

Malaysia forges ahead in Sukuk market as year-end approaches

Despite the economic headwinds, Sukuk performance for 2018 is looking positive, with Moody's Investors Service in the third quarter (Q3) predicting global issuance to break the US\$100 billion barrier, well in line with 2017 levels despite a challenging year for global markets. Yet with GCC Sukuk issuance down an estimated 15% on the year, it is Southeast Asia that is forging ahead – and unsurprisingly, Malaysia is at the head of the pack. With a booming market, domestic and international issuance growth and new tax breaks for Islamic instruments recently announced, the country looks to be cementing its position as a pioneer of the Islamic debt capital markets for 2018.



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CONTENTS

COVER STORY	1
<i>Malaysia forges ahead in Sukuk market as year-end approaches</i>	
CAPITAL MARKETS	3
RETAIL FOCUS	4
COPRRORATE FINANCE	5
CASE STUDY	6
<i>Sophomore issuance demonstrates Sukuk success as tool for overseas expansion</i>	
NEWS	7
MARKET DATA	9

GCC decline

According to the latest data from S&P Global Ratings, GCC Sukuk issuance slowed by around 15% in the first three quarters of 2018 on the back of tightening international liquidity, rising borrowing costs, increasing Fed Reserve rates and a lower demand for funding. Despite substantial recent deals from GCC sovereigns including a US\$1.5 billion sophomore issuance from Oman in October, total issuance for the region is expected to remain muted for the year.

"Global liquidity is becoming more scarce and more expensive," said Dr Mohamed Damak, the global head of Islamic finance at S&P. "The Fed is increasing the rates and the European Central Bank will start to reduce

its asset purchase program base ... because of that we think the cost of funding for the issuers is increasing. All the liquidity that used to be channeled to emerging markets, including the GCC is, somewhat, reduced because of that."

Premier performance

By stark contrast, Southeast Asian Sukuk performance has substantially improved, and is driving expectations of annual issuance.

"Moody's expectation of broadly stable issuance for the year - despite a 12% decrease to US\$55 billion in the first half of 2018 - is supported by regular issuance

continued next page...

IILM: Liquidity management in motion



In November, the International Islamic Liquidity Management Corporation (IILM) successfully closed its 2018 issuances with a final three-month short-term Sukuk transaction amounting to US\$600 million – achieving a tight profit rate of 2.83% and a substantial orderbook of US\$1.62 billion, with a subscription ratio of 177%. Demand is high and appetite is eager – but what is the IILM, and why is it important? **3**

Islamic banks look to the future for financial inclusion



The onset of digital banking has transformed financial access, and nowhere is this more important than underserved Islamic markets struggling with financial inclusion. This month, we take a look at how Shariah compliant institutions in Indonesia are leveraging digital techniques to improve their own retail services. **4**

Continued from page 1

from government and corporate entities in Malaysia ('A3' stable) and Indonesia ('Baa2' stable) in the second half of 2018," said the rating agency in a Q3 report.

Sukuk issuance by Islamic financial institutions in Malaysia is expected to grow 10-13% in 2018, the bulk of it in domestic ringgit, and Moody's confirms that: "We expect Malaysia will continue to dominate global Sukuk issuance volumes both in the long- and short-term market."

Local rating agency RAM Ratings also has an optimistic outlook for Malaysia, noting that as at end-September 2018, the country's Sukuk issuance had surpassed initial projections of RM100–RM120 billion (US\$23.8–28.6 billion) for the year. In Q3 2018, a total of RM24.9 billion (US\$5.9 billion) in Sukuk was issued, bringing the year-to-date issuance value to RM123.9 billion (US\$29.5 billion) as at end-September. The growth was led by increased issuance by the government (up by 17% or RM46.5 billion (US\$11 billion)) despite a 41.8% decline for the corporate sector. The Malaysian Sukuk market overall expanded by 11.1% year-on-year to RM827.8 billion (US\$197.5 billion) as at end-September 2018 (compared with RM745.2

billion (US\$177.8 billion) as at the end of September 2017). At the same time, the proportion of outstanding Sukuk relative to the overall domestic bond market remained robust at 59.8%.

Malaysia maintained its dominance of the global market with a 35% share of global Sukuk issuance, followed by Saudi Arabia (26.5%). Ringgit-denominated Sukuk maintained its leadership with a 32.2% share of the global Sukuk market.

Green trend

Over the long term, Sukuk issuance volumes are expected to continue to grow across the board as governments across the core Islamic finance markets shift their financing mix toward a combination of conventional and Islamic instruments.

However, trends such as green Sukuk issuance in Malaysia and Indonesia are pushing these countries ahead, as they seek to promote sustainable policy agendas by attracting private capital into low-carbon and climate-resilient infrastructure projects.

Malaysia issued the world's first green corporate Sukuk in 2017, while the government of Indonesia launched the first

green sovereign Sukuk in February 2018, raising US\$1.25 billion.

Tax breaks

To cement its commitment to Islamic finance and increase the appeal of Islamic issuance, Malaysia has taken yet further steps in its latest budget to encourage participation in the Islamic debt capital market, with the introduction of sustained incentives for issuance.

