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VOLUME 4 ISSUE 2, 2019

Danajamin Nasional: A pillar of strength in an uncertain world

Malaysia's first financial guarantee insurer, Danajamin Nasional, is on a mission. Occupying a unique position in the country's financial landscape, Danajamin has played a key role in facilitating liquidity, supporting issuance and democratizing the capital markets since its creation in 2009 following the global financial crisis. But now that the mainstream market is back on track, the agency is setting its sights on smaller firms — with the goal of boosting confidence in the Islamic market. This month, LAUREN MCAUGHTRY sits down with CEO Mohamed Nazri Omar to learn more about his strategy to support corporate issuance in the world's leading Sukuk market.



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With total assets of RM2.7 billion (US$660.65 million), Danajamin has guaranteed around 37 issuers as at the 31st December 2018 to the tune of RM10 billion (US$2.44 billion) over the last decade — of which over 50% has gone toward supporting the Sukuk market. When combined with partner banks and facilities, this number increases to a market impact of more like RM20 billion (US$4.89 billion) — or around 2.5% of Malaysia's total Sukuk market, which stood at an estimated RM827 billion (US$202.33 billion) at the end of 2018, according to RAM Ratings.

The agency — jointly owned by Minister of Finance Incorporated and Credit Guarantee Corporation Malaysia — has lofty ambitions. Its biggest challenge, interestingly, has been a lack of market confidence — unusual, in a Sukuk market as successful as Malaysia's.

But volume is one thing — rating diversity is quite another.

"We think not only in terms of the number of issuers and the size of the market, but also in terms of the corporates themselves," explained Nazri. "Who are the issuers that we are trying to promote? They are not the blue-chip companies. They are not the big corporates who are well known, and who already have easy access to the banking market. It is a challenge, even today, to promote investor confidence in lower-rated papers."

To achieve this, Danajamin has had to turn their thinking. "We had to ask ourselves — are we potentially part of the problem? If we keep guaranteeing every issuer who comes to us, will the market ever look to lower-rated papers? Will issuers ever get enough

continued next page…

Sukuk market surges in third quarter; corporates capitalize on sovereign strength



It's been a strong start to the year for the Islamic capital market, with a multitude of high profile issuers in the first quarter displaying confidence in the current climate. The pipeline for the rest of the year looks positive, with prospects booming for sovereign players, leading to a knock-on impact for corporate confidence that has already seen several major deals come to marke 3

Islamic banks go digital with new online and mobile services



Always at the front of the pack when it comes to innovation, Islamic banks are seizing hold of the digital opportunity with enthusiasm, and gaining ever more ground in their bid to provide corporate customers with the most efficient service possible. 4

IC THE DEVELOPMENT
ICD helps private sector businesses to finance projects by providing a wide range of Sharia compliant services
ICD

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investor confidence to issue without a guarantee? We need to find other ways to help companies access the capital market, so one of our key development goals is rating diversity. We need to bring back market confidence from an investor point of view, in order to support issuers on a stand-alone basis."

In recent years, Danajamin has introduced a number of new methods to encourage this. One of these is the drop-off guarantee — where the agency does not guarantee from the first day of issuance through to maturity, but instead finds ways of easing out after a certain amount of time has passed, or certain milestones have been met — with the goal of exiting the guarantee without impacting the issuance rating. "I would like to continue developing the capital market system and innovating different structures," said Nazri. "We don't want the market to look the same in 10 years' time."

A key new initiative from Danajamin in 2019 will come in the form of a new guarantee model, whereby the agency still provides the guarantee but the paper itself is rated on a stand-alone basis. This should allow a wider universe of investors to participate in a more diverse range of paper from the beginning. The initial issuance will be priced the same for all investors, but for investors who want to participate with the additional security of a Danajamin backstop, the guarantee will have to be purchased in addition. Conceptually, investors will be able to incrementally back out of the guarantee, without waiting for maturities or refinancing, as they grow more confident with the paper. The only caveat to the product is that the investors must purchase the underlying bond, and cannot trade solely on the guarantee itself (which would be in essence a derivative, and therefore non-Shariah compliant).

New products like this are vital in bringing new issuers to market, as Nazri well knows. Currently just over half of Danajamin issuers are first-timers, and it is in the agency's blueprint to help bring new players to market — a task made easier by the current favorable conditions. In the nine months up to September 2018, there was an 11% growth in Sukuk issuance in Malaysia alone, while individual issuance size is also getting bigger — even amid the uncertainty of the new administration and concerns that the government might place some infrastructure projects on hold. "Although there is more demand for Sukuk as an investment, 2019 will inevitably bring its own challenges, and the market is expecting a slowdown of economic growth — but Sukuk are long-term financing instruments, while we as the guarantor can provide the confidence to ride out short-term concerns," stressed the CEO.

Currently, Danajamin only guarantees issuance in the Malaysian ringgit, in support of Malaysian firms. Danajamin also assists Malaysian companies to raise financing for overseas expansion, allowing smaller companies without an international footprint to gain exposure — up to and including partnerships with international banks to support financing. If an overseas company is interested in accessing credit support in order to contribute to the Malaysian economy, Nazri confirmed that this could be something the agency would be open to considering as a means of supporting inward investment.

