IFN CORPORATE UAE

Opening doors to new opportunities

VOLUME 3 ISSUE 5, 2018

Dana Gas: An unexpected journey

Last month saw an unexpected twist in the high-profile Dana Gas case. After well over a year of acrimonious spats between the company and its creditors, an agreement has finally been reached with the majority of its Sukukholders to restructure its US$700 million Sukuk facility. In one of the biggest shake-ups of the Islamic finance industry for decades, what does the dispute mean for issuers – and will it have a negative impact on investor sentiment?

The agreement is in essence largely similar to the one first offered back in 2017, but with a number of key improvements. So what does this mean for Sukukholders?

The original deal offered an exchange of the 2013 Sukuk in favor of a new four-year instrument with profit distributions at "less than half" of the current profit rates, without a conversion feature, and with profit payments comprising both cash and payment in kind. The company also refused to pay the two outstanding profit distributions of July and October 2017 on the grounds of unlawfulness, although it promised that they would be "accounted for" as part of the new Sukuk.

The new deal of the 22nd May 2018 offers a similar structure but with some key differences in phrasing. Sukukholders can immediately redeem their investment at 90.5 cents to the dollar, or they can convert their holdings into a new three-year Sukuk instrument paying a coupon of 4%, with arrears paid at the original profit rate up until October 2017. The new Sukuk will be structured as a simple agency-based (Wakalah) instrument, based on an underlying lease contract (Ijarah) and a deferred payment obligation contract. In addition, the agreement is contingent on the termination of all current litigation.

As of the 13th June, the company had received consent from 90.93% of the ordinary Sukukholders (at a 9% coupon), and 96.45% of the exchangeable Sukukholders (at a 7% coupon) with none voting against. The 75% threshold requirement for approval was therefore exceeded, and the agreement was formally approved at an extraordinary general meeting of Sukukholders held on the 13th June.

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"We are extremely pleased to have received consent from an overwhelming majority of Sukuk certificateholders thus confirming the company's belief that the proposed terms of the deal were fair and in the best interests of all," said CEO Patrick Allman-Ward. "All Sukuk certificate holders had the opportunity to elect to continue as holders of Dana Gas's new Sukuk certificates or exit via the tender, with 96.7% electing to remain as Sukuk certificate holders of Dana Gas."

"It seems to be very clear, both to practitioners and observers, that the issue with the Dana Gas Sukuk was a question of liquidity, not a question of compliance"

So all's well that ends well – or is it? The concern, of course, is that investors are deterred from investing due to concerns over a repeat performance – and with a loss of confidence in the Islamic market, it would be no surprise if issuers were a little more wary of raising funds the Shariah compliant way rather than tapping the conventional market.

So the million-dollar question is – will the climate for corporate issuance cool down?

The answer, reassuringly, seems to be no. Dana Gas insists that the latest offer represents genuine value for its Sukukholders. "[We] believe that the offer reflects the company's significantly improved financial position at about 0.3 times net leverage, and removes the risk to all parties of continuing lengthy legal disputes in multiple jurisdictions," said a spokesperson. But more importantly, it seems to be very clear, both to practitioners and observers, that the issue with the Dana Gas Sukuk was a question of liquidity, not a question of compliance.

In fact, Dana Gas itself has admitted that the catalyst was liquidity. "It was obvious that the company merely had a cash flow problem in meeting its debt obligations, which needed time and patience by creditors to resolve," said CFO Christopher Hearne in April 2018.

Yet whatever the cause, the effect could in fact be surprisingly positive for the Sukuk industry – not least, because it argues a

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strong case for improved oversight and increased standardization, a cause that is dear to the heart of Mohamed Damak, the global head of Islamic finance at S&P Global Ratings.

"The Dana Gas case absolutely argues for the importance of standardization," Mohamed urged. "A standardized Shariah interpretation would reduce the risk of someone being able to claim that something is not Shariah compliant, and would have helped to avoid this situation in the first place."

> **The standardization argument has been around for a long time – but could Dana Gas be the catalyst needed to make the market move?**

The standardization argument has been around for a long time – but could Dana Gas be the catalyst needed to make the market move? The signs are encouraging. Last year, AAOIFI published a new governance standard on central Shariah boards, which should help to provide a unified source of information. But more changes are afoot.