Finance Minister Lim Guan Eng announced the measures in Budget 2019, presented in parliament on the 2nd November 2018, in the first spending plan announced by the country's new Pakatan Harapan administration since the shock defeat of the Barisan Nasional coalition back in May.

The government confirmed that it would extend tax breaks for additional expenditure incurred by the issuance of Islamic bonds for a further three years, taking effect from the new year 2019, in order to "to promote Malaysia as the hub and pioneer of the bond and Sukuk markets." The finance minister also announced that a special committee on Islamic finance would be set up to boost these efforts, led by the Ministry of Finance. ☺

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IILM: Liquidity management in motion

In November, the International Islamic Liquidity Management Corporation (IILM) successfully closed its 2018 issuances with a final three-month short-term Sukuk transaction amounting to US\$600 million – achieving a tight profit rate of 2.83% and a substantial orderbook of US\$1.62 billion, with a subscription ratio of 177%. Demand is high and appetite is eager – but what is the IILM, and why is it important?

Founded in 2010 and headquartered in Malaysia, the IILM is an international organization established by central banks, monetary authorities and multilateral organizations to create and issue Shariah compliant financial instruments to facilitate effective cross-border Islamic liquidity management. Current member shareholders comprise the central banks of Indonesia, Kuwait, Luxembourg, Malaysia, Mauritius, Nigeria, Qatar, Turkey, the UAE and the Islamic Corporation for the Development of the Private Sector (ICD).

The IILM aims to enhance cross-border investment flows, international linkages and financial stability by creating more liquid Shariah compliant financial markets for institutions offering Islamic financial services. On the 26th August 2013, the agency issued its first US dollar-denominated, highly rated, short-term, tradable, Shariah compliant Sukuk. The US\$490 million three-month transaction was rated 'A-1' by S&P, and was fully subscribed.

The issuance comprised the first tranche of a US\$2 billion program, and constituted the first-ever Shariah compliant US dollar-denominated short-term rated financial instrument in the market and the first ever money-market instrument backed by sovereign assets in the form of Sukuk.

Why was this so important? Because until the IILM, Islamic banks struggled to find reliable Shariah compliant instruments for short-term money-market placements and therefore were at a significant disadvantage to conventional banks. Many Islamic institutions therefore resorted to placing surplus funds with conventional banks by means of bilateral 'cost-plus-profit' (Murabahah) transactions based on commodity exchanges, in a series of synthetic transactions unconnected with the underlying business of the financed party and therefore raising concerns as to the Shariah compliance of this huge market.

Why does this matter for corporate capital raisers? First, because for corporates who care about conducting their business in a Shariah compliant manner, the IILM has assisted financial institutions offering

Islamic lending capabilities to manage their liquidity in a more compliant manner, avoiding the commodity transactions that many scholars have cited as dubious from a religious standpoint. And secondly, because corporates raising capital require robust institutions to handle their transactions, the IILM has allowed these Islamic financial institutions to funnel their own excess liquidity into highly rated short-term paper, which provides a far more stable base from which to operate – thus firming up the wider Islamic finance ecosystem. Finally, around 30% of IILM Sukuk are traded onto the secondary markets, thus deepening and strengthening the vitally important secondary market and opening up the path for the potential trading of corporate Sukuk, the majority of which are currently held to maturity, which reduces their efficiency and liquidity for corporate issuers.

The inaugural US\$490 million IILM Sukuk was auctioned off to seven banks from Asia, the Middle East and Europe: Kuwait Finance House, Albaraka Turk, KBL Private Bankers, Malayan Banking (Maybank), National Bank of Abu Dhabi, Qatar National Bank and Standard Chartered. These banks, along with an additional three institutions, now serve as primary dealers selling IILM Sukuk to Islamic banks and institutions with the aim of creating an international market in Islamic financial instruments.

Since then, the IILM has issued regular Sukuk with three, four and six-month tenors, using a unique asset-backed commercial paper structure in which a long-term Sukuk act as the underlying asset. That Sukuk is issued to an SPV set up by the IILM for a country with a sufficiently high credit rating (or credit uplift from a development bank guarantee) in a lease-based (Ijarah) transaction with a five-year term. The SPV then issues short-term Sukuk to primary dealers to finance the long-term Sukuk. These primary dealers sell the Sukuk into the market, and act as market-makers to ensure continuous liquidity. Central banks can also use IILM instruments denominated in local currencies for local banks that require domestic currency liquidity.

Matching the maturity of its newly issued liabilities with the asset it holds against those liabilities limits the risk to the



central bank. It provides the local banking system with central bank-guaranteed assets that count as high-quality liquid assets under the Basel III rules, alleviating some of the supply shortages that have impeded Islamic banks' transition to Basel III compliance.

In 2018, the IILM issued a US\$500 million three-month issuance in October, swiftly followed by the US\$600 million transaction in November, bringing the total Sukuk volume issued since inception to an impressive US\$4.1 billion. As of September 2018, the IILM outstanding Sukuk program stood at US\$2.96 billion, with an average coverage ratio of 249% since inception across 59 issuances.