"At the end of the day, we want to reach out to corporates," stressed Nazri. "We feel they are not being heard or supported enough from the investor perspective, especially the smaller firms, and we want to help change that. Our credit enhancements can be crucial to build confidence, and that is what we are campaigning for in 2019."

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Sukuk market surges in third quarter; corporates capitalize on sovereign strength

It's been a strong start to the year for the Islamic capital market, with a multitude of high-profile issuers in the first quarter displaying confidence in the current climate. The pipeline for the rest of the year looks positive, with prospects booming for sovereign players, leading to a knock-on impact for corporate confidence that has already seen several major deals come to market.

On the sovereign side, good news for the future of 2019 as Moody's Investors Service came out at the end of February to predict a record year for public sector transactions, assuming oil prices remain steady. Although global gross sovereign Sukuk issuance declined by 5% to US$78 billion in 2018, down from US$82 billion in 2017, Moody's expects this to rebound to US$87 billion this year on the back of higher deficit financing and higher Sukuk refinancing needs, especially in Malaysia, and especially as larger issuers gradually increase the volume of Sukuk as a share of their total net issuance.

"In the medium term, gross issuance will rise further as the Sukuk issued by the GCC governments begin to mature and are refinanced via new issuance," said Alexander Perjessy, a Moody's vice-president and senior analyst. "By 2020, we expect total gross sovereign Sukuk issuance, including short-term securities, to surpass the all-time high of US$93 billion reached in 2012." This could increase yet further, topping US$100 billion, if oil prices dip further — thus widening fiscal deficits and increasing the need for debt financing.

Why does this matter? Because the sovereign market has an inevitable trickle-down effect on corporate issuance, especially in terms of price premium. So what are we seeing in the corporate market as we reach the end of the first quarter of the year?

Performance so far has been positive, and the past month has been no exception — with a number of landmark issuances and key developments that support an optimistic outlook for the rest of the year.

Early on in the month, Dana Gas gave the market a boost with the buyback of a further US$133 million of its outstanding Sukuk, thus fulfilling the terms of its restructuring agreement and reassuring investors of its commitment to continued fair play. The company made waves in 2017 when it entered into a protracted legal dispute over the Shariah compliance of its US$700 million Sukuk that sent shockwaves through the industry and scared some investors away from Islamic instruments in the short term. Under a new agreement reached in May 2018, Sukukholders were offered the opportunity to immediately cash in their claims at 90.5 cents per US dollar of the face value of their holdings, or receive a partial pay-down and exchange the rest into a new Sukuk instrument with a deferred payment structure. The deal went some way toward reassuring the market, and confidence has overall been restored. The latest purchase reduces the size of the firm's outstanding Shariah compliant bonds to US$397 million from US$530 million. Dana Gas saved around US$21 million by buying back the US$133 million in the market below par and, by maintaining the profit rate on the deal at 4%, is expected to achieve a further US$8 million in savings.

This resurgence in confidence was demonstrated further in the GCC with the arrival to market of several landmark issuers in March. In Saudi Arabia, government-owned Saudi Real Estate Refinance Co, a wholly-owned subsidiary of the sovereign wealth fund founded in 2017, confirmed a SAR750 million (US$200.2 million) Sukuk issuance with multiple tenors in the first corporate transaction in the Kingdom this year. The issuance comes under the firm's SAR11 billion (US$2.93 billion) local currency Sukuk program, and CEO Fabrice Susini confirmed that the company plans to issue as much as SAR8.5 billion (US$2.26 billion) in Sukuk this year as it seeks to expand the housing market and accelerate home ownership in the Kingdom, with plans for potentially tapping the US dollar Sukuk market toward the end of 2019.

Bahrain's sovereign wealth fund Mumtalakat also tapped the Islamic market, with a US$600 million issuance that achieved orders of over US$4 billion. With guidance originally marketed at 6.25%, the deal achieved an impressively tight yield of 5.63% following on from the high demand for highly rated emerging markets papers.

The recent issuances demonstrate the high quality and underlying strength of the Islamic market in 2019, and should act as immediate confidence-boosters for other corporates intending to access capital.

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Islamic banks go digital with new online and mobile services

Always at the front of the pack when it comes to innovation, Islamic banks are seizing hold of the digital opportunity with enthusiasm, and gaining ever more ground in their bid to provide corporate customers with the most efficient service possible. This month, we take a look at the latest developments in the field of digital financial services on the retail side, to discover how corporates can best leverage this wide pool of opportunity.

In a strong step forward for public–private sector cooperation, Dubai's Emirates Islamic in March partnered with emaratech, the technology solutions and consulting arm of the Investment Corporation of Dubai, to enable businesses to make electronic payments for a range of public services through its 'noqodi' payment gateway. The partnership will enable customers to make online payments for services offered by government departments including the Dubai Land Department, the General Directorate of Residency and Foreign Affairs as well as the Fujairah Municipality, among others.



"noqodi is building strategic partnerships with major banks in the UAE such as Emirates Islamic to strengthen its payment channels and help clients from both government and private sectors in their digitization initiatives," commented Thani Alzaffin, the general director and board member of emaratech.