The Securities and Commodities Authority (SCA) of the UAE recently issued a resolution determining that going forward, issuers of Islamic securities will need to disclose mechanisms of resolving disputes including with regards to reallocation of resources, and how to dispose of these resources or their revenues in the event that the Sukuk or issuer is determined to be non-Shariah compliant. This applies to any issuer looking to offer Sukuk in the UAE — both local and foreign — as well as domestic issuers intending to tap the international market. The issuer is also required to state any conflict between the laws of the country where the Sukuk originated and the laws of the UAE, as well as any inconsistency between International Accounting Standards and the standards issued by AAOIFI.

The SCA has also made it mandatory for the Fatwa issued for any Sukuk to detail the process of how the approving scholars reached the Shariah opinion, and to support the pronouncement with legal evidence and a disclosure of any cases whereby the standards issued by AAOIFI have been violated in the past.

While this may seem to increase the burden on issuers, in fact the trend toward tighter regulation is only likely to have a positive impact on the industry, by boosting investor confidence and increasing oversight intended to avoid any similar issues in the future. The Dana Gas case may at first glance have seemed like a disaster, but it would be wise to remember that while success may be great, you only learn from your mistakes. It seems as if the Sukuk industry has certainly learned from this one.

Global Sukuk surge, Malaysia leads the way

The month of Ramadan is always a quiet month for Islamic capital markets activity, and this year has been no exception. Running from the 17th May to the 16th June, the market has been quiet during the holy period. However, new figures recently released demonstrate that 2018 has been yet another sterling year so far for global Sukuk issuance, while local markets continue to make headway in domestic debt sales.

The latest figures released by RAM Ratings show that a total of US$12 billion in Sukuk was issued in March 2018 – bringing global Sukuk issuance to US$30 billion for the first quarter of the year, a 44.4% increase from the US$20.8 billion issued over the same period in 2017.

US dollar issuance continues to boost the market as corporates seek to shore up their foreign reserve stores. Global US dollar Sukuk issuance climbed 47.6% year-on-year to US$10.4 billion in the first quarter, and accounted for 34.5% of total global Sukuk issuance as at end-March 2018 as compared to US$7 billion as of end-March 2017. The UAE accounted for 31.3% of US dollar Sukuk in the first quarter, followed by Indonesia (28.9%), Malaysia (22.4%) and Saudi Arabia (16.9%). Overall, outstanding global Sukuk increased to US$430.2 billion as at end-March 2018 from US$326.3 billion the previous year.

Saudi Arabia saw the highest growth over the year, with total Sukuk issuance reaching US$6.5 billion at the end of March 2018. The Kingdom has continued these levels throughout the second quarter – issuing SAR5 billion (US$1.33 billion) in April and a further SAR3.95 billion (US$1.05 billion) in May.

Malaysia saw the second highest year-on-year increase, with first quarter issuances rising from US$9.6 billion to US$11.5 billion. This was followed by Indonesia (US$5.5 billion), the UAE (US$3.3 billion) and Turkey (US$1.4 billion). Malaysia also remains the market leader for Sukuk, with a 38.2% market share of total Sukuk issued in the first quarter of the year, 17.4% of which was issued by International Islamic Liquidity Management (IILM). Saudi Arabia took second place with 21.7% (US$6.5 billion), followed by Indonesia (18.2%) and the UAE (10.8%).

Malaysia continues to dominate the global Sukuk market

Malaysia has been one of the few nations to maintain Sukuk activity during the recent quiet period, with its stalwart regular issuers churning out consistent Islamic papers. AEON, Bina Darulaman and Gas Malaysia all tapped the market for short-term papers, although we saw little movement outside of the local ringgit market.

Over in the GCC there was less activity, although movements are afoot to further develop the local Sukuk market. In Dubai, new rules governing the Sukuk offerings were released that should boost confidence and clarify regulatory treatment. Disclosure requirements have been increased in the wake of the Dana Gas fiasco, and issuers must now specify how transaction resources and revenues would be treated if a security were deemed to be no longer Shariah compliant, among other requirements. While this may increase the initial burden, the new rules should strengthen the market in the long term, giving both investors and issuers an additional layer of security.

IMF incorporation set to strengthen Islamic banking regulation

On the 24th May the Executive Board of the IMF endorsed a proposal on the use of the Core Principles for Islamic Finance Regulation (CPIFR), which were developed by the IFSB with the participation of the Secretariat of the Basel Committee on Banking Supervision. The CPIFR are intended to provide a set of core principles for the regulation and supervision of the Islamic banking industry and are designed to take into consideration the specificities of Islamic banks.