In 2017, the agency also announced its intention of expanding its Sukuk issuance into medium-term tenors, in order to address latent demand from Islamic institutions. Establishing a new medium-term program would allow the IILM to offer a wider range of highly liquid, investment-grade financial instruments for use by Islamic banks. The IILM is now considering issuance of two or three-year maturities driven by strong demand from Islamic banks, according to former acting CEO Abdoul Aziz Ba.

"At the beginning we wanted to test the market with short term instruments, but this is not our only mission. There is a market gap in the supply of instruments with a maturity below five years," Abdoul said. ☺

Islamic banks look to the future for financial inclusion

The onset of digital banking has transformed financial access, and nowhere is this more important than underserved Islamic markets struggling with financial inclusion. This month, we take a look at how Shariah compliant institutions in Indonesia are leveraging digital techniques to improve their own retail services.

Indonesia has the largest Muslim population in the world, with around 87.2% identifying as Islamic, equating to around 225 million Muslims. Yet 66% of the Indonesian population are unbanked while only 11% use digital banking services. With 180 million unbanked customers, the economic barriers to business growth are obvious.

“By adopting a data-driven approach and applying machine learning, [we] have increased the uptake of digital loans and improved the productivity level of processing credit loans by up to 50%, reducing processing time from two weeks to two days

But change is on the way, and technological advances are opening new doors for financial institutions to access both business and personal consumers at the most basic level.

Earlier this year, Shariah fintech firm Alami, Indonesia's first Islamic financial technology aggregator start-up, launched a new digital platform allowing SMEs to

easily access financing from a range of Islamic financial institutions. “Collaboration between Islamic banks and fintech companies will contribute significantly in some aspects of the economy, in addition to rejuvenating the face of the Islamic financial industry,” said CEO and Founder Dima Djani. “Collaboration is a cost-effective option, where Islamic banks can take advantage of the innovation from fintech companies. Alami as a fintech aggregator is committed to accelerate the literacy and inclusion of Shariah finance by empowering quality entrepreneurs to expand their businesses through easy access to financing, on a Shariah basis. We hope that through innovation and technology contributed by Alami, the industry can be rejuvenated. We also aspire to develop a Shariah-based sharing economy ecosystem in Indonesia now, and abroad next.”

Not to be outdone by pioneering new fintech firms, even the big banks are now getting in on the act. In November, one of Indonesia's largest state-owned banks, Bank Rakyat Indonesia (BRI, which offers Islamic services through its subsidiary, BRI Syariah), partnered with Cloudera, a market leader in machine learning and advanced analytics optimized for the cloud, to harness the power of its data to deliver better services to its customers and accelerate financial inclusion in Indonesia. By powering its big data platform with Cloudera, BRI has expanded its customer base and enhanced its fraud detection capability through machine learning.

Founded in 1895, the bank specializes

in microfinance loans and serves approximately 30 million retail clients in Indonesia through more than 4,000 branches, units and rural service posts in Indonesia. To further grow its business, the bank needed to harness the full value of its customer data to not only retain existing customers but also acquire new ones.

With the huge amount of customer data gained over the years, the bank set out on a mission to digitalize its operations by deploying a modern data management platform that was scalable, secure and compliant. By replacing its legacy system with Cloudera Enterprise, the bank was able to analyze five years' worth of historical data and use the derived insights to improve its credit scoring system. The insights derived also revealed a deeper understanding of its customers' behavior. Armed with this knowledge, the bank is now able to drive more sales by cross-selling and upselling services that are most relevant to individual existing customers.

“By adopting a data-driven approach and applying machine learning, [we] have increased the uptake of digital loans and improved the productivity level of processing credit loans by up to 50%, reducing processing time from two weeks to two days,” said a BRI spokesperson. “Cloudera's secure, scalable and compliant platform has empowered us to analyze our massive volume of data, which subsequently enabled us to make insights-driven decisions that helped reduce churn, increase wallet share, and better prevent fraud.” (F)



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Support spreads for Shariah compliant financing

Regulatory authorities around the world have been updating their legislation to encourage Shariah compliant consumer and corporate lending, as increasing numbers of Muslim-majority jurisdictions recognize the importance of encouraging access to Islamic financing channels to promote economic and corporate growth.

Pakistan breaks new ground

In November, the Securities and Exchange Commission of Pakistan (SECP) implemented a new groundbreaking new regulatory framework, the Shariah Governance Regulations 2018, in order to encourage the Shariah compliant financing of government debts, capital market investments and corporate loans.

"In line with the spirit of the Article 38 (f) of the Constitution of Pakistan, the SECP has enforced the Shariah Governance Regulations 2018," the SECP said in a statement. "The enforcement of a comprehensive framework for Shariah compliant business is a major breakthrough to lay the foundation for a true Islamic financial and economic system."

The new regulations follow a senate ruling passed unanimously in July 2018 to abolish interest (Riba) in the country and to ensure that at least 30% of new government debt should be replaced with Shariah compliant methods of financing.

"The regulations will help deepen Shariah compliant businesses and financing and will set the momentum for an all-embracing use of Shariah compliant securities for Shariah compliant investments and financings, as the regulations provide opportunity to every business irrespective of its size or line of business to become Shariah compliant or to issue Shariah compliant securities, listed or unlisted," said the SECP.