In the same month, Bahrain Islamic Bank formally launched its first fully-fledged digital branch, as part of its wider digitization strategy. The branch, based in the Galleria Mall, will allow customers to carry out normal transactions such as cash withdrawals and deposits, cheque book printing and card issuance, using self-service kiosks. Customers can also open accounts and apply for financing, with live bank representatives available through an in-branch video screen for assistance. In 2017, the Bahraini bank formally launched its 'BisB Digital' initiative, including all forms of digital services including online, mobile and video banking to support digitization.

Also in Bahrain, fintech firm Waqfe in February launched its next-generation banking platform, Aion Digital — a fully mobile platform — to help institutions build secure digital banks. The platform is already deployed by Kuwait Finance House (Bahrain) and another Islamic bank, and the latest launch coincided with its expansion to the UAE market and the signing of a major contract with an as-yet-unnamed large Islamic financial institution.

"Aion's mission is to enable existing banks in the GCC to go digital with certainty," said CEO Ashar Nazim. "It is custom-built for the GCC's regulatory and business environment and initial results have been very encouraging. Banks are able to expand beyond their traditional customer base while reducing acquisition cost by up to 80%."

And over in Kuwait, the Shariah compliant Boubyan Bank on the 6th March launched a brand-new mobile banking application for business customers, enabling a host of new online services including transfers and payment of invoices, and obtaining simple cost-plus-profit financing (Murabahah) in addition to credit cards, overdrafts and other financing channels. Digital SME banking is a core focus for Boubyan, which has launched numerous smart banking applications to support businesses over the past year: including services to enable the management of company accounts, submission of online applications, balance checks, payroll transfers, local and international fund transfers, chequebook requests, audit certificates, account statements, deposit services and more. Currently, 80% of the bank's customers use its digital channels either through online or mobile banking services, and the volume of digital banking already exceeds one million transactions a month.

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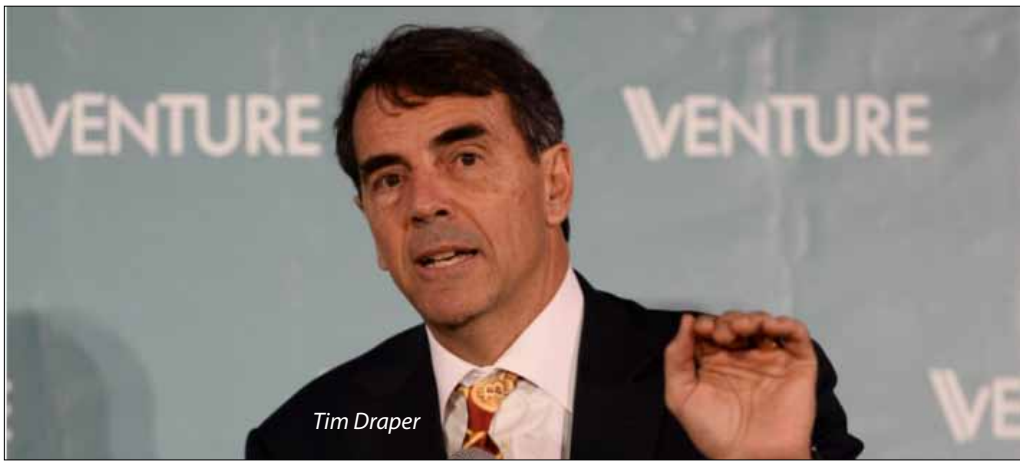
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Islamic assistance: Spotlight on SME financing

This month, we take a look at the numerous developments in the field of Shariah compliant financing for small and medium-sized businesses — a key focus for the Islamic economy and a top target in almost every leading Islamic finance jurisdiction. From new banking support to supranational assistance, government aid and funding schemes, the last quarter has seen Islamic SME financing go from strength to strength — so for smaller corporates which may be less keen on the capital market route, read on to learn about the wide range of additional options available to support your business the Shariah compliant way.

The UAE's Etihad Credit Insurance (ECI) this month teamed up with the National Bank of Ras Al Khaimah to assist local SMEs in accessing international markets via a range of new Shariah compliant financial services. Under the agreement, UAE-based SMEs will gain access to a portfolio of solutions including trade credit insurance (based on the cost-plus-profit (Murabahah) concept), credit risk management solutions, SME funding, export financing, corporate financing and letters of credit confirmation. Businesses will also benefit from access to market intelligence while the partnership plans to hold a series of seminars to assist business owners on identifying trade protection solutions for expansion into new markets. "This agreement will assist the expansion of the SME sector by offering market intelligence and easier access to financial solutions, encouraging local businesses to contribute directly to the sustainable development of the UAE economy while tapping into new geographies," said ECI CEO Massimo Falconi.



Tim Draper

In Pakistan, a new Shariah compliant SME refinancing solution was launched this month by the central bank. With a 10-year maximum tenor, the scheme will be made available to 14 different SME clusters including rice husking, fisheries, cotton ginning and surgical instruments; and will provide financing for the balancing, modernization and replacement of existing units, and the setting-up of new SME units.

