UAE banking system has returned to pre-COVID-19 levels, according to Central Bank of the UAE (CBUAE) Governor Abdulhamid M Saeed Alahmadi. UAE banks' drawdown of the Targeted Economic Support Scheme (TESS) zero-cost liquidity facility was AED22 billion (US$5.99 billion) in March 2021, down from the maximum drawdown of about AED44 billion (US$11.98 billion) reached in the second quarter of 2020, consistent with the temporary nature of the payment deferral scheme.

According to an official statement, over 320,000 customers including individuals, SMEs and private corporations have benefited from TESS, with about 175,000 customers under the current TESS deferral arrangements.

MSM updates Islamic securities list

OMAN: Muscat Securities Market (MSM) has revealed the latest list of Shariah compliant companies screened based on their fourth quarter financial statements, read a statement. A total of 25 companies have been identified as being compliant with AAOIFI rules.

KFH-Bahrain launches auto finance division

BAHRAIN: Kuwait Finance House (KFH)-Bahrain has launched its auto finance division with a dedicated branch in Manama's Sitra Mall, a press release said.

Lendo secures Series A funding

SAUDI ARABIA: Shariah compliant Saudi fintech company Lendo has closed a Series A funding round worth SAR27 million (US$7.19 million) led by Derayah Ventures, a press release said.

The company, which offers crowdfunding to SMEs, officially launched in 2020, and has, to date, financed over 100 invoices worth more than SAR60 million (US$15.98 million) to SMEs and given back over SAR3 million (US$798,778) of profit to investors, it said.

QIIB partners with General Tax Authority

QATAR: QIIB, along with Commercial Bank of Qatar, has signed an MoU with the General Tax Authority to facilitate online tax payment methods for the convenience of taxpayers, a press release said.

DIEDC launches 2021 plan

UAE: The Dubai Islamic Economy Development Centre (DIEDC) has launched the DIEDC 2022–2030 Strategy including its plans for 2021, a press release said. A key component of the strategy is to boost the Islamic finance industry's contribution to Dubai's GDP as well as bringing in more international partners to participate in investment opportunities within the Islamic economy.

QFB to join Islamic index

QATAR: Qatar First Bank (QFB) will be joining the QE Al Rayan Islamic Index effective the 1st April 2021, the Qatar Stock Exchange said in a statement.

Investrade Company files case against KHCB

BAHRAIN: Investrade Company has filed a case against Khaleeji Commercial Bank (KHCB), Trade Finance Corporation and other entities to claim amounts it has invested in Trade Finance Corporation through a restricted Wakalah agreement, a bourse filing confirmed.

ASSET MANAGEMENT

SICO acquires majority stake in Muscat Capital

GLOBAL: Investment bank SICO has completed the acquisition of a 72.7% majority stake in Saudi-based Muscat Capital, a wholly-owned subsidiary of Bank Muscat, through a share swap valued at BHD5.5 million (US$14.49 million) with 38.56 million of SICO's treasury shares swapped for a majority stake amounting to 4.36 million shares out of Muscat Capital's six million total outstanding shares, a bourse filing confirmed. As a result of the acquisition, Bank Muscat now owns 9% of SICO.

Axis REIT to acquire property

MALAYSIA: Shariah compliant Axis REIT has entered into a sale and purchase agreement on the 15th March 2021 to acquire a property from Xin Hwa Trading and Transport in an established industrial area in Johor for a total lump sum cash consideration of RM75 million (US$18.22 million), a bourse filing confirmed.

New platform for SP Funds ETFs

US: Three Shariah compliant exchange-traded funds (ETFs) offered by SP Funds — the SP Funds S&P 500 Sharia Industry

Exclusions ETF, the SP Funds Dow Jones Global Sukuk ETF and the SP Funds S&P Global REIT Sharia ETF — can now be purchased through the LPL Financial platform, a press release confirmed.

The funds were added to the platform in January 2021 with an aim to provide investors access to a diverse selection of ETFs.

Sabana REIT to open mall in Q2 2021

SINGAPORE: Sabana Shari'ah Compliant Industrial Real Estate Investment Trust (Sabana REIT) expects its new lifestyle mall called New Tech Park+ (NTP+) to open to the public in the second quarter of 2021 (Q2 2021) after NTP+ received its temporary occupation permit, a press release confirmed.

As of the 10th March 2021, the total occupancy for the entire NTP+ stood at 83.4% while another 13.5% of units are under offer.

BIMB to launch BGSEF

MALAYSIA: BIMB Investment Management, a wholly-owned subsidiary of Bank Islam, will launch the BIMB–Arabesque Global Shariah Sustainable Equity Fund (BGSEF) in partnership with asset management firm Arabesque on the 17th March 2021, a statement confirmed.

The fund seeks to achieve long-term capital appreciation for its investors and will have a diversified exposure in up to 100 global Shariah–ESG (environmental, social and corporate governance) equities.

Waqfinity to go live

UK: Waqfinity, a digital Waqf platform, is preparing to launch end of this month, the start-up confirmed with IFN.

TAKAFUL

AXA Cooperative's CEO passes away

SAUDI ARABIA: Gary Lewin, CEO of AXA Cooperative Insurance Company, has passed away on the 12th March 2021, a bourse filing confirmed.

AIAhli Takaful renews insurance contract

SAUDI ARABIA: AIAhli Takaful Company will continue to provide group care insurance coverage to National Commercial Bank following the renewal of its one-year agreement, a bourse filing confirmed.

The agreement valued at SAR148 million (US$39.41 million) is expected to reflect positively on the operator's 2021 financial results.

Positive outlook on Malaysia's Takaful industry

MALAYSIA: Fitch Ratings has forecasted the Takaful industry in Malaysia to continue its steady growth in 2021 due to strong economic growth, which the rating agency forecasts at 6.7%, increased digitalization, higher awareness and a low life insurance penetration rate, according to a statement.

The rating agency expects Takaful penetration to keep rising, supported by government initiatives to provide financial assistance for the B40 (bottom 40%) income earners to purchase insurance and Takaful coverage under the Perlindungan Tenang scheme.

RESULTS

Wataniya Insurance Co

SAUDI ARABIA: Wataniya Insurance Co reported a 35.99% drop in pre-Zakat net profit for the year 2020 to SAR15.22 million (US$4.06 million). The firm said in a bourse disclosure that the drop is mainly driven by a SAR7.97 million (US$2.12 million) decrease in other income.

