IFN CORPORATE OMAN

Opening doors to new opportunities

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Eco incentive: Could green bonds be for you?

It's been hard to miss the eco-friendly trend pervading the capital markets recently – and the Islamic space has taken up the green theme with particular alacrity, promoting with enthusiasm the potential crossover between the two disciplines and encouraging social and environmental issuance. But while green deals are growing, many corporates might not realize they could qualify for eco issuance – or fully understand the benefits it could bring. This month, we discover that actually, it's pretty easy being green…

The first thing to remember is that there is a wide range of options available. Green Sukuk, socially responsible Sukuk, ethical Sukuk – the list goes on, and while not all of these are the same, the diversity of choice widens the range of options for corporate issuers seeking to tap into the ethical investor base.

So what is available?

Malaysia leads the way

Malaysia is the undisputed leader in this regard, and the country has pioneered a top-down approach to encouraging green and socially responsible capital raising. In 2014 the Securities Commission (SC) introduced the SRI (socially responsible investing) Sukuk Framework, as part of its developmental agenda to facilitate the creation of an eco-system conducive for SRI investors and issuers. The framework is also intended to meet the demand of both retail and sophisticated investors for access to a wider range of investment products and to facilitate greater participation in the Sukuk market – good news for issuers seeking to diversify into a new investor base.

In December 2017 Malaysia took a step further with the release of new Guidelines on Sustainable and Responsible Investment Funds, offering tax incentives to fund managers investing in SRI instruments – including SRI Sukuk, which should provide a keen boost to an already flourishing sector. Most compellingly for potential issuers, Malaysia also provides strong financial incentives to issue under the SRI Framework.

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It has been an interesting month for the Islamic capital markets, characterized by mainstream players entering the Shariah compliant pace to efficiently raise capital from one of the most liquid investment pools currently available. 4

Islamic retail banks pioneer new digital strategies

It has been a fantastic month for bank financing, even as capital market activity ramps up. Especially in the Middle East, where recovering oil prices are supporting sustained liquidity and deals are surging across the region. In May Saudi mall developer Arabian Centres Company, owned by Saudi billionaire Fawaz Abdulaziz Alhokair, secured a US$1.9 billion Islamic financing from a consortium including Samba Financial Group, National Commercial Bank, Al Rajhi Bank and Arab National Bank – and this is just the tip of the iceberg. 5

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In April 2018 the SC announced new details of a statutory fund called the Capital Market Development Fund (CMDF), which provides a Green Sustainable and Responsible Investments (Green SRI) Sukuk grant amounting up to RM6 million (US$1.5 million). The specific purpose of the grant is to finance external review expenditure incurred by a Green SRI Sukuk issuer up to a maximum amount of RM300,000 (US$75,626), effective for applications received between the 1st January 2018 and the 31st December 2020. In addition, income tax exemption is also given until 2020 on the issuance costs of all green SRI Sukuk, along with tax incentives for green technology activities in energy, transportation, building, waste management and supporting services activities, and financing incentives under the Green Technology Financing Scheme (GTFS) with total funds allocation of RM5 billion (US$1.26 billion) until 2022.

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In July 2017 the first ever green Sukuk was issued by Tadau Energy for RM250 million (US$63 million) under the Framework, swiftly followed by Quantum Solar Park with an even larger RM1 billion (US$252 million) issuance in October. To date, five green Sukuk have been issued under the SC's Sustainable and Responsible Investment Sukuk Framework totaling RM2.41 billion (US$608.66 million). The SC

"Most compellingly for potential issuers, Malaysia also provides strong financial incentives to issue under the SRI Framework"

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also said that more green Islamic papers are expected this year.

There is clearly a strong argument for issuance. But what qualifies as 'Green SRI'? Many corporates might be keen to take advantage of this opportunity, but unsure as to whether they are eligible. Luckily however, the authorities are very clear.

> **Global green bond issuance hit US$155.5 billion in 2017, a growth of 78% from 2016, and the market is only getting bigger – with over US$300 billion expected in 2018**

"To be eligible for tax deductions under SRI Sukuk incentives, issuers utilizing the SRI Sukuk framework towards green projects must ensure that proceeds raised are used to fund eligible SRI projects in the natural resources, renewable energy and/or energy efficiency sectors. In accordance with international practices, issuers are also encouraged to appoint independent expert/s to undertake an assessment on the eligibility of the project prior to issuance of the green Sukuk," says the SC.

But that does not mean that you have to be an expert in these fields – and more and more issuers are coming to market in a diverse range of sectors, demonstrating the versatility of the offering. For example, in April 2018 Malaysia's Universiti Teknologi Mara (UiTM) became the first institute of higher learning in the world to issue a green SRI Sukuk, with a transaction worth RM222.3 million (US$56 million) to develop a solar photovoltaic (PV) power plant.