In Malaysia, the central bank has also drawn attention to the wide range of Islamic financing facilities available to SMEs. Bank Negara Malaysia assistant governor Adnan Zaylani Mohamad Zahid in a speech last month noted that over half of the country's SMEs are not currently aware of the availability of Islamic business financing facilities, due mainly to misconceptions around eligibility.

"A recent survey we did revealed that almost 60% of SMEs were not aware of the availability of Islamic business financing facilities. Indeed, most SMEs adopted conventional financing. Some may still have the misconception that Islamic finance is only for Muslims," he said. "I would like to emphasize that the practice of Islamic finance is not and should not be exclusive to Muslims. Many of its underlying ideas, the pursuit of economic justice and risk-sharing align with traditional and conventional economic thinking." He highlighted the government's RM1 billion (US$244.9 million) Shariah Compliant SME Financing Scheme as an example of this support.

Finally, in Saudi Arabia last month, the first-ever Shariah compliant Saudi SME investment funds financing vehicle was launched, in the form of an agency-based (Wakalah) investment agreement between Al Yusr Leasing and Financing Company and Saudi Kuwait Finance House (SKFH), under which Al Yusr becomes the investment agent for SKFH's closed-ended, Shariah compliant Al Yusr Baitak Financing Fund. The move follows the introduction and authorization by the Capital Market Authority (CMA) and the Saudi Arabian Monetary Authority (SAMA) last year of a brand-new precedent designed to open up a new fundraising channel for smaller businesses by encouraging investment funds to engage in indirect financing activities. Specifically, it allows funds to enter into agreements or partnerships with SAMA-licensed financing or leasing companies in order to both engage directly in financing activities such as the provision of participation loans, and allow other CMA-licensed mutual funds to invest in these new vehicles.

It might sound like a small step, but the new fund vehicle could open up a whole new channel of SME financing in the Kingdom, by allowing non-banking financial institutions to work with existing Islamic fund managers to raise financing, broadening the pool of funds available for smaller businesses and offering an alternative to licensed bank lending or capital market participation.

Leading US venture capitalist Tim Draper also signed an agreement in February with the Saudi Venture Capital Company to create a new Shariah compliant SME fund offering financing in the fields of health, education, agriculture and energy, while in the previous month, the Business Incubators and Accelerators Company — a subsidiary of Saudi Technology Development and Investment Company, wholly-owned by the Public Investment Fund — announced a new partnership with VentureSouq, a pan-regional investment platform, to launch a new investment services vertical that is designed to bridge the SME funding gap through direct investments in high-growth tech start-ups.

Saudi dairy firm milks the market for a major splash

In February 2019, Almarai Company, one of Saudi Arabia's largest conglomerates and the world's biggest vertically integrated dairy company, launched its debut international Islamic offering to immense demand — with an orderbook oversubscribed 11 times, the largest-ever from a Saudi corporate. So what made this deal so different?

As well as being the dairy company's foray into the international Islamic debt capital market, the US$500 million issuance also makes Almarai the first-ever regional food and beverage issuer to tap the international debt capital market from the MENA region, is the first international investment grade non-government-related corporate issuance from Saudi Arabia and marks the largest orderbook oversubscription achieved by a Saudi corporate to date, at US$5.45 billion.

Its uniqueness was the key to its success — with no regional peers issuing Islamic papers, investors keen for exposure to the food and beverage sector scrambled to get a slice of the pie. Even in the midst of market volatility and with cheaper funding alternatives available, the pricing was also a success — revised down to a final rate of midswaps plus 180bps (resulting in a profit rate of 4.31%), a substantial improvement on the initial guidance of MS+225bps, following a series of fixed investor meetings across Asia, the Middle East and Europe that confirmed positive demand.

The facility, issued under Almarai's newly established US$2 billion trust certificate issuance program, was structured under a combination of the principles of leasing (Ijarah) and cost-plus-profit (Murabahah), with the leasing component representing at least 34% of the asset pool. First Abu Dhabi Bank, Gulf International Bank, HSBC Bank, JPMorgan and Standard Chartered Bank acted as the lead managers and bookrunners, while Baker McKenzie acted for the issuer on the legal side and White & Case acted for the bookrunners.

The structure was chosen due to its familiarity among investors, meaning that there was little need for investor education — allowing the marketing process to run smoothly and demonstrating the enormous progress made within the Islamic debt capital markets in recent years in terms of standardization, awareness and acceptance across a broad investor base.

This broad acceptance was particularly noticeable when it came to the investor split — with over 60% of takeup coming from outside the GCC. Just 6% went to Saudi investors and 33% to other GCC players. By comparison 36% went to Europe, 23% to Asia and 2% to offshore US investors. Overall, funds took a substantial 60% of issuance while banks accounted for 32%.

This investor split, along with the exceptionally high demand for the paper, sends a strong message that international funds are urgently seeking high-quality Islamic issuances and that corporate papers are of growing interest across a wide range of overseas mandates.

Notably, the issuance was rated 'Baa3' (Stable) by Moody's Investors Service and 'BBB-' by S&P Global Ratings. Although not at the top end of the scale, the investment grade ratings provided support for the strong performance of the paper.

