IFN CORPORATE OMAN

Opening doors to new opportunities

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Smart Sukuk: Could blockchain bonds be the new future?

Blockchain and smart contract protocols could change the global Sukuk industry for the better, according to a bold new statement by S&P Global Ratings released in October. A microfinance start-up in Indonesia has already taken the plunge with a new 'Smart Sukuk' system designed to automate the issuance of Islamic bonds – but is this just a flash in the pan, or could it represent a brave new future?



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According to Mohamed Damak, the global head of Islamic finance at S&P Global Ratings, blockchain has the potential to increase the transparency of cash flows and the underlying assets, while supporting investors' decision-making through a stronger supply of information.

"These technologies could also pave the way for more robust Shariah and financial auditing of Sukuk after issuance, thereby reducing the risk of default because of non-Shariah compliance," he said, suggesting that blockchain could be the "missing link" for the Sukuk industry.

"In our view, this technology and the increasing prevalence of peer-to-peer services are opening up opportunities for small innovative market participants to challenge established financial groups. We have long believed that, at the very least, blockchain presents an opportunity for… institutions to minimize costs by streamlining back-office operations, shortening clearing and settlement times, facilitating payments, and even generating new revenue streams," he continued.

Few firms have yet taken the plunge, either in the conventional or Shariah compliant market – but in recent months a spate of successful issuances suggest that the trend could be on the rise. In August 2018 the World Bank issued the world's first public bond created and managed solely through blockchain, raising AUD110 million (US$78.05 million) in a deal that generated "huge interest" according to World Bank Treasurer Arumna Oteh.

"I am delighted that this pioneer bond transaction using the distributed ledger

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Development Sukuk gain traction



It has been a busy month for Islamic issuance, and Sukuk activity has accelerated as we enter the fourth quarter and companies clamor to confirm funding in advance of year-end. But a new trend has quietly been gathering pace. A series of recent transactions focused on charitable development are pushing new boundaries, and the latest innovations could open up the Islamic industry to a whole new class of competitor. **4**

Omani bank demonstrates ethical advantages of Islamic education finance



One of Oman's leading Islamic windows recently launched a brand new Education Finance product offering to assist its retail customers to achieve their educational goals. An affordable and Shariah compliant product, students can now get financing for college and university degrees and diplomas in addition to short-term educational programs offered by local and international institutions. **5**

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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technology, bond-i [standing for Blockchain Operated New Debt Instrument], was extremely well received by investors," she said. "We are particularly impressed with the breadth of interest from official institutions... these high-quality investors understood the value of leveraging technology for innovation in capital markets."

While other prototypes and trial simulation blockchain projects have tested in the market before, the World Bank bond was the first time that capital has been raised from public investors through a legally valid bond issuance using blockchain from start to finish.



Arumna Oteh

James Wall, the executive general manager of sole lead arranger Commonwealth Bank of Australia, called the response to the issuance "overwhelming".

"You're collapsing a traditional bond issuance from a manual bookbuild process and allocation process, an extended settlement then a registrar and a custodian, into something that could happen online instantaneously," he explained.

The World Bank bond could just be the tip of the iceberg. Both Australia and Thailand have already launched blockchain issuing platforms for government bonds, while in October Austria became the latest country

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Mohamed Damak

to jump on the bandwagon, selling EUR1.15 billion (US$1.3 billion) via a live auction using Ethereum public blockchain.

But what potential does the opportunity hold for Islamic bond issuance? The answer, it seems, is unlimited.

Jakarta-based Blossom Finance, an Indonesian start-up offering innovative crowdfunding avenues for SME financing, in May 2018 broke new ground with the launch of its 'Smart Sukuk' platform, aiming to leverage Ethereum blockchain smart contracts to increase the efficiency and reach of Sukuk issuance globally. The platform standardizes and automates much of the legal, accounting, and payment

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overheads of conventional Sukuk offerings - all backed by fully licensed legal entities in the issuing jurisdiction.

"Sukuk has been a popular approach for governments seeking to finance infrastructure projects, but the legal complexity and overall cost to issue Sukuk has kept it out of reach for the bulk of institutional clients," explained Blossom CEO Matthew J Martin. "Smart Sukuk takes the Sukuk structure and adds standardization, efficiency, and transparency using the blockchain."

