IFN Islamic Finance news

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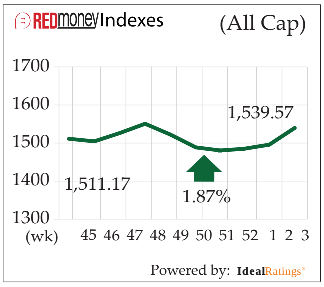


COVER STORY

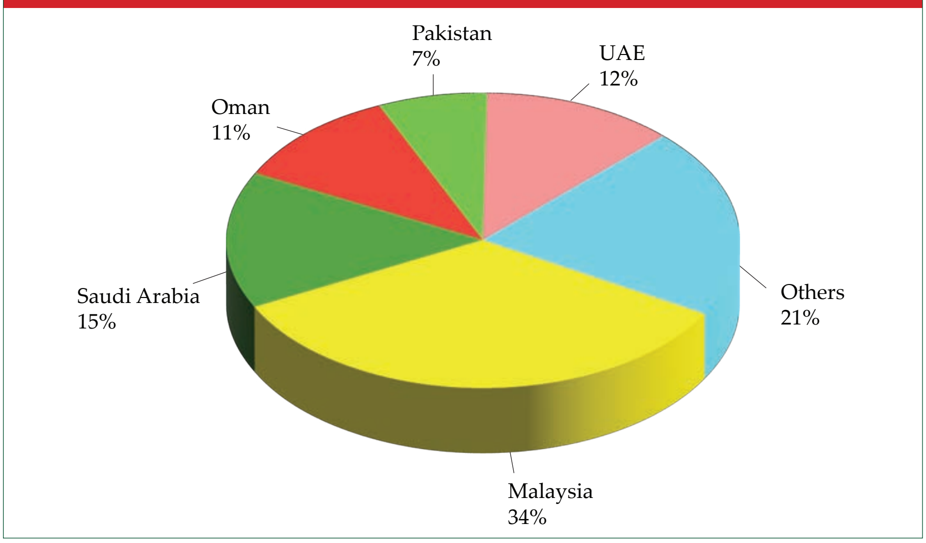
18th January 2023 (*Volume 20 Issue 03)*

IFN Deals of the Year 2022

IFN Awards DEALS OF THE YEAR 2022

COVID-19, what COVID-19? Travel is back. Face-to-face meetings are de rigueur. Inflation may have emerged, but businesses are churning forward. The malls and restaurants are full as are the rush-hour trains and freeways. Despite their changes and problems, supply chains are transmitting goods. Underpinning it all is finance.

Chart 1: IFN Deals of the Year 2022 submission distribution



2022 was the year of sustainability, social responsibility and all things ESG. More than 11.5% of the unique deals were explicitly within these categories. This is a 37% increase over 2021. In a remarkable irony, the hydrocarbon-dependent MENA and ASEAN states are pushing net-zero policies whereas industrialized Texas (plenty of hydrocarbons) and Florida think that climate change is a 'woke' mythology. Box-ticking remains present. And one might have valid concerns about 'greenwashing'. Voluntary carbon credits and key performance indicators (KPIs), however, showed a meaningful effort by the Islamic finance industry to provide a cleaner and better planet instead of telling a lovely, unverifiable story. At least two of the deals have rate-impacting KPIs.

If sustainability is a significant trend, fintech and technology were slightly less present than last year. New tech solutions emerged to support MENAP's smaller businesses.

The merger and acquisition (M&A) category showed a continuation in the trend for the Islamic finance sector to consolidate into bigger champions, and to grow market share and geographic presence by acquisition (2021: 4% of the finalists): Kuwait Finance House (KFH), Dar Al Takaful, even Sri Lanka's Islamic finance sector participated. The KFH–

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DEALS

Bangladesh Bank auctions Islamic Banks Liquidity Facility receiving bids amounting to BDT2.2 billion (US$20.82 million)

Kimlun Corporation issues Islamic commercial paper worth RM6 million (US$1.39 million)

Metrix Inspira issues Sukuk Mudarabah worth IDR1.42 billion (US$94,117.5)

MY EG Services issues Islamic medium-term note worth RM100 million (US$23.15 million)

KCB Bank Tanzania's maiden Sukuk facility becomes first Islamic issuance to be listed on **Dar es Salaam Stock Exchange**

Saudi **National Debt Management Center** completes first Sukuk issuance of the year worth US$10 billion