Malath Cooperative Insurance Co

SAUDI ARABIA: Malath Cooperative Insurance Co has generated a 23.46% gain in pre-Zakat net profit for the 2020 financial year to SAR22.67 million (US$6.04 million) driven by an 8.4% increase in net earned premiums, an 85.5% gain in other underwriting income and an increase in both income and investment income, according to a bourse disclosure.

The insurer saw net written premiums drop by almost 6% to SAR702.91 million (US$187.26 million) over the same period.

Islamic Arab Insurance Co

UAE: Islamic Arab Insurance Co (SALAMA) has recorded an audited net profit of AED157.04 million (US$42.75 million) for 2020, representing a 162.5% year-on-year increase, it said in a statement. The insurer also reported a 5.5% increase in gross written premiums to AED1.17 billion (US$318.47 million) for the same period.

Bupa Arabia for Cooperative Insurance Co

SAUDI ARABIA: Bupa Arabia for Cooperative Insurance Co has generated a 15.58% increase in pre-Zakat net profit in 2020 to SAR823.67 million (US$219.48 million), confirmed a bourse filing. The increase is due to a rise in underwriting results and lower provision for doubtful receivables.

Alinma Tokio Marine Co

SAUDI ARABIA: Alinma Tokio Marine Co has trimmed its net loss before Zakat by over 95% to SAR1.45 million (US$386,279) in 2020 from a loss of SAR34.03 million (US$9.07 million) the previous year, confirmed a bourse statement.

The improvement is driven by a 43.9% drop in net claims, a 16.1% decrease in policy acquisition costs, a 133.6% decrease in mathematical reserves and a 190% increase in other underwriting income as well as a 10.9% growth in investment income.

RATINGS

Beema's rating upgraded

QATAR: Damaan Islamic Insurance Company (Beema) has had its 'Baa1' insurance financial strength rating upgraded to 'A3' by Moody's. The rating exercise, according to a statement, follows changes in the Takaful operator's governance and financial strategy and notably the implementation of stricter safeguards to limit the risks associated with its Sukuk investment portfolio and level of leverage.

Tropicana's Sukuk Wakalah affirmed

MALAYSIA: Tropicana Corporation's RM1.5 billion (US$364.67 million) Islamic medium-term note program has been affirmed at 'A+IS' with a stable outlook by MARC. The rating agency said in a statement that the affirmation is driven by Tropicana's established position in the domestic property market and its moderate financial risks.

'A+' for Mughal Industries's Sukuk

PAKISTAN: Pakistan Credit Rating Agency has assigned a preliminary long-term rating of 'A+' with a stable outlook to Mughal Iron & Steel Industries's privately placed, listed and secured Sukuk worth PKR3 billion (US$19.03 million), according to an official social media post by the rating agency.

Warba removed from watch negative

KUWAIT: Fitch has affirmed Warba Bank's 'bb-' viability rating (VR) and removed it from rating watch negative. The rating agency said in a statement that all other ratings are unaffected. The affirmation of the Islamic bank's VR and removal from rating watch negative are based on Fitch's view that near-term risks to the bank's stand-alone credit profile from capital erosion have reduced.

Top rating for Astra Sedaya Finance's Sukuk

INDONESIA: PEFINDO has affirmed its 'idAAA(sy)' rating on Astra Sedaya Finance's outstanding shelf-registration Sukuk Mudarabah with a stable outlook.

In a statement, the rating agency said that the rating is due to the issuer's capacity to meet its long-term financial commitments.

MOVES

Bursa Malaysia

MALAYSIA: Bursa Malaysia has appointed **Azlina Mahmad** as the public interest director to its board of directors effective on the 16th March 2021, a press release confirmed.

AlAhli REIT Fund 1

SAUDI ARABIA: NCB Capital, the manager of AlAhli REIT Fund 1, has announced the appointment of **Abduljabbar Al Abduljabbar** as a non-independent board member of the REIT, effective the 30th March 2021, a bourse filing confirmed.

Egyptian Financial Regulatory Authority

EGYPT: The Egyptian Financial Regulatory Authority has renewed the appointment of **Rede Abdel Moati** as the deputy chairman for another year, a statement confirmed.

Al Aqar Healthcare REIT

MALAYSIA: Zainah Mustafa has resigned from her position as the independent and non-executive chairman of Al Aqar Healthcare REIT's audit committee, a bourse filing confirmed.

Takaful Oman

OMAN: Takaful Oman has appointed Neelmani Bhardwaj as deputy CEO with immediate effect, a statement confirmed.

Concurrently, the Takaful operator has decided to end the service of **Ravi Shankar Onbathuveli Gopal**, the general manager, effective immediately due to personal reasons.

National Commercial Bank

SAUDI ARABIA: The National Commercial Bank has appointed **Dr Saad Nasser Al Shithry** and **Dr Khaled Mohammed Al Sayari** as members of its Shariah committee, a press release confirmed.

Takaful Islami Insurance

BANGLADESH: Takaful Islami Insurance in a bourse filing has announced the appointment of **Qazi Mukarram Dastagir** as its new CEO, after receiving approval from the Insurance Development and Regulatory Authority.

National Bank of Kuwait

KUWAIT: Dr Robert Maroun Eid and **Dr Nasser Al-Saidi** have been elected by National Bank of Kuwait's Annual General Assembly as independent board members for the remainder of the board's current term, a press release confirmed.

SABB

SAUDI ARABIA: David Dew will retire as CEO of SABB on the 23rd May 2021, confirmed a statement. Dew will be replaced by **Tony Cripps**, former CEO of HSBC Singapore, while Dew will remain as an advisor to the SABB board until May 2022.

Al Salam Bank Bahrain

BAHRAIN: Al Salam Bank Bahrain in a bourse filing has announced 12 candidates for membership of its board of directors based on the nominations received.

The candidates are: **Shaikh Khalid Mustahail Al Mashani**, **Matar Mohamed Al Blooshi**, **Salman Saleh Al Mahmeed**, **Alhur Mohammed Al Suwaidi**, **Salim Abdullah Al Awadi**, **Zayed Ali Al Amin**, **Khalid Salem Al Halyan**, **Tariq Abdulhafidh Salim Al Ujaili**, **Hisham Saleh Al Saie**, **Faisal Mansoor Al Alwan**, **Omran Khayami** and **Sushil K Jain**.

The list of nominees is subject to the approval of the Central Bank of Bahrain.

Riyad Bank

SAUDI ARABIA: Abdulaziz Abdullah Al-Duailej has submitted his resignation as an independent external member of the Audit Committee of Riyad Bank, a bourse filing read.