Blossom's Smart Sukuk runs on the Ethereum blockchain, which supports "smart contracts". A smart contract encodes business rules directly into the underlying payment currency itself – the blockchain itself enforces the contract rules regarding payments and transfer of ownership. The Smart Sukuk supports local currency issuance, and eliminates the need for institutions to add cryptocurrency to their balance sheet, making it easily accessible to all.

Unlike in the traditional bond and Sukuk market, issuers of Smart Sukuk can raise notes as small as US$20,000, making it an accessible fundraising avenue even for smaller firms. For example BMT Bina Ummah, a non-profit cooperative located in Jogjakarta, Indonesia, is already using the Smart Sukuk platform to raise the equivalent of US$85,000, using a profit-sharing structure split 40:60 between the investor and the issuer, and an expected profit rate of around 10%.



Matthew J Martin



> **"I'm a big believer in practicing what you preach. I can't think of a better way to align our incentives with the investors' incentives than for us to take a pure profit-sharing based commission structure"**

Cost is also a negligible factor – the product does not charge any up-front fees or costs to the institutions or investors. Instead, Blossom takes 20% share of the investor's profits - called a carried capital interest – meaning that it only makes money if investors make money.

"I'm a big believer in practicing what you preach. I can't think of a better way to align our incentives with the investors' incentives than for us to take a pure profit-sharing based commission structure," said Martin. "It's all about having skin in the game. The world is full of quick money bankers that simply want to transfer the risk away - and that is completely against the spirit of Islamic finance. The excessive risk transferred garbage assets that bankers like led to the 2008 worldwide financial implosion. Sukuk is the polar opposite: it's based on assets, not debt; it involves risk participation, not risk transfer."

So far, Blossom Finance is the only provider to offer Shariah compliant blockchain-based Sukuk. But if the technology is truly successful in lowering barriers to issuance and encouraging corporates to market through simplified deal structures, then we can expect to see a great deal more activity in the future. Could Smart Sukuk revolutionize institutional access to corporate funding? It certainly looks possible from here…

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Development Sukuk gain traction

It has been a busy month for Islamic issuance, and Sukuk activity has accelerated as we enter the fourth quarter and companies clamor to confirm funding in advance of year-end. But a new trend has quietly been gathering pace. A series of recent transactions focused on charitable development are pushing new boundaries, and the latest innovations could open up the Islamic industry to a whole new class of competitor.

International interest

In October 2018, a charity based in New York announced plans to fund charitable projects in the Middle East through the use of a development impact bond. The first tranche of US$14.94 million to fund Syrian women refugees in Lebanon and Jordan is expected to launch in April 2019, and will fund the foundation's livelihood program for 3.5 years, focusing on growing and starting home-based businesses with the support of local organizations.

Offered by Near East Foundation, a social and economic development non-governmental organization (NGO) that focuses on vulnerable communities in the Middle East and Africa, the bond is being structured by the Mumbai-based financial advisory firm Kois Invest and has already attracted big name social investors, including the IKEA Foundation.

So far, so good. But what has really raised eyebrows is the possibility of an Islamic structure being used for the issuance – a possibility that Kois Invest has confirmed is definitely on the cards, although no decision has yet been made. The news may seem relatively minor – but the possibility that a US institution to voluntarily choose an Islamic structure over a conventional issuance in reality reflects a significant and growing trend towards Sukuk preference in the charitable space, as non-profits realise that Islamic deals are not only often more appealing to local and regional markets, but can open up their fundraising activity to a far wider range of investors.

Last year, Kois Invest also structured a CHF26 million (US$25.9 million) humanitarian impact bond for the International Committee for the Red Cross – the first humanitarian impact bond ever issued to finance aid in conflict-ridden countries. "At the time, we were considering structuring it as a Sukuk but then social investors such as New Re - a part of Munich Re - came to fill in the gap," said Charles Antoine Janssen, founder and managing director of Kois Invest, in a recent interview.