Sunway Treasury Sukuk sells Islamic commercial paper worth RM20 million (US$4.57 million)

International Islamic Liquidity Management Corporation to open first auction of the year with US$780 million Sukuk issuance

Perbadanan Kemajuan Negeri Selangor issues three Islamic commercial papers worth a total of RM270 million (US$62.22 million)

NEWS

IsDB launches training and capacity-building programs for financial institutions in Libya

Suez Canal Bank launches Sukuk Al-Khair US dollar certificate of deposit

Takadao signs MoU with **Soon Valley Development Program** to offer Islamic finance products in future

FinVolution Group's Indonesian subsidiary **AdaKami** signs strategic cooperation agreement with **Bank Permata**

Trastbank launches Shariah compliant subsidiary leasing company offering Murabahah and Ijarah products

High Court approves winding-up of **Serba Dinamik Holdings** and subsidiaries

SME Bank to focus on promoting ESG through more sustainability-linked offerings in 2023

Financial Conduct Authority fines **Al Rayan Bank** GBP4.02 million (US$4.88 million) for failure to implement anti-money laundering controls

Bank of London and The Middle East provides GBP19.76 million (US$24.03 million) financing **to Silk Property Group** for hotel acquisition

IsDB holds meeting with **United Nations Economic and Social Commission for Western Asia** to discuss Islamic social financing, among others

ASSET MANAGEMENT

Employees Provident Fund looking to sell **Alpha REIT**'s assets worth more than RM500 million (US$115.73 million), Reuters reports

GFH Financial Group's sustainable infrastructure platform **Infracorp** partners with **Equitix** to co-invest in **Aurora Infrastructure**

Investcorp to invest up to US$1 billion in GCC real estate over next five years

AmInvestment Bank relaunches AmBon Islam as SRI fund

TAKAFUL

Islamic Corporation for the Insurance of Investment and Export Credit welcomes Azerbajian as 49th member state

Salaam Takaful partners with agriculture-focused firm **Hamara Kissan** to provide coverage to sunflower farmers

Insurtech start-up **Ouch!** to secure final approval from **Bank Negara Malaysia** for digital Takaful license

Gulf Union Alahlia Cooperative Insurance Co obtains approval from **Saudi Central Bank** to offer motor insurance products

Salama Cooperative Insurance Co receives final approval from **SAMA** for comprehensive motor insurance product

Syarikat Takaful Malaysia Keluarga enters into five-year bancaTakaful arrangement with **Affin Islamic Bank**

MOVES

Alvarez & Marsal appoints former **State Bank of Pakistan** governor to lead new global sovereign capability practice

HSBC Oman Bank appoints James Justin Yorke Madsen as new interim independent director

Kuwait Finance House-Bahrain appoints Majd Abdulla Ashoor as customer service coordinator

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Ahli United Bank (AUB) merger is at a whole new level. The transaction brings a blend of AUB with its conventional and Islamic banks into the KFH fold. This will require a massive investment in change across the suite of banks. Mergers like this promise to bring the Islamic finance market the heft that it craves.

Fewer restructuring deals graced our nominations. But the deals in hand are momentous. NMC Healthcare ambled back to operations with Musharakah included in its treatment bag. The other restructurings were more technical, one might say cosmetic, by comparison.

Perpetual Sukuk dipped as well. The storylines, however, were more interesting. Sustainability, retail tranches and restructuring were all part of the perpetual discussion in 2022.

A reality is that the growth of clean energy deals still represents a small portion of all energy deals submitted as solar, in particular, has a much smaller deal size than hydrocarbon deals. For instance, the Sarawak Petrochemical deal was RM6 billion (US$1.37 billion). All of the submitted clean deals had a valuation of US$310 million. Deals with 'clean' elements, but not explicitly so, were US$4.5 billion compared with the 'dirty' deals with valuations of US$5.8 billion. Watt by watt, the clean deals take a long time to scale. The in-between deals are based on the reality that transition is not nearly as easy to achieve as reading a Greta Thunberg editorial.