"The regulations are plural in their approach, structured to facilitate the smooth transformation for businesses allowing reasonable time to make adjustments, and are long-term in vision underpinning growth of

Islamic finance. The regulations depict serious efforts from the regulator to provide an enabling regulatory environment to support and strengthen the Islamic financial system."

Kuwait continues regulatory push

Kuwait is another country that has introduced new legislation to regulate lending growth. The Central Bank of Kuwait (CBK) on the 17th November announced new regulations related to loans, both conventional and Islamic, in order to support financial stability.

These include an increase in the maximum amount of loans and Islamic financing for consumer purposes to a limit not exceeding 25 times the net monthly salary of the borrower or a maximum of KWD25,000 (US\$82,426). For loans and Islamic financing for housing purposes, the maximum limit remains KWD70,000 (US\$239,793). The total amount that can be obtained by a customer in loans and Islamic financing is now KWD95,000 (US\$313,219).

"CBK [has] modified the rules and regulations for granting personal loans and financing facilities – both personal and for housing – by banks and financial companies according to the movement of the basic indicators of the Kuwait economy, in addition to banking performance and other factors related to loans," said Yousef Al-Obaid, the deputy-governor of CBK. The new regulations require financial institutions to study the financial and credit status of the client and check the purpose of the loan before issuing. Institutions have an obligation to advise clients as to their financial needs and explain the dangers of additional financial commitments.

"The consumer loan can be for financing personal needs and there is no need for providing documents of proof for the use of the loan. But the purpose of the housing loan is clear – it should be for house restoration, building or buying a house for living, and the documents for this loan should be provided," said Obaid.

"Financial institutions are not allowed to use the client's indemnities or any other cash in his account or even hold it to pay installments that are not due unless with the written approval of the client. Also, in case of early repayment of the loan or part of it by the client, the finance institution should not charge the interest due for the remaining period of the loan that was already paid," he concluded.

Qatar Islamic banks boom

Qatari Islamic banks have consistently enjoyed the lowest cost-to-income ratios throughout the 2017-18 analysis period, according to the IFSB.

With consistent record-low non-performing financing (NPF) rates, asset returns above the Islamic banking industry average and provisions set-aside covering over 80% of NPF, Qatari Islamic banks' cost-to-income ratio has ranged between 22% and 24% during the period.

Qatar accounted for 6% of global Islamic banking assets during the review period. Its Islamic banking sector achieved growth of 9.1% in 2017. Total deposits grew by 13.2%, while total financing grew by 7.6% driven by the consumer and real estate sectors. ☺

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Sophomore issuance demonstrates Sukuk success as tool for overseas expansion

The second Sukuk issuance from environmentally-friendly property developer EcoWorld demonstrates the growing appeal of the Islamic debt capital market for companies seeking to raise finance for overseas expansion on a socially responsibly basis – without compromising on price or profit.



In October, Malaysian developer EcoWorld International confirmed the issuance of RM350 million (US\$83.62 million) in nominal value with a tenor of three years from the issue date under its RM800 million (US\$191.14 million) Sukuk program.

Based on a simple cost-plus-profit (Murabahah) structure, the profits from the issuance will be utilized by EcoWorld for its general corporate purposes, working capital requirements and for future financing of the company and its subsidiaries and joint ventures.

“For the avoidance of doubt, the utilization of the proceeds of the Sukuk Murabahah shall at all times be for Shariah compliant purposes,” said a spokesperson for the firm.

CIMB Investment Bank and Maybank Investment Bank are the joint principal advisers, joint lead arrangers and joint lead managers for the Sukuk program, while CIMB Islamic and Maybank Islamic are the joint Shariah advisors.

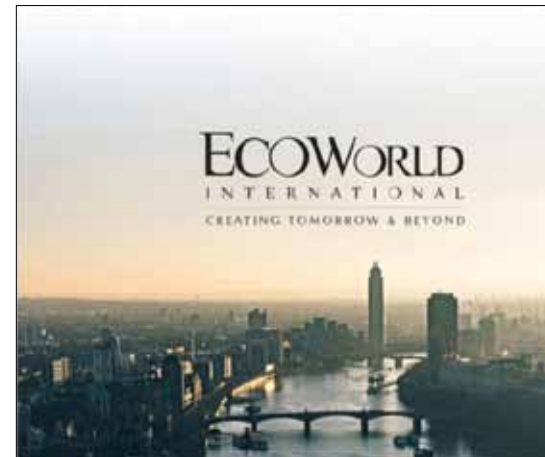
The issuance follows close on the heels of the firm’s maiden five-year RM180 million (US\$43 million) Sukuk issued in April 2018, and the increased scale and speed of the subsequent transaction is testament not only to the success of the inaugural debut but to the depth and appetite of the

Malaysian market for strong papers in the current climate.

Parent company EcoWorld Development announced a core net income of RM38.3 million (US\$9.15 million) in the third quarter of 2018, an impressive 10.9% higher than the preceding quarter due in part to higher contributions from joint ventures and specifically from EcoWorld International, which is expanding rapidly outside Malaysia with a focus on eco-friendly developments in the UK and Australia, financed by its Shariah compliant capital raising activities.