United Nations news

These potential issuances are the canary in the coalmine – a sign that the mainstream market is starting to genuinely consider



Islamic structures as a commercially preferable alternative. The UN has already staked its own ground, identifying Islamic options as of central importance to meeting the US$2.5 trillion financing gap created by the Sustainable Development Goals (SDGs). "The need to harness innovative and untapped financing sources is paramount," said the UN in September 2018. "Sukuk is establishing itself as a robust financing tool for funding the 2030 Agenda [and offer] tremendous potential as a viable business opportunity to fill the SDG funding gap."

Moves are already being made to meet this opportunity head on. At the start of October 2018 HSBC Amanah, the bank's Islamic arm, made history with the issuance in Malaysia of the world's first ever UN SDG Sukuk, a US$500 million transaction following close on the heels of the debut SDG bond from HSBC Group in 2017 and in line with the bank's commitment to providing US$100 billion in sustainable financing and investment by 2025. "This Sukuk is the world's first ever benchmark sustainable Sukuk issuance by a financial institution referencing the UN SDGs as use of proceeds. As such, it is a landmark in the MYR and global Sukuk market," said Stuart Milne, group general manager and CEO of HSBC Bank Malaysia.

"This landmark issuance is in line with the newly developed Value Based Intermediation (VBI) initiative championed by Bank Negara Malaysia which seeks to shift the focus of the Islamic finance industry to integrate environmental and social tenets into banking activities," added Arsalaan Ahmed, CEO of HSBC Amanah. "We are pleased with this issuance that is aimed at starting a conversation in Islamic banking around SDGs and thus supporting VBI.

"UNDP welcomes HSBC's commitment to using funds raised in the capital market to invest in the Sustainable Development Goals," said Achim Steiner, administrator of the UNDP "A world first, HSBC's pioneering SDG Sukuk is a prime example of how to create innovative financing for the Goals, and marks a milestone in aligning Islamic finance with the SDGs."

Domestic developments

It is not only international agencies that are making progress. In October, the Government of Indonesia took a ground-breaking step with the creation of a new Sukuk product based on the Islamic concept of endowment, or Waqf, in a bid to mobilize the large volumes of cash held by Shariah compliant social funds whilst also deepening the country's capital markets. The cash-linked Sukuk will launch with a five-year IDR100 million (US$6.5 million) issuance to finance home construction for the victims of recent earthquakes, and will be distributed by the country's Waqf Board, Badan Wakaf Indonesia.

Looking ahead

Three very different structures, three very different options and three very different goals. But all with the common ground of Islamic principles, innovative structure and altruistic ambitions. For any firms active in the development, non-profit or charitable sectors, the growing momentum should bring both confidence and clarity regarding fundraising opportunities – and should place Sukuk firmly on the map for potential financing requirements.

Omani bank demonstrates ethical advantages of Islamic education finance

One of Oman's leading Islamic windows recently launched a brand new Education Finance product offering to assist its retail customers to achieve their educational goals. An affordable and Shariah compliant product, students can now get financing for college and university degrees and diplomas in addition to short-term educational programs offered by local and international institutions.

The product demonstrates the social and cultural positivity provided by Islamic institutions, with products that have their roots in offering beneficial improvements for their customers.

"Quality education can never be compromised particularly in today's competitive market," said a representative. "We understand that costs can be high but that should not prevent anyone from pursuing a degree or finding the right school for their children. [Our] Education Finance is a viable solution that can help bridge the gap that many families and students need for financing their education. The return on investment is high, not only are we contributing to the development of local talent but are impacting economic growth, job opportunities and innovation."

The product is based on the Islamic principle of Service leasing, or Ijarah. The bank acquires the service from the educational institution, school or university of choice, provided they fulfil the bank's set criteria and terms of conditions. The institution is then appointed to provide educational services to the customer for a service cost paid by the bank upfront. Subsequently, the bank leases the services for a price to be paid in instalments by the customer to the bank.



The product is not the first education finance offering in the Islamic market – indeed in Oman itself, several banks already offer education loans to fund both domestic and overseas study. However, the innovative use of the Ijarah contract to lease education services and structure an easy-to-use and easy-to-understand instalment-based offering both excludes any interest requirement and offers customers a wide range of academic choices.

For corporates, the product could represent an interesting employee benefit or incentive, or a cost-effective method of financing the ongoing professional education of their own employees.