National Bank of Oman

OMAN: National Bank of Oman has appointed **Ali Mustafa Al Lawati** as the new head of private banking, a press release confirmed. Ali previously served as a board member for Muscat Clearing and Depository and the Omani Brokerage Association.

Prime Bank

BANGLADESH: Prime Bank, which offers Islamic banking solutions, has appointed **Hassan O Rashid** as CEO and managing director of the bank, effective the 14th March 2021, a bourse filing confirmed.

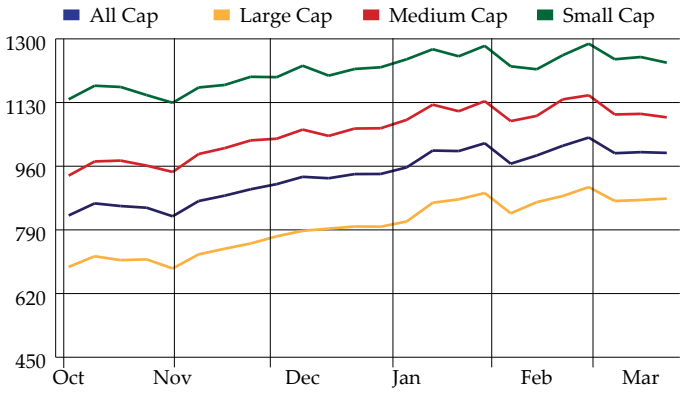
Qatar First Bank

QATAR: Qatar First Bank has announced the resignation of **Salman Abdullah Abdul-Ghani Nasser Al Abdulghani** as a member of the board of directors, effective the 25th February 2021, a statement confirmed.

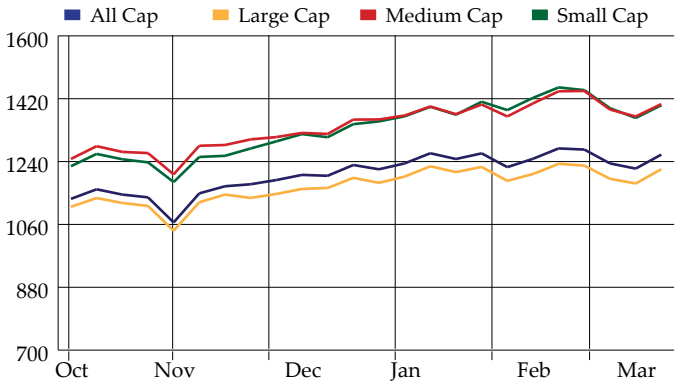
Expected date	Company/country	Size	Structure	Announcement Date
TBA	Deshbandhu Group	US$250 million	Sukuk	15th March 2021
TBA	Shahjalal Islami Bank	BDT5 billion	Sukuk Mudarabah	12th March 2021
TBA	Bangladesh Export Import Company	BDT30 billion	Sukuk Istisnah	4th March 2021
2021	Masraf Al Rayan	Up to US$4 billion	Sukuk	3rd March 2021
2021	First Abu Dhabi Bank	Up to US10 billion	Sukuk	1st March 2021
2021	Emirates Islamic	Up to US$2.5 billion	Sukuk	25th February 2021
2021 or 2022	National Treasury of South Africa	US$3 billion	Sukuk	25th February 2021
Q3 2021	Malaysia Debt Ventures	RM2 billion	Sukuk	16th February 2021
Before July 2021	Tunisia	TND300 million	Sovereign Sukuk	11th December 2020
TBA	AOM Invest	DZD2.5 million	Sukuk	28th January 2021
TBA	Infracap Resources	Up to RM15 billion	Sukuk	28th January 2021
TBA	Turkcell Payment and Electronic Money Services	TRY200 million	Islamic lease certificates	11th January 2021
TBA	Tanjung Bin Energy	RM4.5 billion	Islamic medium-term notes	5th January 2021
TBA	Export-Import Bank of Bangladesh (EXIM Bank)	BDT5 billion	Sukuk Mudarabah	5th January 2021
TBA	Uzma	Up to RM300 million	Sukuk	4th January 2021
TBA	Islami Bank Bangladesh (IBBL)	BDT6 billion	Sukuk Mudarabah	4th December 2020
TBA	reNIKOLA Solar	Up to RM390 million	Sukuk	30th November 2020
TBA	Boubyan Bank	US$500 million	Sukuk	30th November 2020
2021	Misr Capital	EGP7 billion	Sukuk	26th November 2020
2021	ACWA Power	US$1 billion	Sukuk	23rd November 2020
TBA	Ministry of Energy (Pakistan)	TBA	Sukuk	5th November 2020
TBA	Federal Land Development Authority (FELDA)	RM9.9 billion	Sukuk	30th October 2020
TBA	Ghotki Kandhkot Road & Bridge Company	PKR10 billion	Sukuk	26th October 2020
December 2020	Amer Group	TBA	Sukuk	21st October 2020
TBA	Sparks Energy 1	RM220 million	Green Sukuk	13th October 2020
TBA	Sunsuriah	Up to RM500 million	Sukuk Wakalah program	8th October 2020
TBA	Ministry of Finance (Pakistan)	TBA	Sukuk	5th October 2020
TBA	Khaleeji Commercial Bank	BHD60 million	Sukuk	1st October 2020
TBA	OSK Rated Bond	RM2 billion	Sukuk Murabahah program	30th September 2020
TBA	Mora Telematika Indonesia (Moratelindo)	IDR723 billion	Sukuk Ijarah	22nd September 2020
TBA	Bank Rakyat Malaysia	RM500 million	Sukuk Wakalah	21st September 2020
TBA	Aneka Gas Industri	IDR205 billion	Sukuk Ijarah	16th September 2020
TBA	RHB Bank	Up to RM10 billion	Sukuk Murabahah	14th September 2020
TBA	IsDB; International Organization for Migration; Nigerians in Diaspora Commission	TBA	Sukuk	11th September 2020
TBA	Mellat Investment Bank	TBA	Sukuk	10th September 2020
TBA	Sarawak Oil Palms	Up to RM1 billion	Islamic medium-term notes	25th August 2020
TBA	National Iranian Oil Company	TBA	Sukuk	19th August 2020
TBA	Polytama Propindo	IDR300 billion	Sukuk Ijarah	17th August 2020
TBA	Ministry of Finance (Indonesia)	IDR100 billion	Cash Waqf-Linked Sukuk	13th August 2020
2020 .	Saudi Real Estate Refinance Company (SRC)	SAR5 billion	Sukuk	27th July 2020
2020 .	Egypt	TBA	Sovereign Sukuk	22nd July 2020
TBA	Selangor	RM10 billion	Sukuk	14th July 2020