Essentially, the CPIFR will complement the international architecture for financial stability, while providing incentives for improving the prudential framework for Islamic banking industry across jurisdictions. The CPIFR and their associated methodology will be applied in financial sector assessments undertaken in fully Islamic banking systems and, as a supplement to the Basel Core Principles for Effective Banking Supervision (BCP), in dual banking systems where Islamic banking is systemically significant.

> **"The CPIFR will complement the international architecture for financial stability, while providing incentives for improving the prudential framework for Islamic banking industry across jurisdictions"**

The Islamic finance sector continues to grow and evolve in size and complexity, with Islamic banking offered in more than 60 countries.

The growth of Islamic finance presents important opportunities to strengthen financial inclusion, deepen financial markets, and mobilize funding for development by offering new modes of finance and attracting unbanked populations that have not previously participated in the financial system.

For corporates, Islamic banks can offer substantial advantages over their conventional competition, but in the past they have also presented challenges in terms of risk management and governance. Islamic banks undertake distinct operations with risk profiles and balance sheet structures that differ in important respects from conventional banks, with associated financial stability implications. The latest inclusion of Islamic finance into IMF market surveillance will strengthen the regulatory and supervisory frameworks of single and dual system jurisdictions, boosting confidence in the industry.

The CPIFR standard and assessment methodology will be used in fully Islamic banking systems and as a supplement to the Basel Core Principles for Effective Banking Supervision (BCP) in dual banking systems where Islamic banking has a significant market share (of 15% or more). "Where a jurisdiction has both significant Islamic banking and significant conventional banking sectors, the IMF will assess both sectors at the same time using the CPIFR and BCP standards and assessment methodologies respectively, which will also reveal the relevant linkages between Islamic banking and its conventional counterpart, and their implications for financial stability," said the IMF in a statement.

New factoring framework to boost Islamic trade finance activity

At the 50th Anniversary Annual Meeting of FCI, a global representative body for factoring and financing of open account domestic and international trade receivables, members unanimously voted to make Islamic Shariah compliant factoring a part of the FCI's group of supported business finance solutions. The step, while largely unreported by the global media, is a momentous one for the Islamic finance industry – and indeed, for any corporate keen to operate their business under the code of Shariah compliance.

Changes to the General Rules of International Factoring will now ensure that this important and growing branch of factoring is facilitated within the FCI member network, allowing support for this type of business on a fully cross-border international basis.

The initiative to adapt the rules was developed following the suggestion of an FCI member, UAE-based factoring and securitization specialist Dar Al Tawreeq. FCI's Legal Committee together with Noor Bank (the first Islamic institution to be a member of FCI) and the International Islamic Trade Finance Corporation (ITFC), created a working group which prepared the amendments to the rules.

"Islamic factoring is an increasing important element in the finance of international trade and our ability to support Shariah compliant business is particularly important for our global member base," said FCI Secretary-General Peter Mulroy. "This development is another real enhancement of the support we can provide for our members."

But what is factoring? In a nutshell, it is a way for businesses to fund cash flow by selling their invoices to a third party (a factor, or factoring company) at a discount. For trade finance, factoring acts as a kind of invoice discounting, where accounts receivable are discounted in order to allow the buyer to make a profit upon the settlement of the debt. It is commonly used by exporters to help accelerate their cash flows, enabling them to draw up to 80% of the sales invoice's value at the point of delivery of the goods and when the sales invoice is raised.

In conventional factoring, a bank or independent third party usually takes over a firm's receivables, collects payments and charges interest. Under Shariah law, interest cannot be charged meaning that the factoring must be structured a little differently. Companies such as the UAE-based Tawreeq, for example, work by connecting corporates, suppliers and investors to securitize trade receivables – allowing buyers and suppliers to collaborate to achieve realistic cash flow solutions. While popular in Malaysia, Shariah compliant factoring has been slow to gain ground in the GCC region due to prohibitions on the sale of debt – but with a new structure, new awareness and new acceptance, that is finally starting to change.

The inclusion of Islamic factoring effectively means there is now a standard framework that Islamic banks and factoring companies can refer to for such transactions, making Islamic trade transactions materially easier to perform. In a recent report, Moody's predicted that Islamic financing assets will grow at 7% this year, outpacing conventional counterparts – and the new rules are likely to boost this growth yet further.