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Islamic financing deals hit major milestone

On the 31st October, deals transacted on Nasdaq Dubai's groundbreaking Murabahah Platform for Islamic financing passed the US$100 billion mark – reflecting the strong demand for Shariah compliant corporate financing tools and highlighting the importance of the structure in the institutional marketplace.

The platform, which was launched in 2014 as a joint venture between Nasdaq Dubai and Emirates Islamic Bank (EIB), provides a daily market for trading Islamic asset-backed financial instruments, which are a vital tool used by banks to finance client transactions, ranging from property purchase and loans to leasing deals and business expansion financing.

Backed by real assets, Murabahah instruments provide fixed rates of return for investing institutions. The platform allows certificates to be held in Nasdaq Dubai's central securities depository, and are bought and sold in almost real-time by participating banks and their customers, with Shariah compliance guaranteed by EIB's Shariah board.

> **"Customers of Shariah compliant and conventional financial institutions benefit from the Nasdaq Dubai Murabaha Platform's speed and efficiency, as well as its transparency and the fixed cost of transactions"**



"Customers of Shariah compliant and conventional financial institutions benefit from the Nasdaq Dubai Murabahah Platform's speed and efficiency, as well as its transparency and the fixed cost of transactions," said Nasdaq Dubai CEO Hamed Ali. "We will further expand the user base of banks to support the development of Dubai as the capital of the Islamic Economy."

Around US$10 billion of Murabahah products are traded daily, much of it through the London Metals Exchange, but around 40% is believed to be traded on regional exchanges. On the Nasdaq Dubai platform, transactions in the first 10 months of 2018 reached US$28.8 billion, up 23% from the same period in 2017.

The versatility of the platform was demonstrated in February 2017 when the multilateral Africa Finance Corporation (AFC) made use of it to carry out a US$150 million transaction that facilitated the issuance of a Sukuk - the first use of the platform by an African entity.

"We are delighted to be able to announce the US$100 billion Murabahah milestone," said EIB chairman Hesham Abdulla Al Qassim. "The platform is set to attract further regional and international entities to make use of its services on behalf of a growing range of businesses and individuals."

"By combining international capital markets expertise with the standards of Shariah, our Murabahah platform gives financial institutions and their customers the confidence that all aspects of their Islamic financing needs are met," added Salah Mohammed Amin, CEO of EIB. "We are working with Nasdaq Dubai to expand the Murabahah platform and further enhance its efficiency."

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Islamic issuance wins investment grade status for construction firm

The UAE's National Cooling Company (Tabreed) in October raised US$500 million through a seven-year Sukuk issuance listed on the London Stock Exchange and priced at an aggressive 5.5%. Rated investment grade by both Moody's and Fitch, the new bond tapped a wide range of global investors to diversify funding through a highly successful issuance that highlights the high demand for flexible financing structures in today's climate of economic uncertainty.

The fixed rate senior unsecured US dollar denominated Reg S Sukuk was issued following a series of fixed income investor meetings which took place in Europe and Asia, as well as in the UAE. The paper received strong institutional demand both locally and internationally, which gave it an orderbook oversubscribed by 50%.

The Sukuk was competitively priced, with a profit rate of 5.5%, underpinned by credfit ratings of 'Baa3' from Moody's and 'BBB' from Fitch – the first to be offered by the credit agencies, and assigned to both the firm and the Sukuk.

The ratings agencies noted Tabreed's robust and sustainable business model, the long-term nature of its customer contracts and the consequent strength and resilience of its cashflows in attributing their ratings.

The company's strong competitive position in the growing GCC market was also referenced, as well as its low risk profile and supportive shareholder base.

"We are very pleased that Tabreed has been rated as Investment Grade by Moody's and Fitch," said Tabreed chairman Khaled Abdulla Al Qubaisi. "We see this as a testament to the financial strength, robust business model, and strong position we have in the UAE and across the GCC. This new Sukuk, which was well received by the market, further strengthens our balance sheet and reinforces our robust financial position and leaves us well placed for further growth."

"We are delighted with the market's positive response to our Sukuk, and with the recognition Tabreed continues to gain as a safe and high-quality investment," added CEO Jasim Husain Thabet. "This successful issuance leaves us in a stronger position to leverage growth, with even greater capital and operational efficiency."