S&P in its ratings guidance noted that Almarai's business "balances the company's leading market positions in Saudi Arabia and the GCC region, well-known local brands, extensive distribution network, good product diversity and a high and relatively stable profitability for the sector against its high geographical concentration to Saudi Arabia, which is seeing moderate economic growth and a capital expenditure(capex)-intensive business model" — offering an interesting lesson in the benefits of branding and distribution for any other regional corporates that might be considering a foray into Islamic fundraising.

It should also be noted in the fourth quarter of 2018 Almarai reported a 28% year-on-year decline in net profits after Zakat and taxes to SAR369.6 million (US$98.54 million), while its 2018 full-year results also fell by 8% to SAR2.1 billion (US$560.14 million) from the previous year, demonstrating that consistent growth and/or positive financial results are not necessarily prerequisites for a successful issuance, which could reassure firms currently struggling in the turbulent economic environment of 2019.

This may have been Almarai's first international issuance but it is unlikely to be the last, and its success highlights the appeal of the Islamic debt market even for firms in sectors without previous precedents to follow in the Shariah compliant space.



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JABAL OMAR TAPS DOMESTIC MARKET

Saudi Arabia's Jabal Omar Development Company has issued a domestic Sukuk facility via private placement. The five-year paper was arranged by GIB Capital, HSBC Saudi Arabia and JPMorgan Saudi Arabia.

CAGAMAS RAISES FUNDS VIA IMTN

Malaysia's national mortgage corporation Cagamas has floated a three-year Islamic medium-term note (IMTN) amounting to RM50 million (US$12.22 million). The issuance has a profit rate of 4.04% and will mature on the 11th March 2022.

SAIPA TO SELL SUKUK

Iran's Saipa Co is planning to issue a four-year cost-plus-profit (Murabahah) Sukuk facility for IRR7 trillion (US$166.15 million). The paper will have a coupon rate of 16% with quarterly coupon payments. A consortium of three investment banks will act as the underwriter while the Central Securities Depository of Iran will be the settling agent.

SSO TO FLOAT SUKUK

Iran's Social Security Organization (SSO) intends to place a three-year Sukuk Ijarah facility for IRR6 trillion (US$142.42 million). The Sukuk will have a coupon rate of 19% with semi-annual coupon payments.

PRASARANA SELLS IMTNS

Malaysia's Prasarana has issued three series of Islamic medium-term notes (IMTNs) with 10, 12 and 15-year tenors. The papers are worth a combined RM1.5 billion (US$366.7 million) and were arranged by CIMB Investment Bank.

ALMARAI REDEEMS SUKUK, SELLS MORE

Saudi's Almarai Company fully redeemed its SAR1 billion (US$266.56 million) Sukuk, issued in 2012, on the 7th March. Separately, the company on the 1st March floated its inaugural international Sukuk, a five-year US$500 million US dollar paper due in March 2024. The instrument, which was placed with a profit rate of 4.31%, was almost 11 times oversubscribed and represents the first US dollar-denominated Sukuk by a GCC food and beverage company, the first international investment grade non-government-related corporate issuance from Saudi and the largest orderbook oversubscription ever achieved by a Saudi corporate.

RAIL PARDAZ SERI TO ISSUE SUKUK

The Securities and Exchange Organization of Iran has granted its principal consent to Rail Pardaz Seri Transportation Company for the issuance of a five-year lease-based Sukuk Ijarah facility worth IRR1 trillion (US$23.74 million). The Islamic paper will carry a nominal yield of 16% and a maturity of five years and the proceeds will be utilized to purchase 367 freight wagons.

GULF NAVIGATION CONVERTS SUKUK

The UAE's Gulf Navigation has completed the conversion of 100 million units of Sukuk into shares. With the conversion exercise, the authorized capital of the company rose from AED919.21 million (US$250.22 million) distributed over 919.21 million shares to AED1.02 billion (US$277.66 million) distributed over 1.02 billion shares.

PASUKHAS TO FLOAT ASEAN GREEN SUKUK

Malaysia-based Pasukhas Green Assets plans to issue the first tranche of its 20-year RM200 million (US$49.13 million) Islamic medium-term note program. The issuance, which is an ASEAN Green SRI Sukuk paper, will be guaranteed by Danajamin, Malaysia's credit guarantee corporation, in its first foray into the green Sukuk market. The first tranche will be placed for an amount of RM17 million (US$4.18 million) with tenors of up to 10 years, is unrated and will be fully subscribed upon issuance. Proceeds from the issuance will be utilized for Pasukhas's hydropower plant in Sungai Rek, Kelantan and to explore other renewable energy assets in Malaysia.

BANKING

QIB PICKS BANKS FOR SUKUK

Qater Islamic Bank has mandated Barclays, Boubyan Bank, Credit Agricole CIB, QInvest, QNB Capital and Standard Chartered Bank as the joint lead managers and joint bookrunners for a benchmark fixed rate Reg S five-year senior unsecured Sukuk paper under the bank's US$4 billion trust certificate issuance program, subject to market conditions. The roadshow began on the 14th March, covering fixed income investor meetings in Singapore, Hong Kong and London.