The subsidiary recorded an impressive RM698 million (US\$166.77 million) sales in the first seven months of its financial year ending the 31st October 2018. Projects in London contributed RM546 million (US\$130.45 million), or 78% of the total, while those in Australia generated RM152 million (US\$36.31 million).

According to EcoWorld International, the second half of 2018 is likely to be a significant time as handovers of residential blocks in London City Island and Embassy Gardens are expected to enable the group (via its respective joint venture entities) to convert a substantial portion of the unbilled sales into revenue, thereby allowing the group to recognize its maiden profit in the current financial year. The construction works of other blocks in London City Island and Embassy Gardens, along with additional Australian projects including Wardian, West Village and Yarra One and more in the pipeline, are likely to contribute to further capital-raising activity in the coming year.



The company has established an extremely successful capital-raising strategy, beginning in March 2017 with a RM580 million (US\$138.57 million) IPO which saw massive demand: the institutional offering was covered nine times while the retail tranche was oversubscribed by 8.87 times. This was swiftly followed by its debut Sukuk issuance the following year, after which the company partnered with investment giant Invesco Real Estate on a major UK joint venture, after which it doubled down with yet another Sukuk offering in October.

The successful combination of equity and debt capital-raising is illustrated by EcoWorld International’s recent financial performance and acts as a positive example of how emerging markets firms can leverage Shariah compliant fundraising channels to gain a foothold in overseas markets. ☺

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CORPORATE

ALPHA CIRCLE ISSUES IMTN

MALAYSIA: Alpha Circle has floated an Islamic medium-term note (IMTN) for RM63 million (US\$15.04 million) with a profit rate of 5%. The IMTN, which will mature on the 21st November 2019, was arranged by RHB Investment Bank.

GULF NAVIGATION ISSUES SUKUK

UAE: Gulf Navigation has floated a AED100 million (US\$27.22 million) convertible Sukuk paper. The Sukuk paper was privately placed to Wahat Al Zaweya Investment & Real Estate Development to finance GulfNav's expansion operations through finalizing the construction of new oil tankers and purchasing new ships to transport livestock to diversify the company's commercial operations. The conversion period of the Sukuk is three months from the issuance date ending on the 18th February 2019.

SABAH ISSUES ICP

MALAYSIA: Sabah Credit Corporation has issued a 176-day Islamic commercial paper (ICP) worth RM60 million (US\$14.32 million). The paper, which follows a joint venture (Musharakah) structure, will mature on the 16th May 2019 and was arranged by AmlInvestment Bank.

MATRIX FLOATS ICP

MALAYSIA: Matrix Concepts has printed an Islamic commercial paper (ICP) for RM50 million (US\$11.92 million). The 92-day ICP, which will mature on the 15th February 2019, was arranged by Maybank Investment Bank.

NMC MARKETS SUKUK

UAE: NMC Healthcare is planning a benchmark-sized five-year US dollar Sukuk facility. HSBC and Standard Chartered Bank have been mandated to coordinate a series of meetings with fixed income investors which started on the 11th November 2018.

The two banks have also been named as the joint lead managers together with Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Bank ABC, Barclays, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank and Noor Bank.

TITIJAYA PRINTS ICP

MALAYSIA: Titijaya Land has printed a 92-day Islamic commercial paper (ICP) for the amount of RM50 million (US\$11.92 million). The cost-plus-profit (Mudarabah) facility will mature on the 14th February 2019. Kenanga Investment Bank is the lead arranger and facility agent.

DP WORLD LISTS IN DUBAI

UAE: DP World has listed its 10-year Sukuk facility worth US\$1 billion on NASDAQ Dubai. The Sukuk facility is part of a multicurrency listing which is the first triple currency offering from a Middle Eastern issuer in the past 12 years. The listing includes three conventional bonds in US dollar, euro and pound sterling.

MASTEEL TO ISSUE SUKUK

MALAYSIA: Malaysia Steel Works (KL) (Masteel) plans to issue a seven-year lease-based (Ijarah) Sukuk program of up to RM130 million (US\$31.12 million) in nominal value, which will be used for refinancing, capital expenditure and general working capital requirements of the company. State credit guarantor Danajamin will guarantee the program, while Kuwait Finance House (Malaysia) is the principal advisor/lead arranger, lead manager, Shariah advisor and facility agent of the program.

TNB ISSUES SUKUK

MALAYSIA: As part of its ongoing Sukuk program, state electricity provider Tenaga Nasional (TNB) issued a US\$750 million Sukuk facility on the 1st November 2018.

TELEKOM MALAYSIA FLOATS IMTN

MALAYSIA: Telekom Malaysia has auctioned an RM800 million (US\$191.26

million) Islamic medium-term note (IMTN) with a 10-year tenor. The facility, which carries a profit rate of 4.68%, was arranged by AmlInvestment Bank.

SDHB RAISES FUNDS

MALAYSIA: Serba Dinamik Holdings (SDHB) has sold a 180-day Islamic commercial paper (ICP) for RM10 million (US\$2.39 million). The paper, which was arranged by RHB Investment Bank, will mature on the 30th April 2019.