Islamic trade finance is a booming area, and the growth opportunities are immense. The Islamic Center for the Development of Trade estimates that OIC member countries executed US$3 trillion in trade in 2016, almost 10% of total global trade. In Malaysia, the central bank is targeting to support 10% of the nation's total trade with Shariah compliant financing by 2020. Conventional banks are also looking to get in on the game. Most recently, Barclays Bank unveiled a new Islamic trade financing product in Kenya to offer Shariah compliant facilities including working capital and guarantees.

> **"As an alternative method of funding, Islamic trade financing presents a compelling proposition, and with Shariah compliant factoring now accepted on a global platform, it is now open to all who might wish to explore the opportunity"**

As an alternative method of funding, Islamic trade financing presents a compelling proposition, and with Shariah compliant factoring now accepted on a global platform, it is now open to all who might wish to explore the opportunity.

Liquidity management: A lesson learned

Having good liquidity management is a key prerequisite for sustaining financial stability and helping to alleviate any liquidity shortage. Most people think of liquidity management as a matter for banks – but it is not just financial institutions that must plan for the future. For corporates, ensuring that you have sufficient liquidity to finance valuable projects that may occur in the future is at the heart of sound financial management – yet all too often, this consideration gets set aside in favor of the more immediate pressures and challenges of operating a company. When it comes to liquidity management, there are numerous Shariah compliant alternatives to the conventional tools. The crucial element, however, is to make a plan…

While there are numerous regulations in place to ensure that banks, as custodians of other people's money, are by necessity careful to ensure a minimum level of liquidity, there is little such guidance and few legal requirements for corporates to commit to the same level of care. Public companies at least have duties to their shareholders and a level of oversight that should in theory incorporate liquidity management considerations, but private and limited liability firms are subject to few such constraints.

Nevertheless, liquidity management is a core concern of all corporates seeking to build and maintain a healthy capital profile – and if it is not a concern, then it should be.

"The global financial crisis drew fresh attention to the way firms manage liquidity, as credit markets dried up and internal savings became key to corporate survival," said Murillo Campello, the Durland Professor of Finance in Cornell University's Johnson Graduate School of Management and research associate for the US National Bureau of Economic Research. "Large companies worldwide have amassed some US$4 trillion in 'idle cash' on their balance sheets. The holdings of liquid assets are the highest both in absolute values as well as a fraction of total corporate assets since at least World War 2." Yet while the concept of corporate liquidity has been around since the 1930s, work only really started on solutions from around 2000 onwards – and is still ongoing.

"The notion of corporate liquidity management has evolved to encompass not only how firms administer their cash balances, but how they deal with credit lines, manage their debt capacity and use derivatives for hedging," explained Campello.

Usually, it is the responsibility of the corporate treasurer to make these decisions and to compile a strategy for short, medium and long-term liquidity management. But in smaller firms, a corporate treasurer may not be a necessary operational function – in which case another senior executive such as the CEO or chief investment officer will need to step in to handle the requirement.

So how is liquidity measured, what tools are available to manage it – and how can Islamic finance help?

There is a very basic metric to measure liquidity in large corporations. Do you have the ability to meet your cash and collateral obligations without incurring substantial financial loss? Investors, lenders and regulators will all look to a company's financial statements to evaluate this, using liquidity measurement ratios. The score you get can determine everything from terms of financing to favorable rates. So it is worth ensuring you have a detailed and targeted strategy to manage your liquidity.

> **While there are numerous regulations in place to ensure that banks, as custodians of other people's money, are by necessity careful to ensure a minimum level of liquidity, there is little such guidance and few legal requirements for corporates to commit to the same level of care**

When it comes to liquidity management, there is no question that 'cash is king'. But this is not always easy.

Maintaining the right level of cash and liquidity has always been a challenge, and is far easier said than done, especially if you have relationships with multiple banks. If your company has different subsidiaries with different internal processes and varying cash flow cycles then this is even more complex, while operating in multiple currencies can pose yet another problem.

So how should this be approached, and what Islamic tools are available to help?