There were more submissions and market growth around the world. Malaysia even grew its share of nominations from 32% to 34%. The Malaysian Islamic capital market refuses to relinquish its leadership. Saudi Arabia rose to 15% of submissions. On the one hand, as a deep Islamic finance market, Malaysia generates a plethora of deals. On the other hand, Saudi Arabian players have historically been publicity-shy and the Islamic finance market is only now really taking off. Part of the 2022 Saudi submissions touched the smaller deals, the mid-sized and the mega. Keep your eyes on the Saudi Capital Market Authority as it continues to encourage the Sukuk market. As the Saudi market goes into hyperdrive, we can expect the Kingdom of Saudi Arabia (KSA) to stand toe-to-toe in the IFN Deals of the Year ring with Malaysia. As it is, they are there as winners alone: four for KSA and five for Malaysia.

Chart 2: IFN Deals of the Year 2022 currency breakdown

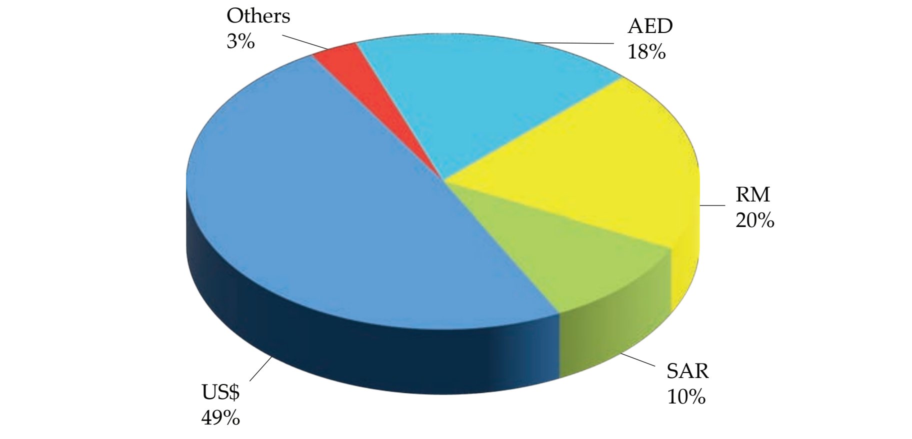
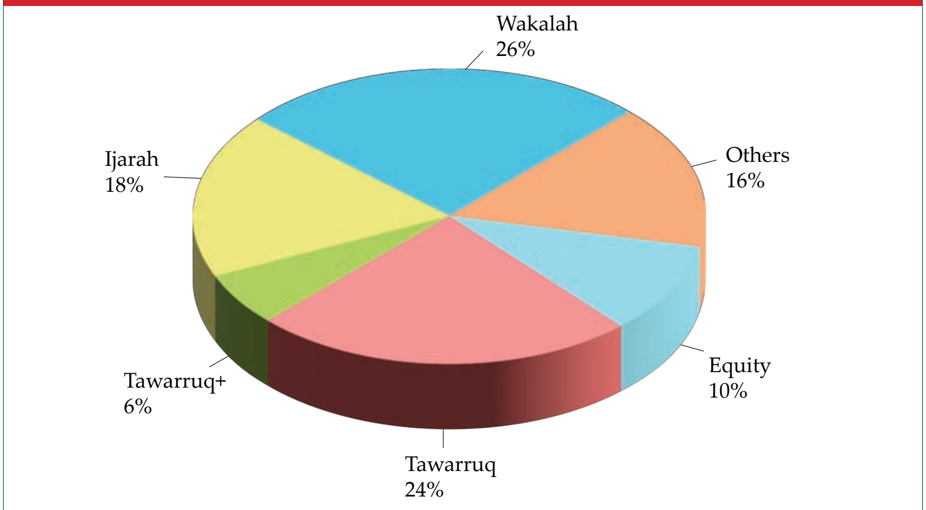


Chart 3: Structure distribution in 2022



The UAE showed its dynamism as Emirati nominees were 12% of the total. Oman, no more a surprise, is consistent at 11% of the deals presented. Despite a good crop of deals, Turkiye, at 5% of our universe, was edged out by Pakistan with 7% of the deals.

That brings us to the 'Others'. A stunning 21% of the submissions, 16% excluding Turkiye, were widely distributed in Africa, the UK, the US and Central Asia. Should we be blessed with fewer disruptions in 2023, one anticipates that the 'Others' will continue to increase.

The currency story is very different as it reflects two unique factors. For much of 2022, dollar liquidity remained high. Global institutional investors sought to avoid currency risk.

Dollar earners, that is exporters, also preferred to invest in dollars. As a result, 49% of the Deals of the Year were in the US dollar (US$). Even so, this is a dramatic increase in the dollar's role.