Other options

If the Malaysian criteria are too strict, or if you are a corporate in another jurisdiction interested in the green option, there are plenty of alternatives to the SC Framework. In November 2017 a collaboration of capital markets regulators across Southeast Asia released the ASEAN Green Bond and Sukuk Standards to drive forward sustainable investments. Based on the International Capital Market Association (ICMA) Green Bond Principles, the Standards provide a label for issuers to apply to their Sukuk, which is restricted only to issuers and projects in the ASEAN region and which specifically excludes fossil fuel-related projects but otherwise provides a broad remit for green classifications.

On a more global basis, the Climate Bonds Initiative also provides specifically for Sukuk, offering a set of criteria for issuances to be eligible to apply the Climate Bonds Standards Certification, citing projects including solar parks, biogas plants, wind energy, ambitious energy efficiency, renewable transmission and infrastructure, electric vehicles and infrastructure, light rail, or the financing of a government green payment or subsidy. And there are plenty of other classifications available.

Moving forward

There is no question that green and SRI bonds are a big thing – and there are plenty of opportunities for corporates to take advantage of the benefits they can bring. Tax incentives are just one piece of the puzzle – but the key sell is the access to an enormous market of ethical investors keen to diversify into new instruments. Global green bond issuance hit US$155.5 billion in 2017, a growth of 78% from 2016, and the market is only getting bigger – with over US$300 billion expected in 2018, according to forecasts from the Climate Bond Initiative. As awareness grows and the money flows, corporates in eligible fields should keep their fingers on the pulse and consider green or SRI issuance where applicable.

Virgin Mobile moves into Islamic finance, spearheads spate of new issuance

It has been an interesting month for the Islamic capital markets, characterized by mainstream players entering the Shariah compliant pace to efficiently raise capital from one of the most liquid investment pools currently available.

The most recent of these was the US$30 million Sukuk issued by global telecoms group Virgin Mobile, through its MENA division Virgin Mobile Middle East and Africa (VMMEA), in order to prepare for a planned Initial Public Offering (IPO).

The company, headquartered in Dubai and operating in the UAE, Saudi Arabia, Oman, South Africa and Malaysia, plans to use the proceeds to fund growth and expansion. It chose to utilize a Shariah compliant exchangeable Sukuk structure containing a convertible feature meaning that in the event of an IPO, the certificates will transfer into an exchangeable Sukuk, maturing two years after the IPO date. This should help to generate investor interest, by giving the debt securities an equity-type appeal.

"There is a degree of confidence in both established Sukuk-issuing jurisdictions, as well as new jurisdictions entering the Sukuk market, which is evident from longer dated Sukuk ranging from 30 years to perpetual being issued"

"We are pleased to complete this transaction after carefully exploring appropriate funding routes in line with the company's preparations for a potential public markets listing. The strong demand for the Sukuk certificates underscores investors' confidence in VMMEA's growth and expansion plans," said Peter Langkilde, the chairman of Virgin Mobile Middle East.

Virgin Mobile is not the only company looking to tap the Islamic market for the first time. Also this month Abu Dhabi's Manazel Real Estate, one of the biggest developers in the Middle East, confirmed plans to issue a AED2.6 billion (US$707.7 million) benchmark-sized Sukuk, following the agreement in March of a AED600 million (US$163 million) Islamic financing package with Abu Dhabi Islamic Bank, as part of its ambitious plans for regional expansion.

Over in Malaysia, and Yinson TMC (a subsidiary of Yinson Holdings, one of the world's leading Floating, Production, Storage and Offloading (FPSO & FSO) service providers), issued a RM950 million (US$237.49 million) perpetual Sukuk in order to refinance outstanding loans and repay financing costs. AmInvestment Bank and Maybank Investment Bank were the joint principal advisors, lead arrangers and lead managers for the program, which marks the latest entrance to Malaysia's expanding Islamic marketplace.

In fact, according to the latest annual Sukuk report from the International Islamic Financial Market's (IIFM), released in May, Malaysia continues to dominate the global Sukuk market by a substantial margin. Combined domestic and international issuances totaled US$612 billion between January 2001 and December 2017 – compared to Saudi Arabia at US$95 billion, the UAE at US$68 billion and Indonesia at US$63 billion.

IIFM CEO Ijlal Ahmed Alvi urged more corporates to issue, noting that excepting Malaysia, corporate issuance in other markets still remains relatively low. However, he noted that trends including longer-dated maturities are playing an important role in establishing and expanding the market.

"There is a degree of confidence in both established Sukuk-issuing jurisdictions, as well as new jurisdictions entering the Sukuk market, which is evident from longer dated Sukuk ranging from 30 years to perpetual being issued," he said.

Islamic retail banks pioneer new digital strategies

The world of retail banking is changing. According to a report by Juniper Research, by 2021, one out of every two adults in the world will use a smartphone, tablet, PC or smartwatch to access financial services. Digital banking is on the rise – and digital services are no longer a nice addition to the core proposition but a do or die necessity that could make or break a bank's survival prospects.