1. *Cash forecasting is crucial. Comprehensive forecasting can help you to make informed decisions about the allocation of funds.*
2. *Manage payments. Transactions must be planned, and payments carefully managed not only to avoid supplier penalties but to centralize payment operations and ensure you know where your money is at any one time and you are claiming any potential payment rebates.*
3. *Manage your receivables. As above, managing receivables through a central hub can help your group treasury operate more efficiently. Receivables hubs are designed to consolidate payments and corresponding remittance information from multiple channels and sources, thus helping treasurers to unlock internal trapped cash by matching outstanding invoices to payments automatically. Shariah compliant factoring can also assist here, and with Islamic factoring now part of the global governing body FCI's framework, this is easier to access and utilize than ever before.*
4. *Netting. By netting off the invoices that members of a consortium or subsidiaries of a company raise on each other, a final settlement amount can be paid instead of time and resources being wasted in settling multiple invoices.*
5. *Optimize your funds. Idle cash earns nothing and helps no one. Liquidity management may mean you need to keep enough back to cover your obligations, but as long as you are holding it back in liquid instruments there is no need for a mattress under the bed approach. Calculate your aggregate position across all your banking relationships, and then explore the numerous options to make your money work for you. Islamic money market funds and key deposits should be your go-to products, and with a wide variety available at cost-plus-profit (Murabahah) rates that match the conventional offering, these can be an attractive method of managing your surplus cash.*
6. *Portfolio management. Get help to make sure you are earning the maximum return from your surplus funds. This could involve investing surplus funds in profitable ventures, making early payments to enjoy rebates and other actions.*

Perpetual Sukuk: An increasingly popular choice for capital financing

In May 2018, Malaysian corporate Yinson Holdings made history with the first-ever perpetual Sukuk facility based on the concept of joint enterprise (Mudarabah) in a successful and fully subscribed issuance that shone a spotlight on the strength of the country's domestic Sukuk market. But why choose perpetual paper – and what benefits does it bring?

Yinson Holdings, a leading marine operator specializing in floating, production, storage and offloading services, is no stranger to the Sukuk market and in February launched its latest initiative – a RM1.5 billion (US$373.7 million) perpetual Mudarabah program to refinance outstanding financing facilities, provide funds for working capital and capital expenditure for new projects. The program follows a successful US$500 million perpetual conventional bond program issued in 2017, and demonstrates a voracious appetite for perpetual paper from the market. Lead arrangers AmInvestment Bank and Maybank Investment Bank worked with Yinson to launch the first facility of RM950 million (US$238.3 million), which hit the market last month.

> **"As an equity-based partnership, one partner provides the capital while the other provides the managerial expertise, thus largely expiating the need for underlying assets to back up the structure"**

So why perpetual – and why Mudarabah?

The benefit of Mudarabah, a partnership structure contract where one side supplies the money and the other supplies the expertise, is its equity type features, which appealed to the issuer in preference to other Islamic contracts. "Mudarabah was picked due to its characteristics which resemble equity features and suits well with perpetual features of the Sukuk," explained Azalia Aziz, the vice-president of governance and transaction management of the Capital Markets Group at AmInvestment Bank.

It is the first time that the Mudarabah contract has been used for a perpetual Sukuk in Malaysia, although perpetual issuances have been increasing in popularity in recent years pioneered by leading corporates including trading conglomerate Sime Derby, industrial giant UMW Holdings and property firm OSK Holdings.

Up until now however, most perpetual Islamic issuances have used an agency contract (Wakalah), which is well known and widely accepted in the industry and requires minimal tangible assets to support the deal. The Mudarabah contract is a more unusual choice but offers similar advantages, especially for issuers looking for limited asset requirements. As an equity-based partnership, one partner provides the capital while the other provides the managerial expertise, thus largely expiating the need for underlying assets to back up the structure.

Each investor's purchase of Sukuk represents units of equal value in the Mudarabah capital, and is registered in the names of the Sukukholders on the basis of undivided ownership of these shares. The returns to the investors represent accrued profit from the invested capital at a pre-agreed ratio between the two partners, which then passes to the investors according to the proportion of their investment.

In this, the first perpetual issuance of its kind, the absence of a maturity date assumes that the business will remain a going concern and the investors will therefore continue to receive their share of the capital profits. This relies heavily on the credit perception of the originator, and Yinson's latest issuance demonstrates the success that a strong issue can bring. The issuance was fully subscribed, despite being unsecured, unsubordinated, unlisted and unrated, and achieved a respectable profit rate of 6.8%.

With the success of this landmark Sukuk, the future of perpetual Islamic issuance looks assured.

CORPORATE

BINA DARULAMAN ISSUES ICP

MALAYSIA: Bina Darulaman has floated a RM50 million (US$12.49 million) three-month Islamic commercial paper (ICP). The deal is arranged by Maybank Investment and matures on the 19th September 2018.

AEON FLOATS PAPER

MALAYSIA: AEON Co has floated a RM100 million (US$24.98 million) Islamic commercial paper (ICP). Arranged by Maybank Investment, the ICP matures on the 19th July 2018.