QIIB TO RENEW SUKUK PROGRAM

QIIB has received the consent of its shareholders during the recent general assembly meeting to renew its Sukuk program of up to US$2 billion. According to a filing with the Qatar Stock Exchange, the approval is based on a study of each issue and in different sizes based on the bank's need. The assembly also agreed to distribute a dividend of 40% on the capital, representing 4% per share, for 2018.

Separately, QIIB's US$500 million Sukuk facility has been listed on the London Stock Exchange. According to the Gulf Times, the instrument, which was oversubscribed by seven times, is the first Qatari Sukuk to be listed on the exchange. The paper was priced at a spread of 175bps over the five-year midswaps carrying an annual fixed coupon of 4.26%. Participation came from investors from around the world with 30% from the MENA region and the remaining 70% from Europe, Asia, Australia and other countries.

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DIB AGREES TO NEW SUKUK OFFERINGS

Dubai Islamic Bank (DIB) shareholders have authorized its board of directors to issue up to US$1 billion each in additional Tier 1 Sukuk and Tier 2 Sukuk. This follows the authorization for the bank to raise up to US$5 billion through senior Sukuk and/or other similar instruments which are non-convertible into shares.

SOVEREIGN

INDONESIA ISSUES SUKUK

The Indonesian government privately placed a Sukuk series, PBS-021, on the 8th March 2019. The tradable paper, floated for IDR1 trillion (US$70.34 million) with a yield of 8.5% per annum, will mature on the 15th November 2026.

IRAN WORKS WITH CHINA ON SUKUK ISSUANCE

Iran's parliament has ratified a bill opening the way for the issuance of Sukuk worth US$3 billion with the proceeds to be used for the funding of various domestic hydrocarbon projects. China is due to act as a bookrunner for the deal, which will provide a further test in terms of pricing and diversity of investor coverage for an additional major bond issue of a unique structure executed through Iran's bankers in China.

The People's Bank of China (PBOC) will act as the sole lead underwriter and principal distributor of the paper. The structure will be as follows: the Iranian government, or state vehicle, will issue a bond through the PBOC, which will be backed by the Chinese central bank, either in the renminbi or another currency pegged at a specific rate to the renminbi.

The PBOC will then distribute the Sukuk simultaneously to the Central Bank of the Republic of China (Taiwan) in Taipei and the Monetary Authority of Macao and for broadening out its appeal to as wide a foreign investor pool as possible, the China-run issuance would carry with it the option to be redeemed in Iranian rials and euros.

IILM REISSUES SUKUK

The International Islamic Liquidity Management Corporation (IILM) has reissued its US$960 million Sukuk in three tranches. The tranches consist of a one-month US$200 million paper with a profit rate of 2.69%, a three-month US$400 million paper with a profit rate of 2.82%, as well as a six-month US$360 million paper with a profit rate of 2.88%. The IILM envisages that it will continue to reissue its short-term Sukuk in three tranches whenever market conditions permit.

TURKEY ISSUES GOLD LEASE CERTIFICATE

The Turkish Treasury auctioned a six-month gold lease certificate on the 25th February. The paper, based on 6,200 kilograms of gold (995/1000 purity), carries a 1% yield.

MAURITANIA ISSUES ISLAMIC BILLS

The Central Bank of Mauritania (CBM) issued Islamic treasury bills worth MRU430 million (US$11.8 million) on the 28th January 2019. The offering comprises three papers with 28, 90 and 180-day tenors which received MRU100 million (US$2.75 million), MRU100 million and MRU230 million (US$6.31 million) in bids respectively. Separately, the CBM printed Islamic treasury bills worth MRU260 million (US$7.14 million) on the 26th February 2019. The offering comprises two papers with 28 and 180-day tenors which received MRU50 million (US$1.37 million) and MRU210 million (US$5.77 million) in bids respectively.

ICD & ASKEC LOOK TO GREEN SUKUK

The Islamic Corporation for the Development of the Private Sector (ICD) and Al-Sharif Group & KEC (ASKEC) have inked a letter of intent to explore the possibility of collaborating in structuring and arranging the issuance of a green Sukuk facility. The proceeds of the Sukuk will be used to fund the expansion of ASKEC operations in the area of renewable energy and eco-friendly projects. Both parties will collaborate on the structuring, arranging, documentation, marketing and launching of the instrument.

PAKISTAN ISSUES SUKUK

Pakistan's Ministry of Energy has placed a PKR200 billion (US$1.44 billion) 10-year lease-based Sukuk Ijarah facility to address the escalating circular debt in the nation's power sector. A consortium of eight banks was involved in the transaction, namely Meezan Bank, which provided PKR88 billion (US$633.12 million); Faysal Bank PKR35 billion (US$251.81 million); BankIslami Pakistan PKR35 billion; Dubai Islamic Bank Pakistan PKR14.15 billion (US$101.8 million); MCB Islamic Bank PKR10 billion (US$71.95 million); Al Baraka Bank Pakistan PKR8.85 billion (US$63.67 million); United Bank Ameen Islamic Banking PKR5 billion (US$35.97 million) and National Bank of Pakistan Aitemaad Islamic Banking PKR4 billion (US$28.78 million).