Muslim jurisdictions such as the GCC and Malaysia are key beneficiaries of this trend – and core drivers of its development. New research from McKinsey on urban consumers in the UAE and Kuwait finds that at least 80% of banking customers prefer to do at least a portion of their banking on computers, smartphones and tablets - visiting branches and calling customer support service hotlines only to meet specific and more complex needs. In addition, an increasing number of consumers are open to considering compelling digital-only offers for financial products and services. In both countries, around 50% of respondents said they would open an account with a purely digital bank — while an additional 30-50% said they might consider it.

It is the same story in Asia. A 2018 McKinsey study on Asian banking found that digital banking penetration in Malaysia has risen to 64% (compared to a median across emerging Asia of 52%) while around 55% of customers would consider opening an account with a branchless digital-only bank.

In fact, according to a study by Capgemini and BNP Paribas, emerging markets are expected to grow at a rate three times that of developed economies in terms of digital transaction volumes. For example, digital payments in developing markets grew 21.6% between 2014 and 2015, compared to a 6.8% rise in mature markets.

Islamic banks have been no slouches in leveraging this preference – indeed, Shariah compliant providers are often to be found leading the charge. In the UAE for example, leading Islamic provider Emirates NBD recently committed AED1 billion (US$272.3 million) to its digital transformation. The bank will focus on five key areas, including the integrated transformation of processes, building a more accessible and responsive user interface, providing diverse channels for services, enhancing security and anti-fraud functions, and improving data and analysis management, according to chief operating officer Abdulla Qassem.

Over in Malaysia, retail giant CIMB Holdings, which has an Islamic division, plans to launch its first full-digital bank later this year, offering consumer banking on a purely digital platform, in order to expand more efficiently into new markets. According to CEO Zafrul Aziz, over 95% of the bank's customer transactions are already executed through the digital and self-service platforms.

> **"Emerging markets are expected to grow at a rate three times that of developed economies in terms of digital transaction volumes"**

And a recent spate of digital launches further highlights this commitment from the Islamic retail sector to service evolving client needs and preferences. In May, Bahrain Islamic Bank announced that prospective customers can now open new accounts and apply for a multitude of financing products and services, in addition to credit card applications, in three simple and easy steps through the its mobile application and online electronic portal, without the need to visit the bank. "Providing seamless digital services by eliminating the need for our customers to visit an actual branch is of most importance to today's more technologically savvy end user," said the general manager of retail banking, Dalal AlQais.

Also in Bahrain, Shariah compliant Ithmaar Bank launched a new eBanking service offering customers a faster and more secure online banking experience through its dynamic new digital platform. Gulf International Bank in April opened a digital-only Shariah compliant banking service called "meem", while most recently, Kuwait Finance House- Bahrain (KFH-Bahrain), a leading Islamic lender, announced a brand new smartphone application based on a community-led platform that allows customers to access a full range of banking services through multiple digital and online channels.

Banks continue to boom in the GCC, Malaysian players turn to trade finance

It has been a fantastic month for bank financing, even as capital market activity ramps up. Especially in the Middle East, where recovering oil prices are supporting sustained liquidity and deals are surging across the region. In May Saudi mall developer Arabian Centres Company, owned by Saudi billionaire Fawaz Abdulaziz Alhokair, secured a US$1.9 billion Islamic financing from a consortium including Samba Financial Group, National Commercial Bank, Al Rajhi Bank and Arab National Bank – and this is just the tip of the iceberg.

Over in Oman, Amjaad Group recently signed an agreement with Al Yusr Islamic Banking to finance its new project, the Movenpick Hotel Bausher, in the clearest signal yet of an increasing preference for Islamic structures since their introduction into the country in 2012. Oman's Islamic banks and windows saw financing growth of 32% in 2017, while customer deposits grew by 40%, driving forward further capacity within the market.

Oman is not the only active financing market in the region though. Saudi too is seeing loans pick up – in mid-May Al Rajhi Bank provided Shariah compliant financing worth SAR136.6 million (US$36.38 million) to Saudi Mass Transit Company for the purchase of 350 buses, to be repaid in monthly installments over a period of five years.

> **Maybank Islamic has confirmed plans to grow its trade facilities in line with growing demand for Islamic finance in Malaysia and the ASEAN region as well as the phenomenal growth of the world-wide Halal industry**

Abdullah A M Al-Khodari Sons Company also renewed its Islamic credit facilities agreement with Al-Bilad Bank, worth SAR75.91 million (US$20.23 million), in order to provide bonding commitments and fund the working capital and capex requirements of the company. A total of 30% of the facilities were funded under cost-plus-profit (Murabahah) modes of financing, while 70% are for multipurpose bonds. The company also renewed its Islamic credit facilities agreement with Alawwal Bank. The agreement, which includes a Murabahah financing, is worth SAR330 million (US$87.96 million).