REDMONEY SHARIAH INDEXES

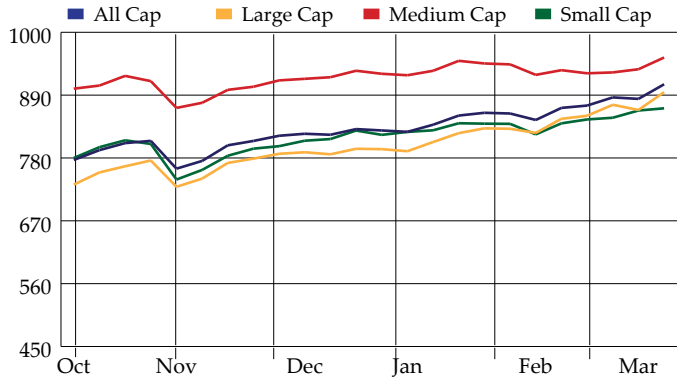
REDmoney Asia ex. Japan *6 Months*



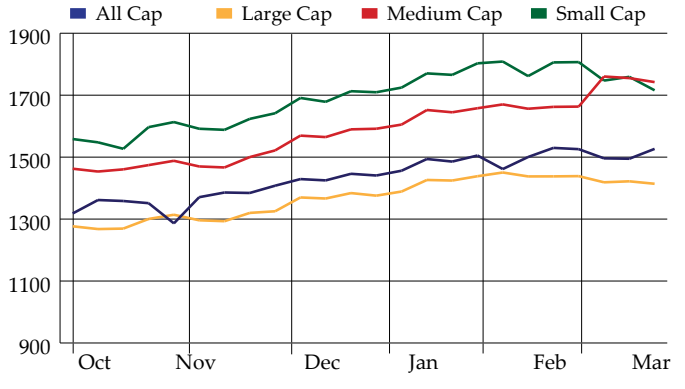
REDmoney Europe *6 Months*



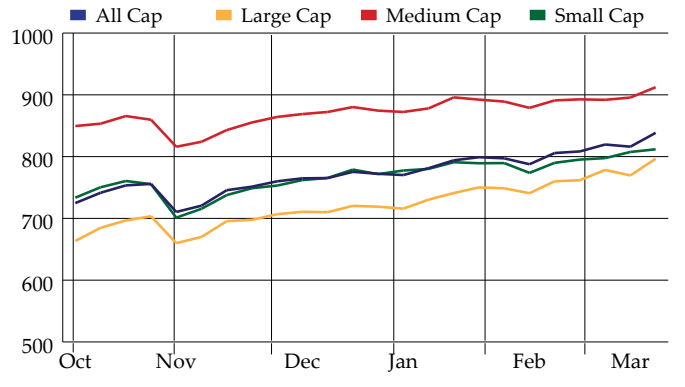
REDmoney GCC *6 Months*



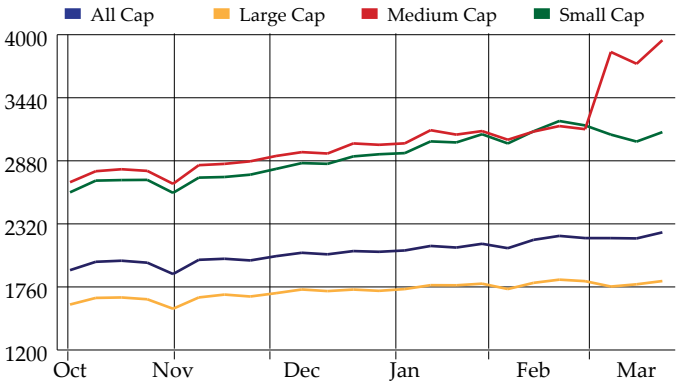
REDmoney Global *6 Months*



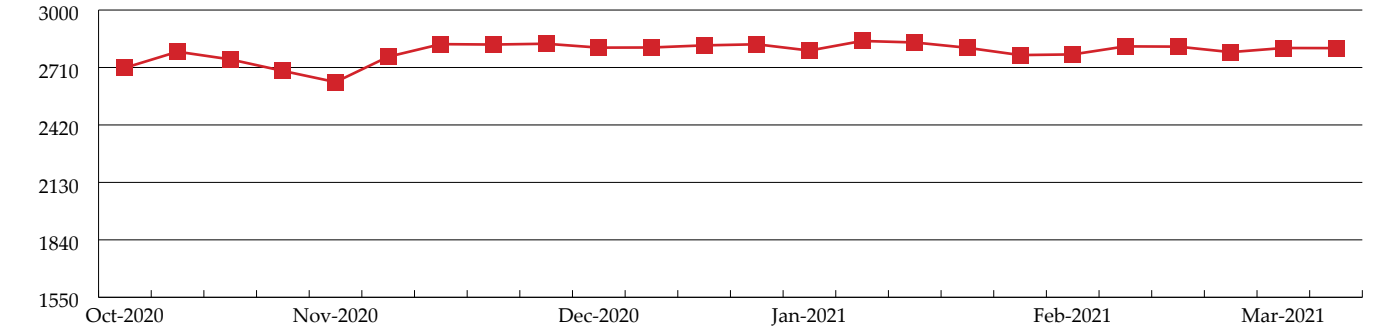
REDmoney MENA *6 Months*



REDmoney US *6 Months*

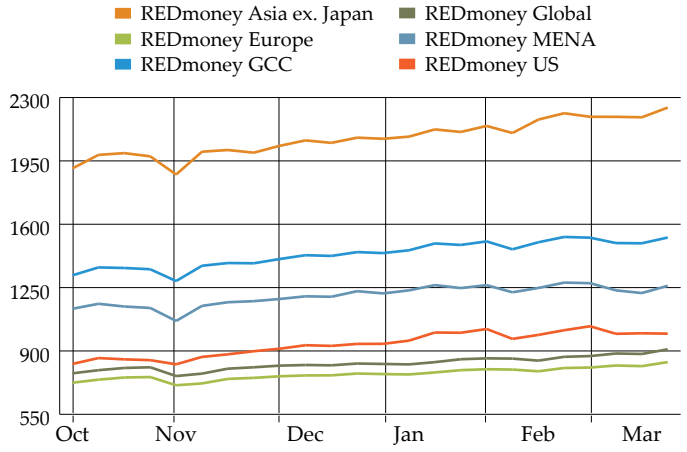


SAMI Halal Food Participation (All Cap) *6 months*

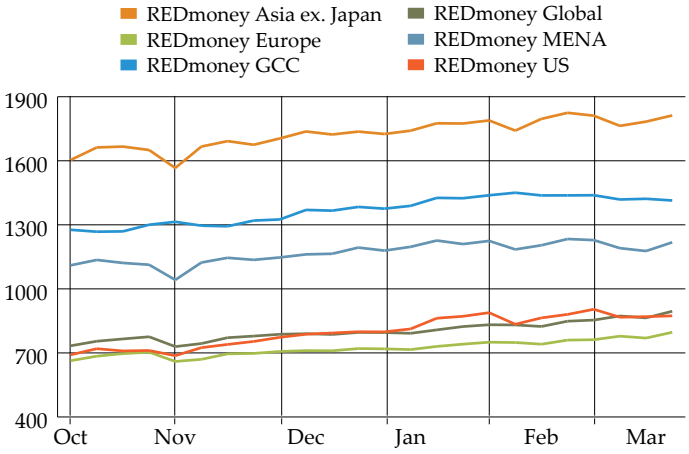


REDMONEY SHARIAH INDEXES

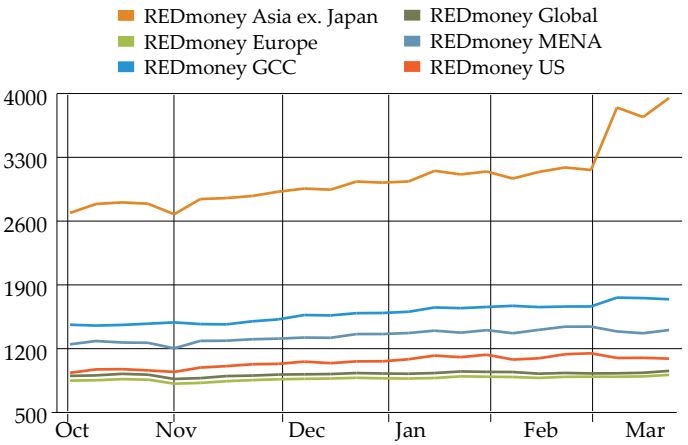
REDmoney Global Shariah Index Series (All Cap) *6 Months*



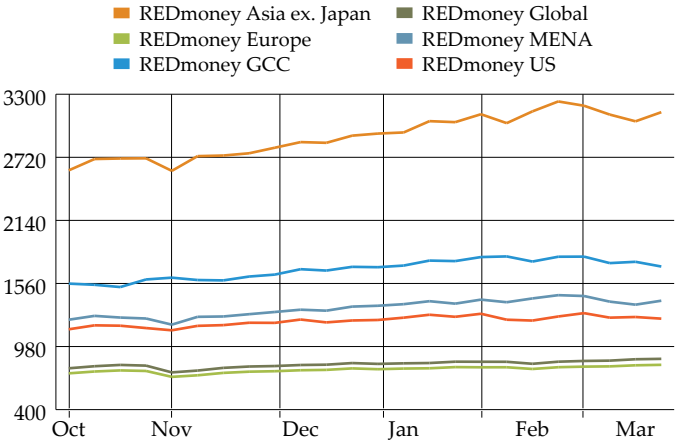
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



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



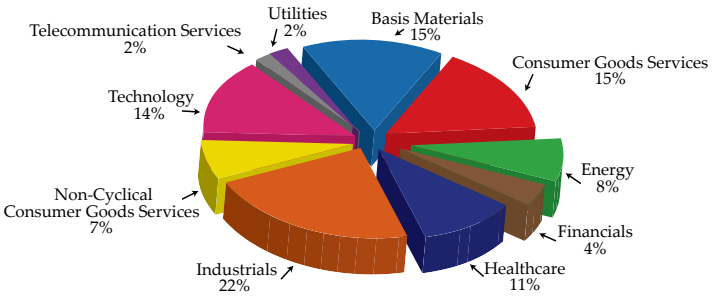
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



REDmoney Global Shariah

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

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



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

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

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

REDmoney Global Shariah Index Series

REDmoney Indexes IdealRatings®

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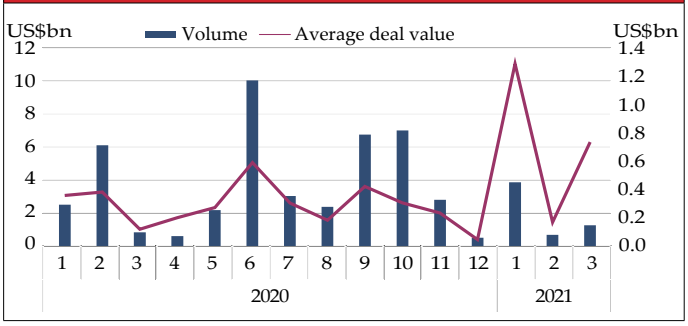
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
3-Mar-21	Sharjah	UAE	Sukuk	Euro market public issue	1,250	ABC Banking Corporation, Citigroup, Emirates NBD, HSBC, Mashreqbank, Standard Chartered Bank
1-Mar-21	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	Sukuk	Domestic market public issue	247	Affin Hwang Capital, AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
10-Feb-21	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	543	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
20-Jan-21	Bahrain	Bahrain	Sukuk	Euro market public issue	2,000	ABC Bank, Citigroup, Gulf International Bank, HSBC, JPMorgan, National Bank of Bahrain, Standard Chartered Bank
20-Jan-21	Public Investment Fund	Saudi Arabia	Sukuk	Euro market public issue	1,250	Citigroup, Emirates NBD, Goldman Sachs, JPMorgan, MUFG, Saudi National Commercial Bank, Standard Chartered Bank