GULF NAVIGATION TO ISSUE SUKUK

UAE: Gulf Navigation has received the consent of its board of directors to issue a senior unsecured mandatory convertible Sukuk facility via private placement. The paper, which will not exceed AED100 million (US$27.22 million) in size, will be sold to qualified institutional investors.

GAS MALAYSIA TAPS MARKET

MALAYSIA: Gas Malaysia has issued a RM50 million (US$12.54 million) one-month Murabahah Islamic commercial paper (ICP) maturing on the 6th July 2018. The facility was arranged by RHB Investment Bank.

STRONG SUPPORT FOR DANA GAS PLAN

UAE: Dana Gas has received consent from 90.93% of its 9% ordinary Sukukholders and 96.45% of its 7% exchangeable Sukukholders for the restructuring and refinancing of its US$700 million Sukuk, with none voting against.

BANKING

NEW SME FINANCING PLATFORM

MALAYSIA: RHB Bank has established RHB SME Financing, Malaysia's first online financing service for SMEs. The platform will allow customers to apply for SME term loans and Islamic financing online within 10 minutes with minimal data inputs, and obtain financing within five working days. It also comes with an online loan simulator to aid customers to calculate their affordability.

SOVEREIGN

SCA IN SUKUK TALKS

UAE: The Securities and Commodities Authority (SCA) is currently in discussions with a local institution to issue Sukuk papers with low minimum investment values to cater to small investors, according to CEO Dr Obaid Al Zaabi. The papers, which will be traded on NASDAQ Dubai or local financial markets, will range from AED10 (US$2.72) to AED20 (US$5.44).

ABU DHABI CONSIDERS SECONDARY SUKUK

UAE: The Abu Dhabi Securities Exchange is in talks with public and private equity companies to encourage the secondary listings of Sukuk and bonds in the Abu Dhabi market.

MALAYSIA ISSUES SHORT-TERM PAPER

MALAYSIA: Bank Negara Malaysia (BNM) has issued three Money Market Tender Qard (MMTQ)-Islamic Range Maturity instruments for a total amount of RM2.3 billion (US$574.34 million). The facilities received seven bids in total and were fully subscribed.

BRUNEI PRINTS SUKUK

BRUNEI: The government of Brunei has printed its 158th short-term Sukuk for the amount of BN$50 million (US$36.71 million). The one-year paper has a rental rate of 1.25%. With the latest series, Brunei has thus far issued over BN$11.96 billion (US$8.78 billion)-worth of short-term Sukuk securities since the first offering on the 6th April 2006 and the total holdings of the Brunei government Sukuk outstanding as at the 7th June 2018 stood at BN$332.4 million (US$244.04 million).

TURKEY ISSUES CPI-INDEXED SUKUK

TURKEY: Turkey's Undersecretariat of Treasury issued a TRY436.6 million (US$95.74 million) CPI-indexed lease certificate on the 13th June. The Sukuk will mature on the 7th June 2023.

MOROCCO TO LAUNCH DEBUT SUKUK

MOROCCO: Morocco's maiden sovereign Sukuk will be issued in early July, according to Mohamed Boussaid, the minister of finance. The Shariah security will amount to around MAD1 billion (US$105.35 million).

QATAR AUCTIONS SUKUK

QATAR: The Qatar Central Bank has issued a five-year Sukuk facility amounting to QAR3.3 billion (US$899.94 million) and an eight-year Sukuk facility worth QAR1.7 billion (US$463.61 million). The facilities carry a yield of 4.25% and 4.5% respectively and will be maturing on the 3rd June 2023 and the 3rd June 2026.

MALDIVES ISSUES ISLAMIC CERTIFICATE

MALDIVES: The Maldives Monetary Authority has privately placed a 363-day cost-plus-profit (Murabahah) certificate worth MVR57.47 million (US$3.64 million) which mature on the 27th May 2019.