Amjaad Group and Al Yusr Islamic Banking sign financing deal in Oman

In Malaysia, Alliance Islamic Bank granted a five-year commodity cost-plus-profit (Murabahah) Islamic term financing facility worth RM7 million (US$1.78 million) to IT firm Privasia Technology – one of the few deals seen in the tech space and a demonstration of how Islamic finance is permeating across a wide variety of unconventional sectors. With this additional financing facility, the new limit for the facilities is RM35.11 million (US$8.91 million).

In other news, Islamic trade finance could also gain momentum in Malaysia, as two of its leading Islamic banks look to build their portfolios. Maybank Islamic has confirmed plans to grow its trade facilities in line with growing demand for Islamic finance in Malaysia and the ASEAN region as well as the phenomenal growth of the world-wide Halal industry. To date, Maybank Islamic has about a one-third share in terms of total trade facilities done under Islamic banks in the country. Separately, RHB Islamic Bank is also developing an e-commerce trade financing platform to enable companies to boost their working capital. The platform is likely to be implemented next year.

And finally, over in Indonesia one enterprising corporate is taking a creative approach to capital-raising – by turning to the growing fintech sector for help. Asahi Esda Electric (AEE) is looking to raise SG$76,500 (US$57,754) via a crowdfunding campaign on Shariah compliant crowdfunding platform Kapital Boost in order to purchase materials required for the production of low-voltage main distribution panels in order to fulfill a purchase order from Wijaya Karya Bangunan Gedung.

The key terms of the deal are 10% returns over a six-month tenor, as well as an investment payout supported by incoming cash flow from purchase orders with Wijaya Karya Bangunan Gedung. The deal comes with a personal guarantee by a director and shareholder of AEE, Mudzakir A Putra, the issuance of a post-dated giro cheque, as well as the direct transfer of funds from Kapital Boost to suppliers for asset purchases.

While this choice may not appeal to everyone, the move certainly highlights the growing breadth and versatility of channels to raise corporate finance in a Shariah compliant manner.

Islamic leasing: All things to all people

The lease contract (Ijarah) is one of the most versatile structures in the Islamic finance space – used for everything from home loans to car purchase to asset financing to debt issuance. But how does it work – and how can it help corporates seeking to raise capital?

Islamic lease contracts can be helpful in financing construction projects

In its most simple form, the Arabic term "Ijarah" means "providing temporary services and goods in return for a wage". In other words, it can be defined as the ownership of the right to the benefit from the use of an asset for a specified period, in return for a specified consideration. This right to use the asset (the "usufruct") is what the value of the contract is based upon.

The Ijarah contract is very similar to a conventional lease, whereby the owner rents or leases property or goods to a lessee in return for a fee. The lessee is responsible for normal maintenance, and the lessor is responsible for major maintenance, just like in the conventional world. This similarity makes the contract widely popular and reassuringly familiar to new participants within the Islamic finance industry.

However, there are some differences that mark the Islamic leasing contract as unique from its conventional counterpart. For example, the lessor must own the assets for the entire lease period, the use of the asset must be specified in the initial contract, and the lessor cannot charge compounded interest on any defaulted or delayed payments.

There are three main types of lease:

- *Lease ending with ownership: in which the lessee pays instalments plus capital contribution and owns the asset outright at the end of the lease period, or offers a promise to buy at the end of the period.*
- *Operating lease: in which the lessee rents the asset with no promise to purchase at the end of the period on either side.*
- *Forward lease: widely used in Shariah compliant construction financing, in which the lease is executed at a future date and the project is bought out upon completion either as a whole or in tranches.*

The application of the leasing contract for retail and wholesale financing requirements is obvious – and the Ijarah structure is used for a multitude of products, most notably for construction financing and property development. However, its versatility also makes it a highly popular tool within the Islamic debt capital markets, and it is here that corporates can really benefit.

Sukuk Ijarah is one of the most commonly-used Sukuk structures, with many regarding it as the original and best. In its purest asset-backed form, the originator sells specific, tangible and leasable assets to a special purpose vehicle (SPV). The SPV raises funds by selling the Sukuk to investors and uses those funds to purchase the asset. The Sukukholders are therefore the de facto owners of the asset, with ownership rights and obligations. The SPV then leases the asset back to the originator over a specific term and for a specified amount (the coupon).

In an asset-based Sukuk, the originator purchases the underlying assets using funds raised from the Sukuk issuance, and leases them on behalf of the investor. In this situation, the Sukukholders hold an unsecured debt claim over the assets based on beneficial ownership, rather than direct recourse to the assets themselves in the event of default, meaning that the risk is based on the creditworthiness of the issuer rather than the asset – which can be more attractive for higher-rated corporates.

Either way, the vast majority of Sukuk issuances contain an Ijarah contract, and its wide-ranging application makes it a safe option for both newly-minted issuers and old hands in the market.