14-Jan-21	Khazanah Nasional	Malaysia	Sukuk	Domestic market public issue	494	CIMB Group, RHB Bank
23-Dec-20	Kumpulan Darul Ehsan	Malaysia	Sukuk	Domestic market private placement	271	Affin Hwang Capital, Bank Islam Malaysia, CIMB Group, Maybank, OCBC
23-Nov-20	Sime Darby Property	Malaysia	Sukuk	Domestic market public issue	196	CIMB Group, Maybank, Public Bank
19-Nov-20	Kuwait International Bank	Kuwait	Sukuk	Euro market public issue	300	Citigroup, Emirates NBD, First Abu Dhabi Bank, Islamic Development Bank, Kuwait Finance House, Kuwait Projects (Holding), National Bank of Kuwait, Standard Chartered Bank
19-Nov-20	Dubai Aerospace Enterprise (DAE)	UAE	Sukuk	Euro market public issue	750	ABC Bank, Commercial Bank of Dubai, Credit Agricole, Deutsche Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Goldman Sachs, Gulf International Bank, HSBC, JPMorgan, Mizuho, Natixis, Truist Financial Corporation
12-Nov-20	Dubai Islamic Bank	UAE	Sukuk	Euro market public issue	1,000	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Sharjah Islamic Bank, Standard Chartered Bank
12-Nov-20	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	145	Bank Islam Malaysia, CIMB Group
2-Nov-20	Pengurusan Aset Air - PAAB	Malaysia	Sukuk	Domestic market public issue	134	AmInvestment Bank, CIMB Group
28-Oct-20	Sharjah	UAE	Sukuk	Euro market public issue	250	Dubai Islamic Bank, HSBC, Sharjah Islamic Bank, Standard Chartered Bank
28-Oct-20	Etihad Airways	UAE	Sukuk	Euro market public issue	600	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Standard Chartered Bank
27-Oct-20	Malaysia Airports Holdings	Malaysia	Sukuk	Domestic market public issue	168	HSBC, Maybank
27-Oct-20	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	1,381	Bank Islam Malaysia, CIMB Group, Maybank, OCBC
26-Oct-20	Dialog Group	Malaysia	Sukuk	Domestic market public issue	120	AmInvestment Bank, CIMB Group
22-Oct-20	Arab National Bank	Saudi Arabia	Sukuk	Euro market public issue	750	Arab National Investment, HSBC, JPMorgan
20-Oct-20	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	Citigroup, Credit Agricole, HSBC, QInvest, QNB Capital, Standard Chartered Bank