GAMUDA FLOATS ICP

MALAYSIA: Gamuda, a Malaysian infrastructure group, has printed a 92-day Islamic commercial paper (ICP) amounting to RM50 million (US\$11.92 million). The paper, which was arranged by Maybank Investment Bank, will mature on the 31st January 2019.

BANKING

TURKIYE FINANS ISSUES SUKUK

TURKEY: Turkiye Finans Participation Bank has printed a 140-day domestic Sukuk facility worth TRY140 million (US\$25.87 million). The paper was sold to qualified investors via the bank's subsidiary, TF Varlik Kiralama Sirketi. The issuance brings the total amount of outstanding local currency Sukuk issuances of the bank to TRY2.04 billion (US\$376.99 million) and total issuances in 2018 to TRY3.24 billion (US\$598.75 million).

IDB LISTS EURO SUKUK

GLOBAL: The IDB has listed its EUR650 million (US\$736.41 million) Sukuk paper on NASDAQ Dubai. The Sukuk facility is the first euro-denominated listing by the IDB, which also has nine dollar Sukuk listings on the exchange valued at a total of US\$11.8 billion.

The Sukuk paper, which carries a 0.55% coupon rate per year, is also to be listed on the London Stock Exchange and Bursa Malaysia (under the exempt regime) and will mature on the 7th November 2023.

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BANK ISLAM ISSUES SUKUK

MALAYSIA: Bank Islam Malaysia has issued a 10-year cost-plus-profit (Murabahah) Sukuk facility amounting to RM300 million (US\$72.07 million). It is the first tranche of a Sukuk program of RM10 billion (US\$2.4 billion) in nominal value established by Bank Islam. The facility carries a 5.15% profit rate. The subordinated Sukuk qualify as Tier 2 regulatory capital for Bank Islam in compliance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Components), and will enhance the capital adequacy of the bank in line with the Basel III requirements.

SOVEREIGN

TURKEY ISSUES LEASE CERTIFICATES

TURKEY: The Turkish Ministry of Treasury and Finance has issued a total of TRY3.24 billion (US\$604.51 million) in lira-denominated fixed-rent rate lease certificates in November. All bids were accepted.

PHILIPPINES CONSIDERS SUKUK

PHILIPPINES: The Philippines is considering tapping the Sukuk market in order to diversify its investor base;

however, the offering could take another year to materialize pending an Islamic banking bill, according to Benjamin Diokno, the secretary of the Department of Budget and Management.

INDONESIA SELLS SUKUK

INDONESIA: The Indonesian government has raised US\$100 million through a privately-placed Sukuk offering, confirmed a statement. The finance ministry noted that the tradable paper was printed with a yield of 4.05% and will mature on the 15th November 2021.

IRAN FLOATS FINAL BILL OF 2018

IRAN: Iran floated its final Islamic treasury bill for 2018 on the 18th November for US\$714.28 million. Reportedly, 30 million securities under the ticker of TB37 were offered in the Iranian debt market in order to complete the administration's current fiscal year debt obligations.

SUKUK WAQF FOR INDONESIA

INDONESIA: Non-profit organization Dompot Dhuafa is currently finalizing the technicalities for receiving Waqf funds to be channelled to linked Sukuk Waqf, according to its director of Waqf, Yuniarko.

The effort is a collaboration between Dompot Dhuafa, the Indonesian Waqf Agency (BWI), Bank Indonesia and the Ministry of Finance. BNI Syariah, which is BWI's operational bank, will participate in supporting the Sukuk.

QATAR AUCTIONS SUKUK

QATAR: Qatar Central Bank (QCB) has issued a three-year Sukuk paper. The facility, which will mature on the 11th November 2021, was floated for QAR700 million (US\$191.05 million) with a yield of 3.75%.

IILM SELLS SUKUK

GLOBAL: The International Islamic Liquidity Management Corporation (IILM) has auctioned a three-month Sukuk facility for US\$600 million. The issuance has a profit rate of 2.83% and received an orderbook of US\$1.06 billion. Purchase by Islamic primary dealers in the primary auction was recorded at 82%, up from 67% for last month's issuance. In terms of geographical distribution, allocation to Asian primary dealers surged to 51% from 23% in the previous auction. Eleven banks participated in the auction, including Abu Dhabi Islamic Bank, Al Baraka Turk and Barwa Bank. ☺