Malaysian corporate pushes the boundary of Shariah securitization capabilities

A Malaysian property developer has broken new ground in the Sukuk space through the use of a pioneering new technique that monetizes real estate progress billings to back the issuance – a global first, and the first time the structure has ever been utilized on a Shariah compliant basis.

SkyWorld
TRANSFORMING CITIES

The RM1 billion (US$256.9 million) maiden issuance from SkyWorld Development Group, completed in December 2017, comprised a RM600 million (US$154.2 million) tranche based on the concept of joint enterprise or partnership (Musharakah) and a RM400 million (US$102.8 million) tranche using a cost-plus-profit (Murabahah) contract, issued through SPV SkyWorld Capital. The liquidity for the transaction was guaranteed by Danajamin Nasional, Malaysia's financial guarantee insurer, marking its first participation as guarantor for a liquidity facility.

What makes this deal so unusual – and so exciting for other corporate issuers in the wider global marketplace - is the underlying asset structure, which has the potential to revolutionize the way Islamic bonds are evaluated. The program uses progress billings from a specific residential development project in order to mitigate revenue, construction and liquidity risk and consolidate investor exposure into the project itself rather than the credit profile of the developer. Because of this, the developer was able to obtain a substantially lower cost of funding than it might otherwise have been able to achieve, given that this was its first foray into the debt capital market.

The deal was developed, arranged and advised by NewParadigm Capital Markets, while UOB Bank was the lead arranger. "In most conventional financing, the program is structured as a lending to the developer. In this transaction, we structured it against the development itself," explained Charanjeev Singh, a partner at NewParadigm.

This means that the risk is against the individual project, and every project is individually rated. "This structure allows the developer to monetize its progress billings upfront, which means the cost of equity becomes significantly lower. It is more efficient for the developer, as it allows them to manage their cash flows more effectively. And it is essentially project financing-based so there is no recourse against the developer and therefore no corporate guarantees are required. That means it doesn't tie up the developer's banking lines, and it doesn't have any impact on their balance sheet," said Singh.

RAM Ratings assigned the deal an 'AA3/Stable' rating and hailed it as "a truly landmark transaction for Malaysia, if not globally" in a conversation with IFN — a significant achievement for an unrated property developer with a track record of less than five years, marking a unique method for higher-risk corporates to achieve favorable pricing when tapping the debt capital market.

Not only does the transaction present new avenues for developers (particularly the smaller, less established developers) to gain access to capital markets, but it also helps unlock working capital that would have otherwise been realized progressively over the two to three year construction period. This makes the Sukuk a more attractive form of cash flow and capital management – and if structured to a high enough credit rating, could mean cheaper and more efficient means of funding, particularly for the smaller corporates that are currently reliant on bank financing.

"We have had a lot of queries from other developers asking how they can set up their own program," confirmed Singh. "This structure lowers their risk and it allows them to take some of their progress billings upfront, but it also depends on the developer. Any delay or delinquency in terms of delivering the project will have an adverse effect on cash collection. So this is very applicable for developers who have a proven track record of delivering projects on time and within budget. Developers who do not have that track record will have a tough time from a ratings perspective."

Although it took investors a while to warm up to the idea, once it was explained the deal met with enthusiasm and in fact, the entire first tranche was eventually taken up by a single investor. Singh expects that future issuances would meet with a wider investor base, including overseas investors with an interest in the local Malaysian market. While complex, the structure is unarguably innovative and breaks important new ground in terms of structure and sophistication within the Islamic debt capital market. "To the best of my knowledge, this structure is completely unique and has never been done before," said Singh. "But it could easily be replicated to any other jurisdiction with a similar rule of law."

CORPORATE

NOOR BANK LISTS SUKUK ON NASDAQ DUBAI

NASDAQ Dubai has admitted Noor Bank's US$500 million five-year Sukuk. The Sukuk facility, which was oversubscribed 2.1 times, brings the current value of Sukuk listings on NASDAQ Dubai to US$59.72 billion.

SABAH CORPORATION SELLS ICP

Malaysia's Sabah Credit Corporation has issued a RM60 million (US$15.15 million) Islamic commercial paper (ICP) maturing on the 16th November 2018. The paper was arranged by AmInvestment Bank.

SABA NAFT TO ISSUE SUKUK

Iran's Saba Naft Engineering and Construction Company (Saba Naft) will be issuing a four-year Sukuk Ijarah facility worth IRR920 billion (US$21.84 million) and carrying a 15% yield through an auction mechanism on the Iran Fara Bourse. Second Farvardin Company, an SPV with limited liability, will issue the Sukuk. The proceeds will be used by the issuer on behalf of investors to buy a piece of land and real estate in Tehran from the originator, which is Saba Naft. The assets will then be leased back in the form of a hire purchase contract. Ahdaf Investment Company is the guarantor of the Sukuk and Maskan Investment Bank is the underwriter as well as the market maker in the secondary market.