Global Sukuk Volume by Month (US$ billion)



Global Sukuk Volume by Quarter (US$ billion)

Top 30 Issuers of Global Sukuk *12 Months*

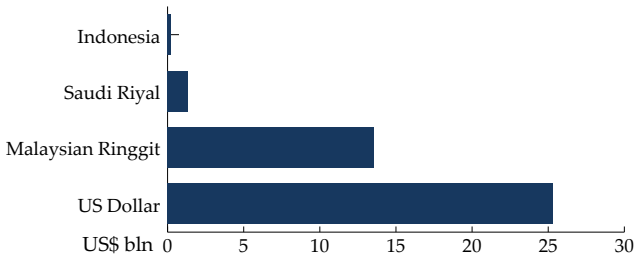
Issuer	Nationality	Market	US$ (mln)	Tranches	Managers
Indonesia	Indonesia	Euro market public issue	2,500	3	BNP Paribas, Dubai Islamic Bank, HSBC, Maybank, Standard Chartered Bank
Bahrain	Bahrain	Euro market public issue	2,000	2	Arab Banking Corporation, Citigroup, Gulf International Bank, HSBC, National Bank of Bahrain, Standard Chartered Bank
Bahrain	Bahrain	Euro market public issue	2,000	3	ABC Bank, Citigroup, Gulf International Bank, HSBC, JPMorgan, National Bank of Bahrain, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,500	1	Citigroup, Credit Agricole, Emirates NBD, Gulf International Bank, HSBC, Islamic Development Bank, Natixis, SG Corporate & Investment Banking, Standard Chartered Bank
Dubai World	UAE	Euro market public issue	1,500	1	Citigroup, Credit Agricole, Deutsche Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, JPMorgan, Samba Capital, Scotiabank, Standard Chartered Bank
Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Domestic market public issue	1,381	6	Bank Islam Malaysia, CIMB Group, Maybank, OCBC
SABB	Saudi Arabia	Domestic market private placement	1,333	1	HSBC
Saudi Electricity	Saudi Arabia	Euro market public issue	1,300	2	First Abu Dhabi Bank, HSBC, JPMorgan, MUFG, Standard Chartered Bank
Public Investment Fund	Saudi Arabia	Euro market public issue	1,250	1	Citigroup, Emirates NBD, Goldman Sachs, JPMorgan, MUFG, Saudi National Commercial Bank, Standard Chartered Bank
Sharjah	UAE	Euro market public issue	1,250	2	ABC Banking Corporation, Citigroup, Emirates NBD, HSBC, Mashreqbank, Standard Chartered Bank
Bahrain	Bahrain	Euro market public issue	1,000	1	Arab Banking Corporation, Gulf International Bank, HSBC, JPMorgan, National Bank of Bahrain, Standard Chartered Bank
Sharjah	UAE	Euro market public issue	1,000	1	Arab Banking Corporation, Bank of Sharjah, Dubai Islamic Bank, Gulf International Bank, HSBC, Mashreqbank, Sharjah Islamic Bank
Dubai Islamic Bank	UAE	Euro market public issue	1,000	1	Arab Banking Corporation, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Industrial & Commercial Bank of China, Islamic Development Bank, KFH, Sharjah Islamic Bank, Standard Chartered Bank
Dubai	UAE	Euro market public issue	1,000	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Standard Chartered Bank
Dubai Islamic Bank	UAE	Euro market public issue	1,000	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Sharjah Islamic Bank, Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	959	6	AmInvestment Bank, CIMB Group, HSBC, Maybank, RHB Bank
Masraf Al Rayan	Qatar	Euro market public issue	750	1	Credit Agricole, HSBC, Masraf Al Rayan, Mizuho, MUFG, QNB Capital, SG Corporate & Investment Banking, Standard Chartered Bank
Qatar Islamic Bank	Qatar	Euro market public issue	750	1	Citigroup, Credit Agricole, HSBC, QInvest, QNB Capital, Standard Chartered Bank
Arab National Bank	Saudi Arabia	Euro market public issue	750	1	Arab National Investment, HSBC, JPMorgan
Dubai Aerospace Enterprise (DAE)	UAE	Euro market public issue	750	1	ABC Bank, Commercial Bank of Dubai, Credit Agricole, Deutsche Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Goldman Sachs, Gulf International Bank, HSBC, JPMorgan, Mizuho, Natixis, Truist Financial Corporation
Tenaga Nasional	Malaysia	Domestic market public issue	705	3	CIMB Group, Maybank
DanaInfra Nasional	Malaysia	Domestic market public issue	644	5	CIMB Group, Maybank
Islamic Development Bank	Saudi Arabia	Euro market public issue	600	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Goldman Sachs, Gulf International Bank, HSBC, Islamic Development Bank, Kuwait Finance House, LBBW, Mizuho, National Bank of Kuwait, Samba Capital, Standard Chartered Bank, Sumitomo Mitsui Financial Group, Warba Bank
Etihad Airways	UAE	Euro market public issue	600	1	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	543	4	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
Sharjah Islamic Bank	UAE	Euro market public issue	500	1	Arab Banking, Citigroup, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Islamic Development Bank, Kuwait Finance House, Mashreqbank, Standard Chartered Bank
Axiata Group	Malaysia	Euro market public issue	500	1	CIMB Group, Citigroup, Standard Chartered Bank, UBS
Emirates NBD	UAE	Euro market public issue	500	1	ABC Banking, Citigroup, Dubai Islamic Bank, Emirates NBD, HSBC, Islamic Development Bank, Standard Chartered Bank
Tabreed	UAE	Euro market public issue	500	1	Commercial Bank of Dubai, HSBC, JPMorgan
Khazanah Nasional	Malaysia	Domestic market public issue	494	2	CIMB Group, RHB Bank