With 72 district cooling plants located throughout the region, Tabreed currently delivers over 1 million refrigeration tons to key developments in the region including iconic infrastructure projects such as Abu Dhabi's Al Maryah Island, Yas Island, Sheikh Zayed Grand Mosque, Dubai Metro, Dubai Parks and Resorts, and the Jabal Omar Development in the Holy City of Mecca, Kingdom of Saudi Arabia. The firm is known for its innovative Islamic structures – in October 2017 it launched its first ever Shariah compliant club loan using a complex hybrid structure to extend its debt maturity profile and tap a new investor base. The deal marked the first step in moving away from its previous secured financing strategy towards more



Jasim Husain Thabet

flexible funding, allowing the firm to more closely align liabilities with cashflows using an asset-light structure based on the sale and resale of refrigeration capacity.

The latest Sukuk emphasizes the success of this hybrid and responsive financing strategy. The company has combined the issuance with a further bank facility of up to AED1.5 billion (US$408.5 million), with the joint proceeds used to refinance AED2.8 billion (US$742.4 million) of current corporate debt, as well as improving balance sheet efficiency and extending debt maturity. These in turn will improve the firm's cash flow status, supporting its expansion plans into new geographic markets over the coming year.

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DANA GAS ANNOUNCES BUYBACK

UAE: Dana Gas has announced a buyback of approximately US$99 million or 4% Nile Delta Sukuk certificates – both Reg S and 144A. The bought-back Sukuk will be delivered to the Bank of New York Mellon, which is the paper's principal paying agent, in due course for effecting cancelation. Post-cancelation, the total outstanding of the certificates would be around US$431 million.

CONVERTIBLE SUKUK FOR GULF NAVIGATION

UAE: Gulf Navigation is considering issuing convertible Sukuk worth AED100 million (US$27.22 million) by way of a private placement to Wahat Al Zaweya Investment and Real Estate Development, expected on the 18th November 2018.

TNB ISSUES SUKUK

MALAYSIA: TNB Global Ventures Capital, a wholly-owned subsidiary of state-owned electricity provider Tenaga Nasional, issued a US$750 million Sukuk facility on the 1st November 2018. The paper, which carries a 4.85% yield, is due in 2028.

STRONG DEMAND FOR TABREED

UAE: The National Central Cooling Company (Tabreed) has raised US$500 million with a fixed rate senior unsecured US dollar-denominated Reg S Sukuk with a seven-year tenor.

ECOWORLD FLOATS ISLAMIC PAPER

MALAYSIA: Eco World International has auctioned a three-year Islamic medium-term note (IMTN) for RM350 million (US$84.02 million). The facility has a profit rate of 6.4% and was arranged by Maybank Investment Bank.

MUDAJAYA CANCELS SUKUK

MALAYSIA: Mudajaya has canceled outstanding Sukuk worth RM52.5 million (US$12.61 million). The paper was part of the company's RM1 billion (US$240.16 million) Sukuk Murabahah (cost-plus-profit) program.

CHELLAM PRINTS PAPER

MALAYSIA: Chellam Plantations has printed 10 tranches of Islamic medium-term notes (IMTNs) for RM1 million (US$240,399) each. The papers have tenors ranging from four to eight years and were arranged by RHB Investment Bank.

AXIATA XL ISSUES SUKUK

INDONESIA: Telecoms giant XL Axiata XL on the 16th October issued Sukuk and bonds under its shelf bond and lease-based (Ijarah) Sukuk program of up to IDR5 trillion (US$332.49 million) each in nominal value. A total of IDR1 trillion (US$66.5 million) in Sukuk were raised via five series of tenors varying from one year to 10 years. The paper was listed on the Indonesia Stock Exchange.

IRANIAN TELECOM ISSUANCE

IRAN: Telecommunications company Tose'e Etemad Mobin has issued a four-year Sukuk Ijarah facility amounting to IRR5 trillion (US$118.68 million) with a 16% coupon rate. The paper's yield-to-maturity is 17%.

NEW SUKUK FOR BOUSTEAD

MALAYSIA: Boustead Holdings has floated a three-year cost-plus-profit (Murabahah) Sukuk facility due to mature on the 15th October 2021. The RM150 million (US$36.05 million) paper carries a profit rate of 5.7% and was arranged by Affin Investment Bank.