VIRGIN MOBILE TAPS ISLAMIC MARKET

Virgin Mobile Middle East and Africa has closed a senior secured US$30 million pre-IPO exchangeable Sukuk facility. In the event of an IPO, the Sukuk will transfer into an exchangeable Sukuk facility, maturing two years from the IPO date. Arqaam Capital acted as the sole lead arranger and bookrunner while Franklin Templeton Investments (ME) and Sancta Capital Group acted as the anchor investors.

TITIJAYA LAND ISSUES ICP

Malaysia's Titijaya Land has printed a 92-day Islamic commercial paper (ICP) for the amount of RM50 million (US$12.58 million). The facility will be maturing on the 14th August 2018. Kenanga Investment Bank is the lead arranger and facility agent.

DANA GAS REACHES AGREEMENT

The UAE's Dana Gas has reportedly reached an agreement with the majority of Sukukholders of its US$700 million Sukuk to restructure the facility. A committee representing Sukukholders, which include BlackRock and Goldman Sachs Group, agreed to accept an immediate cash payout of 20 US cents to the dollar and to roll the rest into a three-year security. The new security will pay an annual coupon of 4%, while bondholders have agreed to remove the convertible option in the securities. Dana Gas will pay a further 20% of the Sukuk after two years and will raise the coupon to 6% if it fails to do so.

YINSON TMC ISSUES MAIDEN SUKUK

Malaysia's Yinson TMC has made the first issuance of its perpetual Sukuk Mudarabah with a limit of RM1.5 billion (US$374.98 million). Proceeds from the offering, worth RM950 million (US$237.49 million), will be utilized to refinance outstanding financing facilities/loan or Sukuk/debt facilities of Yinson TMC, and/or Yinson Holdings and its subsidiaries; defray fees, costs and expenses in relation to the issuance of the Sukuk Mudarabah and the Sukuk Mudarabah program; and/or for general corporate purposes such as funding of the YHB Group's working capital and funding of equity contribution and/or capital expenditure for new projects.

MANAZEL TO FLOAT SUKUK

The UAE's Manazel Real Estate has been given the green light by its general assembly to print a non-convertible Sukuk instrument of up to AED2.6 billion (US$707.74 million) or equivalent to other currencies with a tenor of five to seven years. The Sukuk may be issued inside or outside of the UAE.

SKYWORLD ISSUES ICP

Malaysia's Skyworld Capital has issued a 92-day Islamic commercial paper (ICP) for the amount of RM8 million (US$2.03 million). The facility will mature on the 8th August 2018 and was arranged by UOB Malaysia.

KDU TAPS MARKET TWICE

Malaysia's KDU University College has issued a seven-year Sukuk Ijarah facility amounting to RM24.89 million (US$6.33 million) in nominal value under its Sukuk Ijarah program of up to RM200 million (US$50.84 million). Separately, KDU University College also issued a six-year Islamic medium-term note (IMTN) worth RM25 million (US$6.35 million). The unrated paper will mature on the 29th March 2024.

ALMARAI TO REFINANCE

Saudi dairy giant Almarai plans to refinance its five-year SAR1.7 billion (US$453.12 million) Sukuk by September and has hired an international advisor to complete the process. The local currency Sukuk will mature in September. Almarai is also considering five, seven and 10-year Sukuk of roughly the same size, to be denominated in either the Saudi riyal or an international currency. Should it be the latter, it would be the firm's first international debt sale.

DANAINFRA PRINTS PAPER

Malaysia's DanaInfra Nasional has printed four tranches of its Islamic medium-term notes (IMTNs) worth a combined RM2.5 billion (US$634.17 million). The tranches have tenors ranging from seven to 20 years with profit rates between 4.32% and 5.08%.

CAGAMAS FLOATS RECORD NUMBER OF FACILITIES

Malaysian mortgage corporation Cagamas recorded 24 issuances worth RM15.3

billion (US$3.9 billion) in 2017, comprising 18 ringgit debt securities and six foreign currency debt securities, representing the company's highest bonds and Sukuk issuances in a year since 2009. Cagamas also initiated dual tranche reopenings of its bonds and Sukuk, the first of its kind in Malaysia. The company's new ringgit issuances represented 9% of total corporate bonds and Sukuk issuances for 2017.

KUANTAN PORT ISSUES IMTNS

Malaysia's Kuantan Port Consortium has issued six tranches of its Islamic medium-term notes (IMTNs) worth a combined RM650 million (US$164.88 million). The tranches have tenors ranging from four to nine years.

UITM ISSUES IMTNs

Malaysia's UITM Solar Power has issued Islamic medium-term notes (IMTNs) with tenors ranging from two to 18 years and amounting to a combined RM222 million (US$56.63 million).