DEALOGIC LEAGUE TABLES

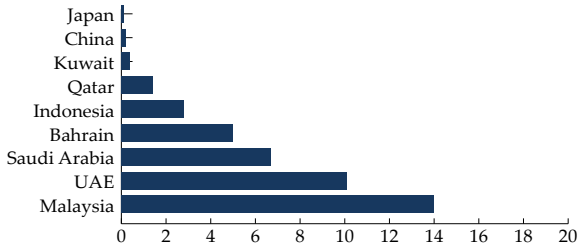
Top Global Islamic Bookrunners *12 Months*

	Bookrunner Parents	US$ (mln)	Iss	%
1	HSBC	5,577	36	13.79
2	CIMB Group	3,837	41	9.49
3	Maybank	3,748	43	9.27
4	Standard Chartered Bank	3,612	25	8.93
5	RHB Bank	2,300	39	5.69
6	AmInvestment Bank	1,848	28	4.57
7	Citigroup	1,718	11	4.25
8	Dubai Islamic Bank	1,666	13	4.12
9	Emirates NBD	1,545	14	3.82
10	JPMorgan	1,495	8	3.70
11	Gulf International Bank	1,189	7	2.94
12	First Abu Dhabi Bank	1,185	11	2.93
13	Arab Banking Corporation	798	5	1.97
14	National Bank of Bahrain	786	3	1.94
15	Credit Agricole	574	5	1.42
16	MUFG	532	3	1.32
17	Kenanga Investment Bank	529	10	1.31
18	Islamic Development Bank	521	7	1.29
19	BNP Paribas	500	1	1.24
20	Sharjah Islamic Bank	474	4	1.17
21	Bank Islam Malaysia	449	7	1.11
22	Affin Hwang Capital	408	10	1.01
23	Mashreqbank	402	3	0.99
24	ABC Bank	339	2	0.84
25	ABC Banking Corporation	275	2	0.68
26	Goldman Sachs	272	3	0.67
27	SG Corporate & Investment Banking	260	2	0.64
28	Arab National Investment	250	1	0.62
29	Kuwait Finance House	233	4	0.58
30	Natixis	220	2	0.54

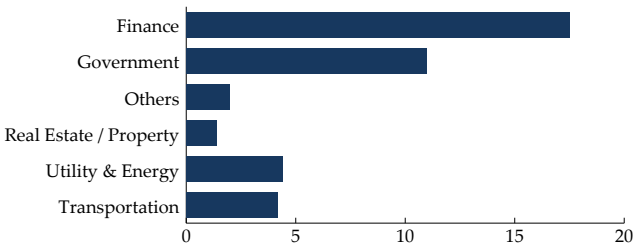
Sukuk Volume by Currency (US$ billion) *12 Months*



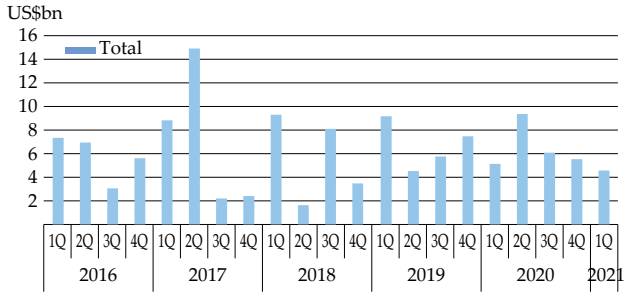
Sukuk Volume by Issuer Nation (US$ billion) *12 Months*



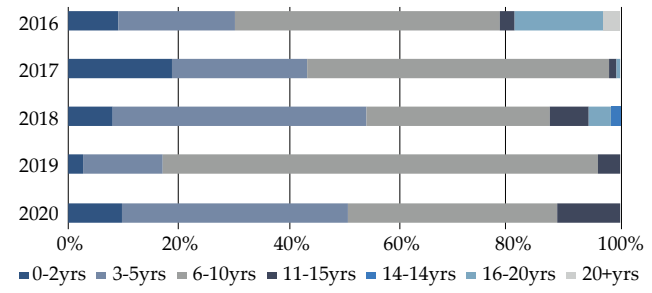
Global Sukuk Volume by Sector *12 Months*



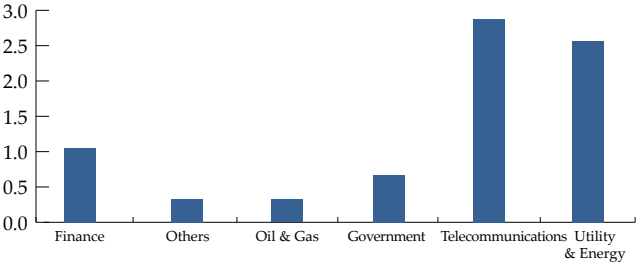
Global Sukuk Volume - US$ Analysis (US$ billion)



Global Islamic Financing - Years to Maturity (YTD Comparison)