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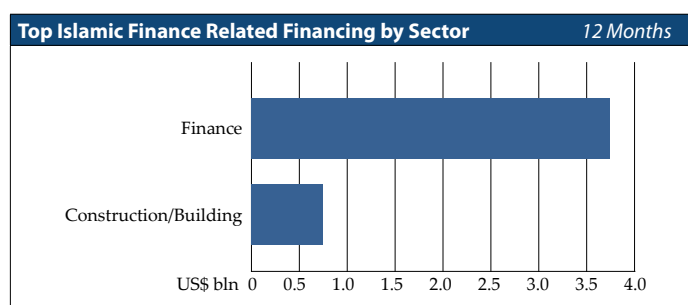
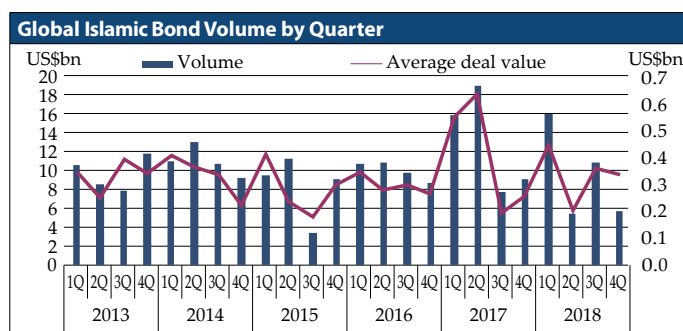
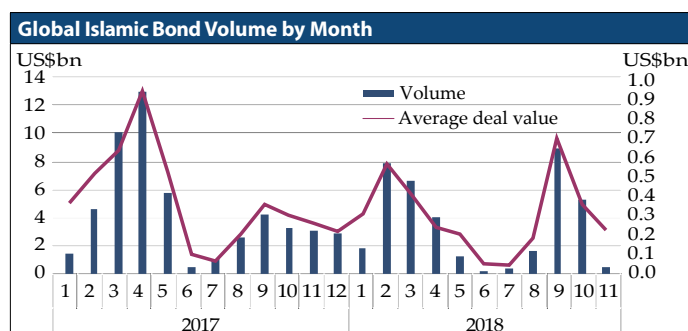
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IFN FORUM KUWAIT 2018

Kuwait, an important market for Islamic finance with a long-standing commitment to Islamic banking and finance, is poised to have a growing Shariah finance industry with recent market developments. Progress in the past year in Kuwait has paved the way for its growth as a pioneer in the Islamic finance industry. The latest, and potentially groundbreaking, development in the State of Kuwait is the amendment of the Public Debt Law. The draft law, which is under discussion, would potentially signal the nation's first sovereign Sukuk. Kuwaiti investors have also been recognized for their active momentum not only in the GCC, but also in the US and Europe.

Date: 5th December 2018
Venue: The Regency, Kuwait

Top Issuers of Global Sukuk					12 Months
Issuer	Nationality	Market	US\$ (mln)	Tranches	Managers
Indonesia	Indonesia	Euro market public issue	3,000	2	Abu Dhabi Islamic Bank, CIMB Group, Citigroup, Dubai Islamic Bank, HSBC
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
Oman	Oman	Euro market public issue	1,500	1	Gulf International Bank, HSBC, JPMorgan, Kuwait Finance House, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,300	1	Dubai Islamic Bank, First Abu Dhabi Bank, Gulf International Bank, HSBC, Maybank, Natixis, Standard Chartered Bank, Warba Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,250	1	CIMB Group, Citigroup, Emirates NBD, Gulf International Bank, HSBC, Natixis, Standard Chartered Bank, Sumitomo Mitsui Financial Group
China General Nuclear Power	China	Domestic market public issue	1,246	33	CIMB Group, Maybank, RHB Bank
Danainfra Nasional	Malaysia	Domestic market public issue	1,022	5	AmInvestment Bank, CIMB Group, HSBC, Maybank, RHB Bank
Pakistan	Pakistan	Euro market public issue	1,000	1	Citigroup, Deutsche Bank, Dubai Islamic Bank, Industrial & Commercial Bank of China, Noor Bank, Standard Chartered Bank
Dubai Islamic Bank	UAE	Euro market public issue	1,000	1	Arab Banking Corporation, Dubai Islamic Bank, First Abu Dhabi Bank, HSBC, JPMorgan, KFH, Sharjah Islamic Bank, Standard Chartered Bank



Top Islamic Finance Related Financing Deal List				12 Months
Credit Date	Borrower	Nationality	US\$ (mln)	
19 th Mar 2018	Saudi Arabia	Saudi Arabia	7,650	
16 th Mar 2018	Canakkale Otoyol Ve Korusu Insaat Yatirim Ve Isletme	Turkey	2,413	
18 th Dec 2017	Ma'aden Aluminum	Saudi Arabia	1,782	
28 th Mar 2018	GEMS Education	UAE	1,250	
3 rd Dec 2017	GEMS MENASA (Cayman)	UAE	1,250	
21 st Mar 2018	ICD	UAE	1,200	
6 th Aug 2018	Aldar Properties	UAE	500	
17 th May 2018	Dubai Aerospace Enterprise (DAE)	UAE	480	
10 th Dec 2017	Warba Bank	Kuwait	400	
29 th Mar 2018	Meydan Group	UAE	354	

Top Global Islamic Bookrunners				12 Months
	Bookrunner Parents	US\$ (mln)	Iss	%
1	CIMB Group	4,771	42	11.36
2	Maybank	4,059	38	9.67
3	HSBC	3,622	23	8.63
4	Standard Chartered Bank	3,222	27	7.67
5	RHB Bank	3,113	37	7.42
6	AmInvestment Bank	2,758	28	6.57
7	Citigroup	2,513	13	5.99
8	Dubai Islamic Bank	1,992	15	4.74
9	JPMorgan	1,647	9	3.92
10	BNP Paribas	1,092	5	2.60