ECO WORLD RAISES FUNDS

Eco World International has issued a five-year Islamic medium-term note (IMTN) worth RM180 million (US$45.92 million). The paper, arranged by Maybank Investment Bank, is not rated and carries a profit rate of 6.65%.

SOVEREIGN

KUWAIT ISSUES LIQUIDITY MANAGEMENT TOOLS

The Central Bank of Kuwait (CBK) has printed conventional bonds and related Islamic facilities for the total amount of KWD160 million (US$528.05 million). The offerings, which received KWD2.01 billion (US$6.63 billion) in bids, have a three-month tenor and carry a profit rate of 2.25%.

INDONESIA ISSUES SUKUK

Indonesia has floated a new series of Sukuk, PBS-014, via private placement. The series was issued with a nominal value of IDR1 trillion (US$71.12 million). The three-year tradable paper was printed with a yield of 6.9%. Separately, the Ministry of Finance also raised IDR4.06 trillion (US$288.76 million) from its latest sale of Shariah securities. Bids worth IDR9.11 trillion (US$647.93 million) were received for the six securities.

NIGER GOVERNMENT NEGOTIATES SUKUK

The Niger state government in Nigeria, which recently received the State Executive Council's approval to issue Sukuk, is negotiating for a 17% yield with a seven-year repayment plan. The NGN21.5 billion (US$59.38 million) Sukuk will be issued in two tranches over a period of two years with NGN12.5 billion (US$34.53 million) to be sold under the first tranche and NGN9 billion (US$24.86 million) under the second tranche.

MALDIVES ISSUES ISLAMIC CERTIFICATE

The Maldives Monetary Authority has privately placed a 91-day Islamic certificate worth MVR120 million (US$7.61 million) which will be maturing on the 13th August 2018.

The total value of outstanding certificates as at the 14th May 2018 is MVR540 million (US$34.24 million).

CBB SUKUK FULLY SUBSCRIBED

The Central Bank of Bahrain (CBB)'s monthly 182-day Sukuk issuance worth BHD26 million (US$68.56 million) has been fully subscribed. The issuance carries an expected return of 3.61% and will mature on the 8th November 2018.

NEW ISSUANCE FROM IILM

The International Islamic Liquidity Management Corporation (IILM) has auctioned a three-month Sukuk facility for US$500 million. The issuance has a profit rate of 2.69% and received a total orderbook of US$3.61 billion.

GAMBIA FLOATS ISSUANCE

The Central Bank of Gambia (CBG) has floated sovereign Sukuk with tenors of three months and six months for GMD10 million (US$210,640) each, as well as a one-year paper for GMD5 million (US$105,320). Both the three-month and six-month papers were oversubscribed, whereas the one-year paper was undersubscribed by GMD2.8 million (US$58,979.3).

SAUDI ANNOUNCES ADDITIONAL ISSUANCE

The Kingdom of Saudi Arabia will sell another international Sukuk in 2018 and will continue to issue local Sukuk every month, according to Mohammed Al-Jadaan, the Saudi finance minister.

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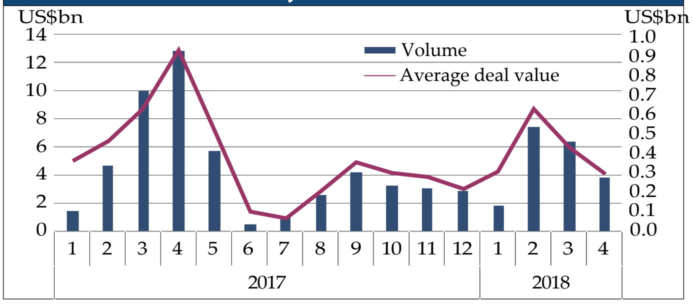
Top Issuers of Global Sukuk

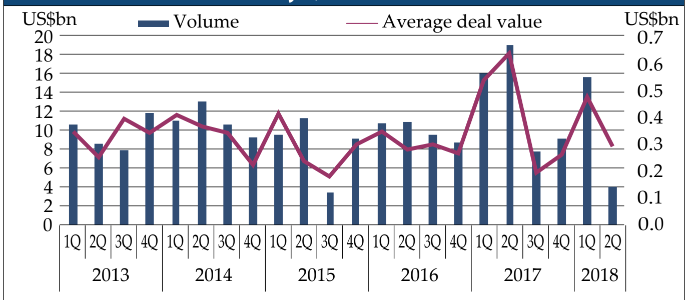
12 Months

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
Oman	Oman	Euro market public issue	2,000	1	Alizz Islamic Bank, Citigroup, Dubai Islamic Bank, Gulf International Bank, HSBC, JPMorgan, 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	1,042	7	Affin Hwang Capital, AmInvestment Bank, 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