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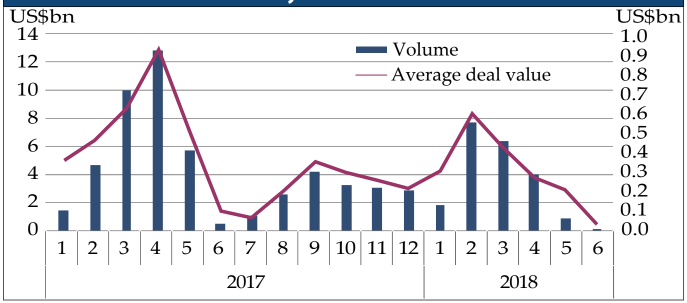
Top Issuers of Global Sukuk

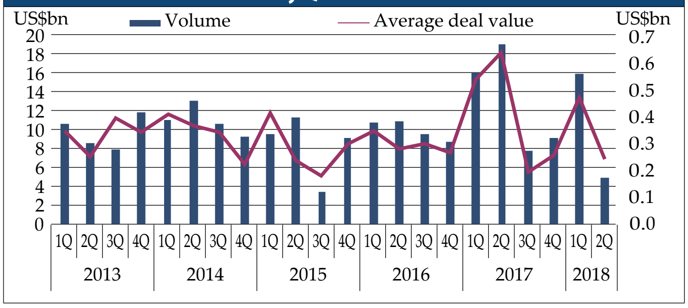
12 Months

Issuer	Nationality	Market	US$ (mln)	Tranches	Managers
Indonesia	Indonesia	Euro market public issue	3,000	2	Deutsche Bank, First Abu Dhabi Bank, HSBC, Mandiri Sekuritas, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,250	1	Emirates NBD, Goldman Sachs, Gulf International Bank, HSBC, Maybank, National Bank of Kuwait, Natixis, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,250	1	Dubai Islamic Bank, First Abu Dhabi Bank, Gulf International Bank, HSBC, Maybank, Natixis, Standard Chartered Bank, Warba Bank
China General Nuclear Power	Malaysia	Domestic market public issue	1,246	33	CIMB Group, Maybank, RHB Capital
DanaInfra Nasional	Malaysia	Domestic market public issue	1,022	5	AmInvestment Bank, CIMB Group, HSBC, Maybank, RHB Capital
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, Dubai Islamic Bank, First Abu Dhabi Bank, HSBC, JPMorgan, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
Sharjah	UAE	Euro market public issue	1,000	1	Dubai Islamic Bank, HSBC, Sharjah Islamic Bank, 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
Prasarana Malaysia	Malaysia	Domestic market public issue	951	6	CIMB Group, Maybank

Global Islamic Bond Volume by Month

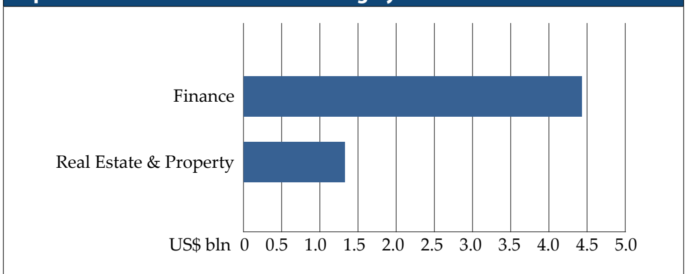


Global Islamic Bond Volume by Quarter



Top Islamic Finance Related Financing by Sector

12 Months



Top Global Islamic Bookrunners

12 Months

	Bookrunner Parents	US$ (mln)	Iss	%
1	**Maybank**	6,200	45	16.65
2	**CIMB Group**	6,029	43	16.19
3	**RHB Bank**	2,866	28	7.70
4	**AmInvestment Bank**	2,739	26	7.36
5	**HSBC**	2,229	14	5.99
6	**Standard Chartered Bank**	2,119	19	5.69
7	**Dubai Islamic Bank**	1,710	11	4.59
8	**Citigroup**	1,545	8	4.15
9	**JPMorgan**	854	4	2.29
10	**Affin Hwang Capital**	795	11	2.13

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	2,238
15th Aug 2017	**Al Motasaliha**	UAE	1,835
18th Dec 2017	**Ma'aden Aluminum**	Saudi Arabia	1,782
3rd Dec 2017	**GEMS MENASA (Cayman)**	UAE	1,250
21st Mar 2018	**ICD**	UAE	1,200
13th Oct 2017	**DanaInfra Nasional**	Malaysia	948
3rd Jul 2017	**ME Investments**	UAE	681
11th Oct 2017	**PR1MA Corporation Malaysia**	Malaysia	592
2nd Oct 2017	**Kuwait Food (Americana)**	Kuwait	592

Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
24-May-18	**Pengurusan Aset Air**	Malaysia	Sukuk	Domestic market public issue	528	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Maybank, RHB Bank
21-May-18	**Qatar Islamic Bank**	Qatar	Sukuk	Euro market private placement	120	Standard Chartered Bank
21-May-18	**Qatar Islamic Bank**	Qatar	Sukuk	Euro market private placement	100	Standard Chartered Bank
30-Apr-18	**Yinson Holdings**	Malaysia	Sukuk	Domestic market public issue	242	AmInvestment Bank, Maybank
24-Apr-18	**MKD Kencana**	Malaysia	Sukuk	Domestic market public issue	333	Maybank
24-Apr-18	**Al-'Aqar Healthcare Real Estate Investment Trust**	Malaysia	Sukuk	Domestic market public issue	150	AmInvestment Bank, Maybank
19-Apr-18	**Kuantan Port Consortium**	Malaysia	Sukuk	Domestic market public issue	167	Maybank
18-Apr-18	**DanaInfra Nasional**	Malaysia	Sukuk	Domestic market public issue	643	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
17-Apr-18	**Noor Bank**	UAE	Sukuk	Euro market public issue	500	Citigroup, Deutsche Bank, Dubai Islamic Bank, Emirates NBD, Noor Bank, Sharjah Islamic Bank, Standard Chartered Bank, Warba Bank
12-Apr-18	**UMW Holdings**	Malaysia	Sukuk	Domestic market public issue	284	CIMB Group, Maybank

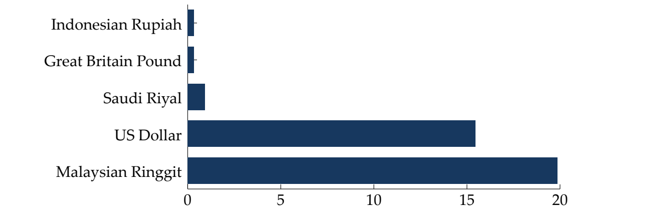
Top Islamic Finance Related Financing Bookrunners

12 Months

	Bookrunner	US$ (mln)	No	%
1	**Standard Chartered Bank**	1,400	7	11
2	**First Abu Dhabi Bank**	1,156	6	9
3	**Abu Dhabi Islamic Bank**	994	5	8
4	**Mitsubishi UFJ Financial Group**	841	2	6
5	**Citigroup**	823	2	6
5	**HSBC**	823	2	6
5	**Industrial & Commercial Bank of China**	823	2	6
8	**Bank of China**	765	1	6
8	**Credit Agricole**	765	1	6
8	**JPMorgan**	765	1	6

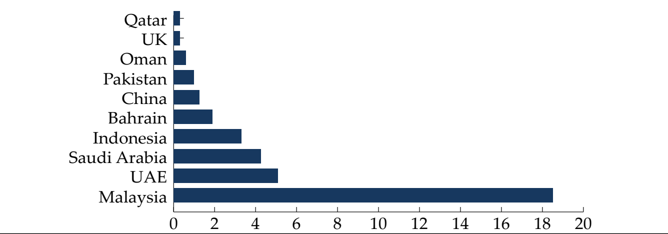
Sukuk Volume by Currency US$ (billion)

12 Months

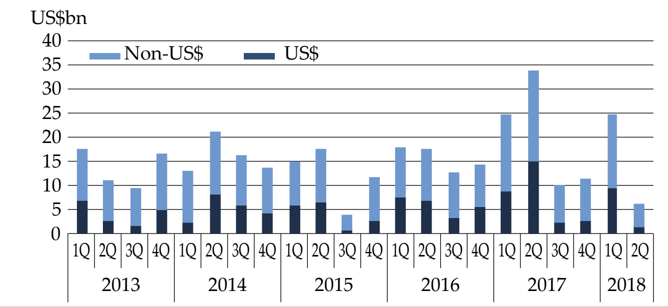


Sukuk Volume by Issuer Nation US$ (billion)

12 Months

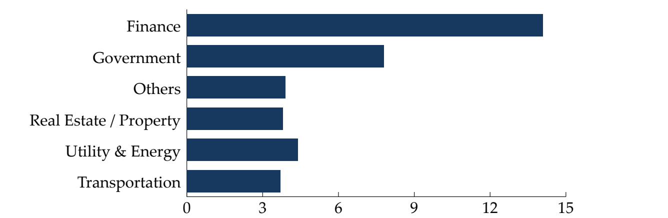


Global Islamic Bond Volume - US$ Analysis



Global Sukuk Volume by Sector

12 Months



If you feel that the information within these tables is inaccurate, you may contact the following directly: Mayumi Ohira (Media Relations)
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