Most Recent Global Sukuk

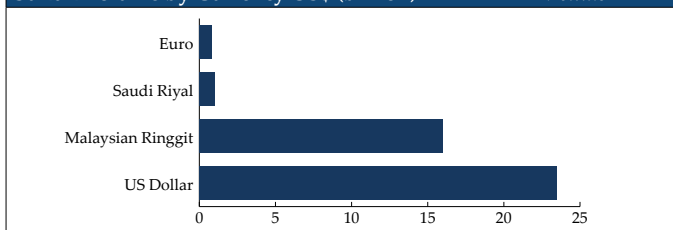
Priced	Issuer	Nationality	Instrument	Market	US\$ (mln)	Managers
14-Nov-18	NMC Health	UAE	Sukuk	Euro market public issue	400	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Arab Banking Corporation, Barclays, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Noor Bank, Standard Chartered Bank
31-Oct-18	Islamic Development Bank	Saudi Arabia	Sukuk	Euro market public issue	739	Credit Agricole, LBBW, Natixis, Standard Chartered Bank
26-Oct-18	Oman	Oman	Sukuk	Euro market public issue	1,500	Gulf International Bank, HSBC, JPMorgan, Kuwait Finance House, Standard Chartered Bank
25-Oct-18	National Central Cooling	UAE	Sukuk	Euro market public issue	500	JPMorgan
24-Oct-18	Khazanah Nasional	Malaysia	Sukuk	Domestic market public issue	168	CIMB Group, HSBC, Maybank
23-Oct-18	Tenaga Nasional	Malaysia	Sukuk	Euro market public issue	750	BNP Paribas, CIMB Group, Citigroup, HSBC
23-Oct-18	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	721	Affin Hwang Capital, AmlInvestment Bank, Bank Islam Malaysia, CIMB Group, Maybank, OCBC, RHB Bank
4-Oct-18	Cagamas	Malaysia	Sukuk	Domestic market public issue	181	RHB Bank
2-Oct-18	HSBC Holdings	UK	Sukuk	Domestic market public issue	121	HSBC, Maybank, RHB Bank
2-Oct-18	AMMB Holdings	Malaysia	Sukuk	Domestic market public issue	121	AmlInvestment Bank

Top Islamic Finance Related Financing Bookrunners

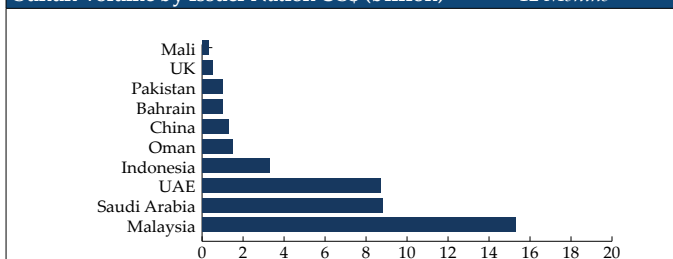
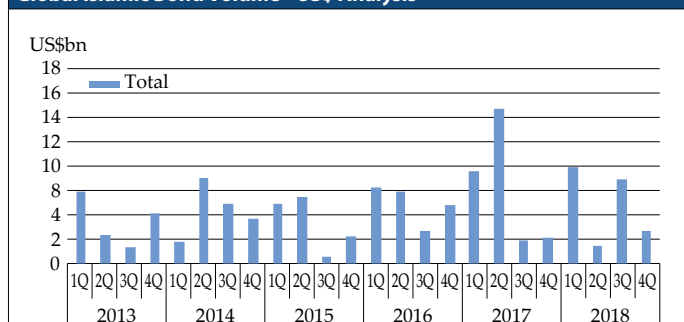
12 Months				
	Bookrunner	US\$ (mln)	No	%
1	Standard Chartered Bank	1,295	6	10
2	HSBC	1,073	3	8
3	MUFG	841	2	7
4	Citigroup	823	2	6
4	Industrial & Commercial Bank of China	823	2	6
6	Bank of China	765	1	6
6	Credit Agricole	765	1	6
6	JPMorgan	765	1	6
6	Mizuho	765	1	6

Sukuk Volume by Currency US\$ (billion)

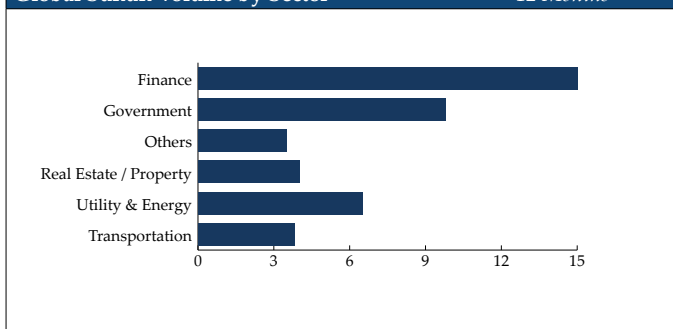
12 Months


Sukuk Volume by Issuer Nation US\$ (billion)

12 Months


Global Islamic Bond Volume - US\$ Analysis

Global Sukuk Volume by Sector

12 Months



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