IDB TO ISSUE SUKUK

The Saudi-based IDB will raise around US$2 billion through multiple Sukuk issuances this year, according to its president, Dr Bandar Hajjar. The IDB is also in talks with Russia's central bank to prepare the regulatory framework for the launch of commercial Islamic banks in the country.



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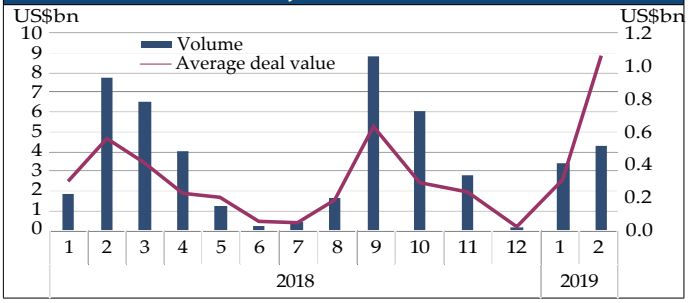
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Top Issuers of Global Sukuk

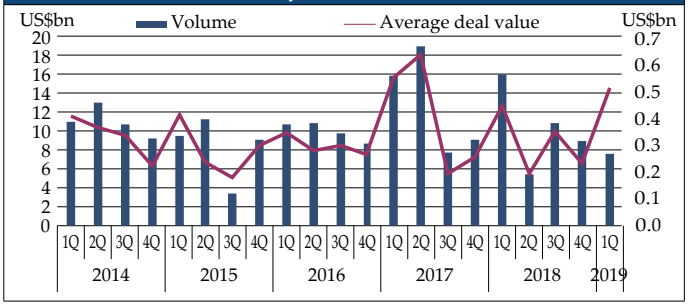
12 Months

Issuer	Nationality	Market	US$ (mln)	Tranches	Managers
Saudi Arabia	Saudi Arabia	Euro market public issue	2,000	1	BNP Paribas, Citigroup, HSBC, JPMorgan, Mizuho, Samba Capital
Saudi Electricity	Saudi Arabia	Euro market public issue	2,000	2	Citigroup, First Abu Dhabi Bank, HSBC, Mizuho, MUFG, Natixis, Standard Chartered Bank, Sumitomo Mitsui Financial Group
Turkey	Turkey	Euro market public issue	2,000	1	Citigroup, Kuwait Finance House, Standard Chartered Bank
Indonesia	Indonesia	Euro market public issue	2,000	2	Deutsche Bank, Dubai Islamic Bank, HSBC, Mandiri Sekuritas, Maybank
Oman	Oman	Euro market public issue	1,500	1	Gulf International Bank, HSBC, JPMorgan, KFH, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,300	1	CIMB Group, Citigroup, Dubai Islamic Bank, Gulf International Bank, HSBC, Natixis, Standard Chartered Bank
Bahrain	Bahrain	Euro market public issue	1,000	1	BNP Paribas, Citigroup, Gulf International Bank, National Bank of Bahrain, Standard Chartered Bank
Dubai World	UAE	Euro market public issue	1,000	1	Barclays, Citigroup, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, JPMorgan, SG Corporate & Investment Banking Standard Chartered Bank
First Abu Dhabi Bank	UAE	Euro market public issue	850	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, KFH, Saudi National Commercial Bank, Sharjah Islamic Bank, Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	772	5	Affin Hwang Capital, AmInvestment Bank, CIMB Group, Maybank, RHB Bank

Global Islamic Bond Volume by Month

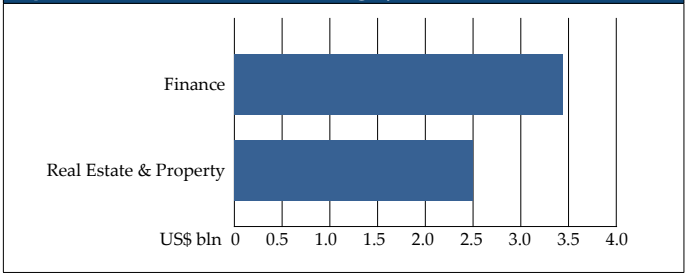


Global Islamic Bond Volume by Quarter



Top Islamic Finance Related Financing by Sector

12 Months



Top Islamic Finance Related Financing Deal List

12 Months

Credit Date	Borrower	Nationality	US$ (mln)
19-Mar-18	**Saudi Arabia**	Saudi Arabia	7,650
1-Nov-18	**Duqm Refinery & Petrochemical Industries**	Oman	4,610
20-Dec-18	**BAPCO**	Bahrain	4,104
16-Mar-18	**Canakkale Otoyol Ve Koprusu Insaat Yatirim Ve Isletme**	Turkey	2,413
26-Nov-18	**Al Dur Power & Water Co**	Bahrain	1,634
11-Sep-18	**Emaar Properties**	UAE	1,500
28-Mar-18	**GEMS Education**	UAE	1,250
21-Mar-18	**ICD**	UAE	1,200
24-Dec-18	**Atlantis The Palm**	UAE	1,100
6-Jun-18	**Ma'aden Bauxite & Alumina**	Saudi Arabia	1,073