NEW PAPER FOR ELECTRICITY PROVIDER

INDONESIA: State electricity provider PLN has printed a five-year lease-based (Ijarah) Sukuk instrument for IDR114 billion (US$7.5 million). The paper was listed on the Indonesia Stock Exchange on the 11th October 2018.

ALMARAI HIRES BANKS

SAUDI ARABIA: Dairy giant Almarai has hired banks including HSBC, First Abu Dhabi Bank, JPMorgan and Standard Chartered to arrange its debut benchmark-sized dollar Sukuk.

ALDAR OFFERS SUKUK

UAE: Aldar Investments, a subsidiary of Aldar Properties, has issued a seven-year fixed rate US$500 million Sukuk with a profit rate of 4.75%. The proceeds of the transaction, which was more than twice oversubscribed across Europe, the Middle East and Asia, will be used to refinance existing Aldar debt. The paper was listed on the Abu Dhabi Stock Exchange on the 7th October 2018.

BANKING

AFFIN ISLAMIC ISSUES SUKUK

MALAYSIA: Affin Islamic Bank has issued a 10-year Sukuk Murabahah facility worth RM800 million (US$192.25 million). The paper carries a profit rate of 5.05% and is rated 'A1' by RAM Ratings. The bank also separately issued a 99-year agency-based (Wakalah) facility worth RM300 million (US$72.21 million), carrying a profit rate of 5.65% and rated 'A3' by RAM.

AMBANK ISLAMIC AUCTIONS SUKUK

MALAYSIA: AmBank Islamic has sold a 10-year Islamic medium-term note for RM500 million (US$120.34 million) with a profit rate of 4.88%. The deal was arranged by AmInvestment Bank.

HSBC ISSUES IMTN

MALAYSIA: HSBC Amanah Malaysia has

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issued an Islamic medium-term note (IMTN) with a five-year tenor worth RM500 million (US$120.69 million). The paper, which carries a profit rate of 4.3%, follows an agency-based (Wakalah) structure.

TURKIYE FINANS PRINTS PAPER

TURKEY: Turkiye Finans Participation Bank has floated a 95-day domestic Sukuk paper worth TRY440 million (US$77.69 million). The issuance was projected to be TRY350 million (US$61.8 million); but was closed at TRY440 million due to higher demand from investors. Floated via the bank's subsidiary, TF Varlik Kiralama Sirketi, and structured as a public offering, the issuance brings the total amount of outstanding local currency Sukuk issuances of the bank to TRY1.77 billion (US$312.52 million) and total issuances in 2018 to TRY2.9 billion (US$512.04 million).

ALBARAKA TURK FLOATS SUKUK

TURKEY: AlBaraka Turk Participation Bank has floated 98-day domestic Sukuk paper worth TRY250 million (US$40.66 million). The issuance, which was upsized from TRY200 million (US$32.53 million) due to demand, was oversubscribed by 1.68 times.

SOVEREIGN

INDONESIA LAUNCHES CHARITY SUKUK

INDONESIA: The Indonesian government has launched a Sukuk facility based on the Islamic concept of endowment (Waqf), proceeds from which will be used for social assistance including disaster relief efforts in areas hit by earthquakes this year or public infrastructure projects.

SAUDI SELLS SUKUK

SAUDI ARABIA: The Ministry of Finance has completed the sale of domestic Islamic paper in three tranches (five, seven and 10 years) under the Saudi Arabian Government SAR-denominated Sukuk program. The issuance size was set at SAR3.25 billion (US$866.09 million).

OMAN ISSUES SECOND SOVEREIGN SUKUK

OMAN: The government has auctioned a US$1.5 billion seven-year Sukuk facility, its second international US dollar Islamic issuance. Initial price guidance of the paper was set at 300bps over midswaps, later revised down to 280bps, with an orderbook topping US$3.5 billion. The facility was arranged by Gulf International Bank, HSBC, JPMorgan, KFH Capital and Standard Chartered.

Separately, it has been reported that government bonds and Sukuk are to be listed on the Muscat Securities Market (MSM) as of 2019, according to Ahmed Saleh Al Marhoon, the director-general of the MSM.