Global Islamic Bond Volume by Month

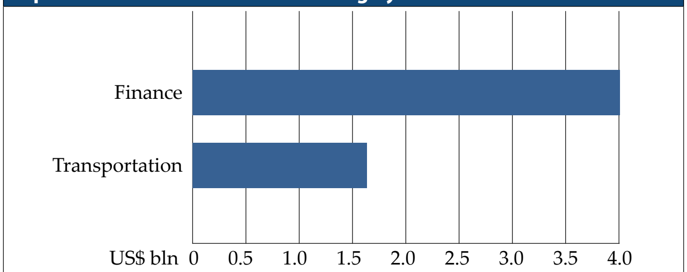


Global Islamic Bond Volume by Quarter



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
17th May 2017	**Dubai Airports**	UAE	2,999
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

Top Global Islamic Bookrunners

12 Months

	Bookrunner Parents	US$ (mln)	Iss	%
1	**Maybank**	6,742	50	15.92
2	**CIMB Group**	6,393	45	15.10
3	**RHB Bank**	3,257	31	7.69
4	**AmInvestment Bank**	2,857	28	6.75
5	**HSBC**	2,640	16	6.23
6	**Standard Chartered Bank**	2,433	21	5.75
7	**Dubai Islamic Bank**	2,120	14	5.01
8	**Citigroup**	1,956	10	4.62
9	**JPMorgan**	1,140	5	2.69
10	**Gulf International Bank**	968	5	2.29

Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
30-Apr-18	**Yinson Holdings Bhd**	Malaysia	Sukuk	Domestic market public issue	245	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
11-Apr-18	**Sharjah Islamic Bank**	UAE	Sukuk	Euro market public issue	500	Arab Banking, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Noor Bank, Standard Chartered Bank
11-Apr-18	**DAMAC Properties Dubai**	UAE	Sukuk	Euro market public issue	400	Barclays, Dubai Islamic Bank, Emirates NBD, HSBC, Kuwait Projects, Mashreqbank, Sharjah Islamic Bank
02-Apr-18	**Employees Provident Fund**	Malaysia	Sukuk	Domestic market public issue	594	AmInvestment Bank, RHB Bank

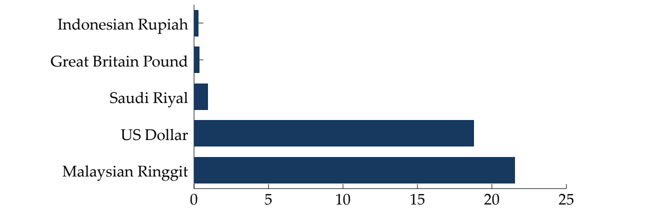
Top Islamic Finance Related Financing Bookrunners

12 Months

	Bookrunner	US$ (mln)	No	%
1	**Standard Chartered Bank**	1,400	7	11
2	**Abu Dhabi Islamic Bank**	994	5	8
3	**First Abu Dhabi Bank**	916	5	7
4	**HSBC**	888	3	7
5	**Mitsubishi UFJ Financial Group**	841	2	7
6	**Citigroup**	823	2	6
6	**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

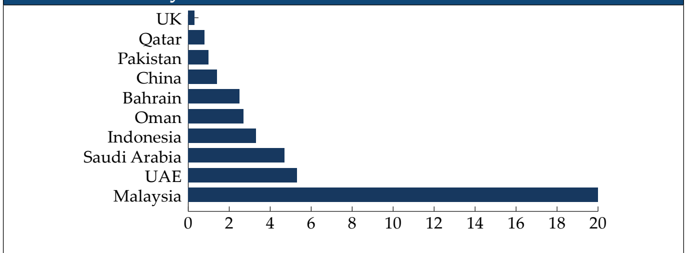
Sukuk Volume by Currency US$ (billion)

12 Months

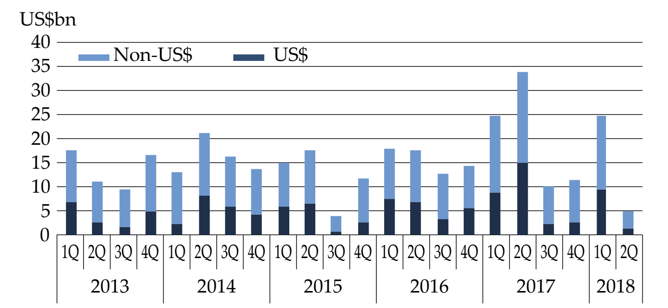


Sukuk Volume by Issuer Nation US$ (billion)

12 Months

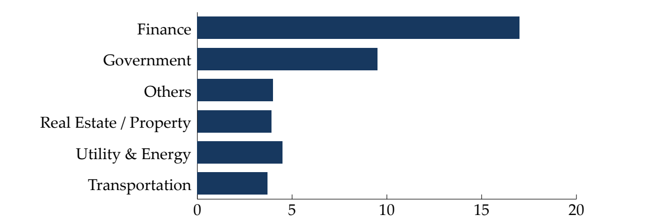


Global Islamic Bond Volume - US$ Analysis



Global Sukuk Volume by Sector

12 Months



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