Top Global Islamic Bookrunners

12 Months

	Bookrunner Parents	US$ (mln)	Iss	%
1	**Maybank**	4,753	52	11.91
2	**CIMB Group**	3,577	45	8.96
3	**Standard Chartered Bank**	3,336	26	8.36
4	**AmInvestment Bank**	2,901	32	7.27
5	**RHB Bank**	2,843	38	7.13
6	**HSBC**	2,641	20	6.62
7	**Citigroup**	2,307	12	5.78
8	**JPMorgan**	1,716	10	4.30
9	**Dubai Islamic Bank**	1,501	15	3.76
10	**Kuwait Finance House**	1,182	4	2.96

Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
4-Mar-19	**Prasarana Malaysia**	Malaysia	Sukuk	Domestic market public issue	368	CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
26-Feb-19	**Qatar International Islamic Bank**	Qatar	Sukuk	Euro market public issue	500	Al Khalij Commercial Bank, Barclays, Barwa Bank, Maybank, National Bank of Kuwait, QNB Capital, Standard Chartered Bank
26-Feb-19	**Almarai**	Saudi Arabia	Sukuk	Euro market public issue	500	First Abu Dhabi Bank, Gulf International Bank, HSBC, JPMorgan, Standard Chartered Bank
22-Feb-19	**Perbadanan Tabung Pendidikan Tinggi Nasional**	Malaysia	Sukuk	Domestic market public issue	736	Bank Islam Malaysia, Maybank
20-Feb-19	**Bahrain Mumtalakat Holding**	Bahrain	Sukuk	Euro market public issue	600	BNP Paribas, Citigroup, HSBC, National Bank of Bahrain, Standard Chartered Bank
18-Feb-19	**Pengurusan Aset Air**	Malaysia	Sukuk	Domestic market public issue	466	AmInvestment Bank, CIMB Group, Maybank
13-Feb-19	**Turkey**	Turkey	Sukuk	Euro market public issue	2,000	Citigroup, Kuwait Finance House, Standard Chartered Bank
12-Feb-19	**Indonesia**	Indonesia	Sukuk	Euro market public issue	2,000	Deutsche Bank, Dubai Islamic Bank, HSBC, Mandiri Sekuritas, Maybank
12-Feb-19	**First Abu Dhabi Bank**	UAE	Sukuk	Euro market public issue	150	Dubai Islamic Bank, Standard Chartered Bank

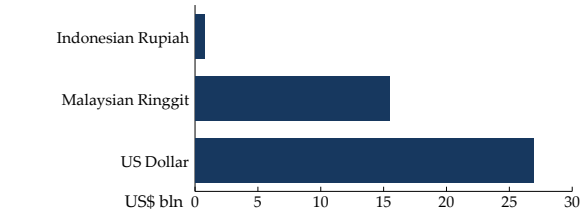
Top Islamic Finance Related Financing Bookrunners

12 Months

	Bookrunner	US$ (mln)	No	%
1	**Mashreqbank**	1,584	7	10
2	**Standard Chartered Bank**	1,470	8	9
3	**HSBC**	1,073	3	7
4	**First Abu Dhabi Bank**	963	4	6
5	**Credit Agricole**	890	2	6
5	**Mizuho**	890	2	6
5	**MUFG**	890	2	6
8	**Citigroup**	823	2	5
8	**Industrial & Commercial Bank of China**	823	2	5

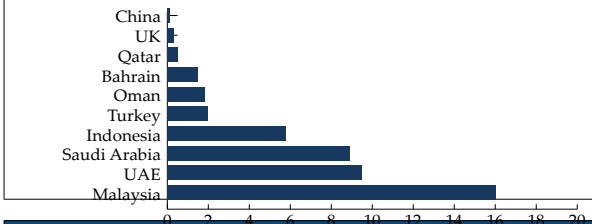
Sukuk Volume by Currency US$ (billion)

12 Months

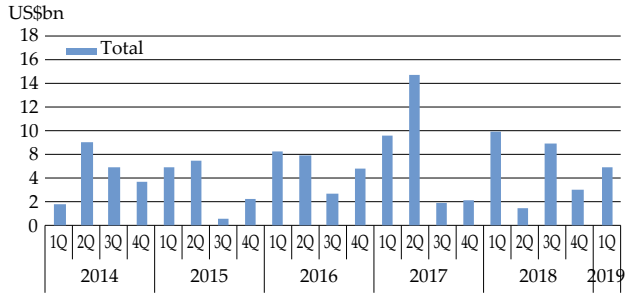


Sukuk Volume by Issuer Nation US$ (billion)

12 Months

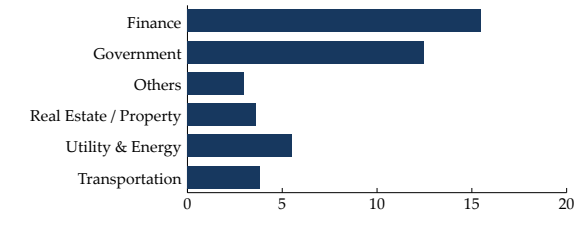


Global Islamic Bond Volume - US$ Analysis



Global Sukuk Volume by Sector

12 Months



If you feel that the information within these tables is inaccurate, you may contact the following directly:

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