INDONESIA FLOATS SUKUK

INDONESIA: The Indonesian Ministry of Finance floated six Sukuk papers on the 30th October 2018. The paper has an indicative target of IDR4 trillion (US$263.12 million). The Ministry of Finance also separately sold one of its Sukuk series via private placement. The series was issued with a nominal value of IDR1 trillion (US$65.78 million). The tradable paper was printed with a yield of 9.28% and will mature on the 15th October 2027.

NIGERIA APPROVES SECOND SUKUK

NIGERIA: The federal government of Nigeria has approved the issuance of a second sovereign Sukuk worth NGN100 billion (US$274.99 million). The proceeds of the issuance, planned for December, will be utilized to finance the development of infrastructure and the construction of roads across the six geopolitical zones in the country.

MOROCCO ISSUES MAIDEN SUKUK

MOROCCO: Morocco issued its first ever Islamic bond in October, with a five-year MAD1 billion (US$105.28 million) lease-based (Ijarah) transaction carrying a 2.66% annual coupon rate. The paper was exclusively offered to domestic investors and received overwhelming demand amounting to MAD3.6 billion (US$379 million).

IILM ISSUES SUKUK

GLOBAL: The International Islamic Liquidity Management Corporation (IILM) has auctioned another three-month Sukuk facility worth US$500 million to assist institutions with Shariah compliant liquidity management. The issuance has a profit rate of 2.7% and received an orderbook of US$1.08 billion. The paper is the third auction to be conducted through competitive bidding via the Bloomberg AUPD platform.



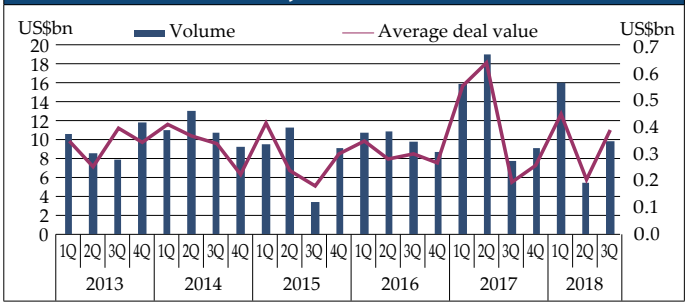
Top Issuers of Global Sukuk — 12 Months

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

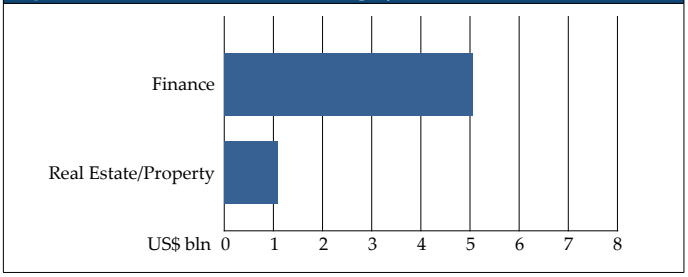
Global Islamic Bond Volume by Month



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)
19th Mar 2018	**Saudi Arabia**	Saudi Arabia	7,650
16th Mar 2018	**Canakkale Otoyol Ve Koprusu Insaat Yatirim Ve Isletme**	Turkey	2,413
18th Dec 2017	**Ma'aden Aluminum**	Saudi Arabia	1,782
28th Mar 2018	**GEMS Education**	UAE	1,250
3rd Dec 2017	**GEMS MENASA (Cayman)**	UAE	1,250
21st Mar 2018	**ICD**	UAE	1,200
6th Aug 2018	**Aldar Properties**	UAE	500
17th May 2018	**Dubai Aerospace Enterprise (DAE)**	UAE	480
10th Dec 2017	**Warba Bank**	Kuwait	400
6th Nov 2017	**Sumber Wang (L)**	Malaysia	365

Top Global Islamic Bookrunners — 12 Months

	Bookrunner Parents	US$ (mln)	Iss	%
1	**CIMB Group**	5,002	45	12.07
2	**Maybank**	4,145	38	10.00
3	**HSBC**	3,526	21	8.51
4	**RHB Bank**	3,124	36	7.54
5	**Standard Chartered Bank**	2,997	25	7.23
6	**AmInvestment Bank**	2,872	28	6.93
7	**Citigroup**	2,513	13	6.06
8	**Dubai Islamic Bank**	1,952	14	4.71
9	**JPMorgan**	1,647	9	3.97
10	**BNP Paribas**	1,092	5	2.63