Top Islamic Finance Related Financing by Sector *12 Months*



DEALOGIC LEAGUE TABLES

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

	Mandated Lead Arranger	US$ (mln)	No	%
1	HSBC	743	7	9
2	Samba Capital	652	4	8
3	Al Rajhi Capital	572	2	7
3	Saudi Fransi Capital	572	2	7
5	Standard Chartered Bank	429	6	5
6	Albilad Capital	343	1	4
6	Riyad Bank	343	1	4
6	Saudi National Commercial Bank	343	1	4
9	OCBC	296	2	4
10	Maybank	267	1	3
10	MUFG	267	1	3
12	National Bank of Kuwait	265	2	3
13	Gulf International Bank	265	2	3
14	Emirates NBD	256	4	3
15	Arab National Bank	229	1	3
15	Bank Al-Jazira	229	1	3
15	Credit Agricole	229	1	3
18	Sumitomo Mitsui Financial Group	215	3	3
19	Arab Banking Corporation	198	3	3
20	Citigroup	176	2	2
21	Ahli United Bank	151	2	2
22	JPMorgan	150	1	2
22	Mizuho	150	1	2
24	Abu Dhabi Islamic Bank	117	3	1
25	First Abu Dhabi Bank	73	2	1
26	Dubai Islamic Bank	62	2	1
26	Sharjah Islamic Bank	62	2	1
28	Abu Dhabi Commercial Bank	37	1	0
29	Mashreqbank	36	1	0
30	Al Ahli Bank of Kuwait	36	1	0

Top Islamic Finance Related Financing Bookrunners *12 Months*

	Bookrunner	US$ (mln)	No	%
1	Standard Chartered Bank	513	5	21
2	HSBC	469	5	19
3	Citigroup	253	2	10
4	Sumitomo Mitsui Financial Group	248	2	10
5	Arab Banking Corporation	198	2	8
6	JPMorgan	175	1	7
6	Mizuho	175	1	7
8	Ahli United Bank	125	1	5
9	Abu Dhabi Islamic Bank	87	1	4
10	Emirates NBD	73	1	3

Top Islamic Finance Related Financing Deal List *12 Months*

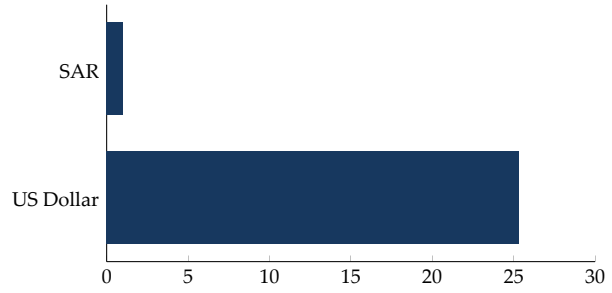
Credit Date	Borrower	Nationality	US$ (mln)
26-Aug-20	Saudi Electricity	Saudi Arabia	2,400
20-Jul-20	Egypt Ministry of Finance	Egypt	2,000
27-Sep-20	Zain Saudi Arabia	Saudi Arabia	1,830
31-Mar-20	Saudi National Commercial Bank	Saudi Arabia	1,050
5-May-20	Axiata Group	Malaysia	801
30-Jul-20	Tabreed	UAE	692
25-Mar-20	Network International	UAE	525
18-Mar-20	Bahrain Telecommunications	Bahrain	450
26-Mar-20	Qterminals	Qatar	450
9-Jun-20	Gulf Marine Middle East	UAE	441

DEALOGIC LEAGUE TABLES

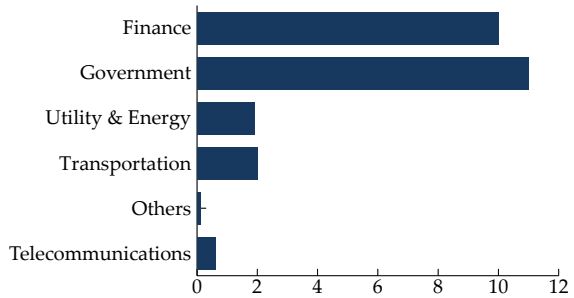
Top Global International Sukuk Managers *12 Months*

	Bookrunner	US$ (mln)	No	%
1	HSBC	3,660	22	14.46
2	Standard Chartered Bank	3,446	22	13.61
3	Citigroup	1,718	11	6.79
4	Dubai Islamic Bank	1,666	13	6.58
5	Emirates NBD	1,545	14	6.10
6	JPMorgan	1,495	8	5.90
7	Gulf International Bank	1,189	7	4.70
8	First Abu Dhabi Bank	1,185	11	4.68
9	Arab Banking Corporation	798	5	3.15
10	National Bank of Bahrain	786	3	3.10
11	Credit Agricole	574	5	2.27
12	MUFG	532	3	2.10
13	Islamic Development Bank	521	7	2.06
14	BNP Paribas	500	1	1.98
14	Maybank	500	1	1.98
16	Sharjah Islamic Bank	474	4	1.87
17	Mashreqbank	402	3	1.59
18	ABC Bank	339	2	1.34
19	ABC Banking Corporation	275	2	1.09
20	Goldman Sachs	272	3	1.07
21	SG Corporate & Investment Banking	260	2	1.03
22	Arab National Investment	250	1	0.99
23	Kuwait Finance House	233	4	0.92
24	Natixis	220	2	0.87
25	QNB Capital	219	2	0.86
26	Commercial Bank of Dubai	218	2	0.86
27	Deutsche Bank	189	2	0.75
28	Mizuho	187	3	0.74
29	Saudi National Commercial Bank	179	1	0.71
30	Samba Capital	176	2	0.69

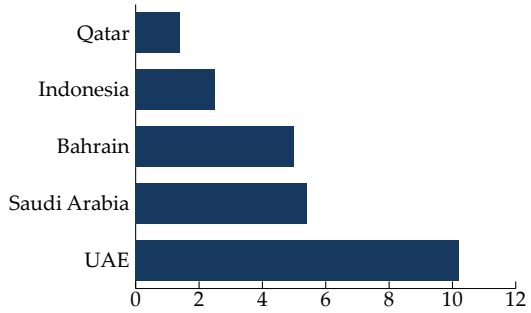
International Sukuk Volume by Currency (US$ billion)
12 Months



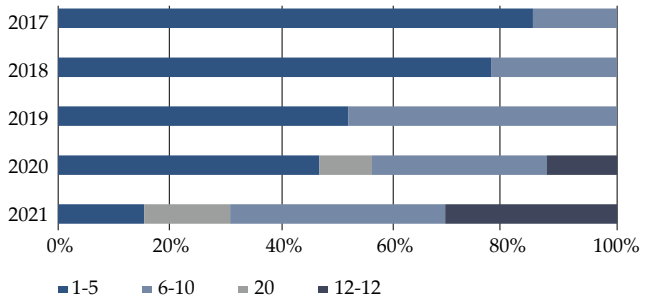
International Sukuk Volume by Sector (US$ billion)
12 Months



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



International Sukuk Years to Maturity



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