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Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
26-Oct-18	**Oman**	Oman	Sukuk	Euro market public issue	1,500	Gulf International Bank, HSBC, JPMorgan, Kuwait Finance House, Standard Chartered Bank
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, AmInvestment 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	AmInvestment Bank
24-Sep-18	**Aldar Properties**	UAE	Sukuk	Euro market public issue	500	Abu Dhabi Islamic Bank, Barclays, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, JPMorgan, Standard Chartered Bank
20-Sep-18	**Saudi Electricity**	Saudi Arabia	Sukuk	Euro market public issue	2,000	Citigroup, First Abu Dhabi Bank, HSBC, Mizuho, MUFG, Natixis, Standard Chartered Bank, Sumitomo Mitsui Financial Group
20-Sep-18	**Johor Corporation**	Malaysia	Sukuk	Domestic market public issue	121	HSBC, Maybank, RHB Bank
19-Sep-18	**Islamic Development Bank**	Saudi Arabia	Sukuk	Euro market public issue	1,300	CIMB Group, Citigroup, Dubai Islamic Bank, Gulf International Bank, HSBC, LBBW, Natixis, Standard Chartered Bank

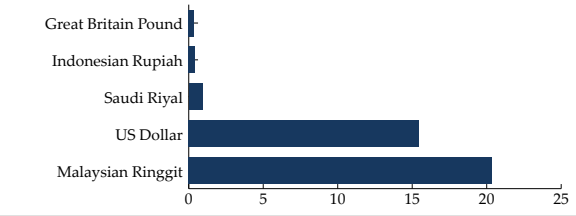
Top Islamic Finance Related Financing Bookrunners

12 Months

	Bookrunner	US$ (mln)	No	%
1	**HSBC**	1,328	7	10
2	**MUFG**	1,073	3	8
3	**Citigroup**	841	2	6
4	**Industrial & Commercial Bank of China**	823	2	6
4	**Bank of China**	823	2	6
6	**Credit Agricole**	765	1	6
6	**JPMorgan**	765	1	6
6	**Mizuho**	765	1	6
6	**Sumitomo Mitsui Financial Group**	765	1	6

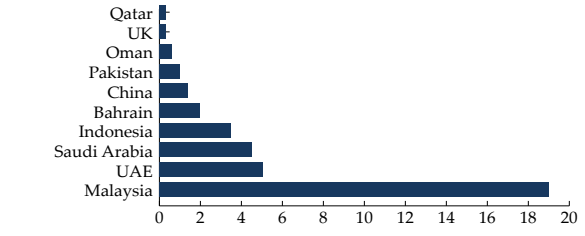
Sukuk Volume by Currency US$ (billion)

12 Months

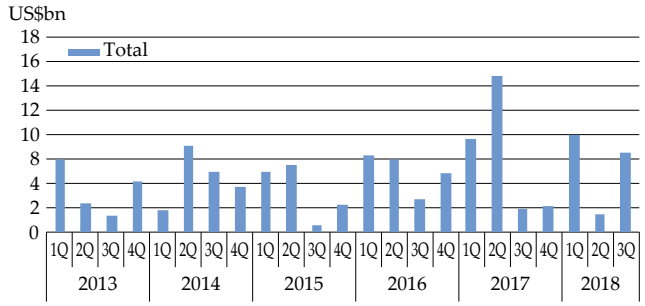


Sukuk Volume by Issuer Nation US$ (billion)

12 Months

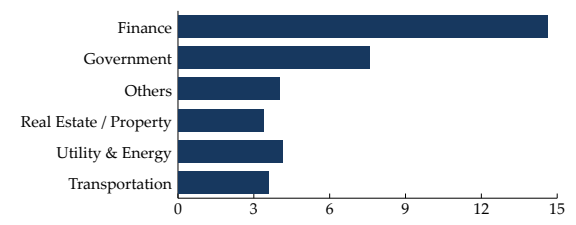


Global Islamic Bond Volume - US$ Analysis



Global Sukuk Volume by Sector

12 Months



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

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