The last time we saw such a trend should worry us: it was the lead-up to 2008. This echoes our 2021 IFN Deals of the Year caution.

The Malaysian ringgit (RM)'s share of the currency pool dropped by 30% reflecting both the smaller size of Malaysian deals and the short-term trend elsewhere. The UAE dirham (AED) was less prominent as was the Saudi riyal (SAR). Growth in the Saudi Arabian capital and financing markets, however, brings more small

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deals. As with Malaysia, Turkiye and Pakistan, the Saudis will discover that the beauty of small is the vibrancy of domestic activity.

About 6% of the contenders combined Tawarruq with another structure: Ijarah, Wakalah or Mudarabah. This is a common approach which we label Tawarruq+. It is used for businesses and governments with either limited assets or restrictions on asset allocations to investors or creditors.

One of the amusing submission stories was the firm that insisted that its deal was not Tawarruq: it was commodity Murabahah. This anecdote reflects two sides of the same coin. Tawarruq is sometimes too easy to give up. Tawarruq is largely standardized in the treasury, syndication and some capital markets like Malaysia. At other times, it is there for a reason. Carbon credits were disallowed as the object of trade in one submission, but permitted as collateral. New conventional financiers entering the Islamic market find it easier to justify compared to goods Murabahah or Ijarah. Hence, the importance of Tawarruq to the market remains high at 24% of our submissions, virtually unchanged from 2021. The other side of the coin is that Tawarruq is increasingly stigmatized. Thus, even the beneficiary or structurer of a deal using Tawarruq would rather call it something else.

The alternative to Tawarruq is percolating. Notable in the Malaysian capital market is the increase of Sukuk Wakalah. Indeed, Wakalah was prominent in 2022's Turkish submissions. At 24% of the contenders, Wakalah emerged from its hiding place among 'Others' in 2021. If Tawarruq is easy to systematize, Wakalah is easier because it lacks the extra operational steps. Nonetheless, at least one of the Omani submissions discussed why Wakalah was not suitable for a transaction due to the beneficiary's lack of tangible assets.

Ijarah structures plod on. A solid workhorse carrying a full load. At 18% of the submissions, they rose 50% compared with 2021.

Proper equity deals were steady at 10% of the field compared with 9% in 2021. Perhaps, the end of cheap money encourages many of our market participants to turn to listing. A different strategy almost certainly encouraged Dubai's government to list the shares of four of its entities: DEWA, Salik, Empower and TECOM. The sale of minority stakes generated significant cash for Dubai.

World Cup peace has prevailed across the MENAT region. One hopes that this will be a trend. Outside of the awards, Saudi Arabia has provided a currency lifeline to **Egypt**, **Turkiye** and **Pakistan**. The **UAE and Qatar** were similarly munificent. This is on top of cross-border investments by the various sovereign wealth funds. One anticipates many interesting future Deals of the Year submissions to arise and the Saudi Public Investment Fund is making **commercial investments** through Saudi Egyptian Investment Co. The **Qatar Investment Authority** is right there as well. This good cheer is **extending** elsewhere to Jordan, Iraq, Bahrain, Sudan and Oman as well as **Pakistan** and even **Turkiye**. IFN Deals of the Year contenders in 2022 presage this movement as Saudi Electricity Company **invests** in the Egypt–Saudi electricity interconnection project.

As project and infrastructure finance is an annual theme for the Deals of the Year, mega deals will continue to stay, taking into consideration how small; where we are going; and the role of tech companies (small), solar (small) regional connectivity (large) infrastructure (very large) and recovery (massive).

Among our 27 categories, 46% of our winners represent mega deals with values over US$100 million. M&As, IPOs and pre-IPOs were five of these deals. Project and infrastructure finance represented another five. Restructuring, sovereign Sukuk and syndicated corporate finance made up the balance. The largest was the KFH–AUB US$10.8 billion acquisition. The smallest was Farm Fresh's IPO at RM1.1 billion (US$251.37 million).

The mid-sized deals in the US$50–100 million range made up 36% of the winners. Five of these were project- or real estate construction-related. Acquisitions still figured with the Al Salam acquisition of the Ithmaar Bank

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retail businesses. Three were trade finance-related, and Hartree's carbon credit deal was the first-ever deal of its type submitted.

Even the small deals, most of which represented US$20 million or less, still covered project finance across three of the deals. Three of these were Sukuk including Nigeria's landmark Family Homes deal and Albaraka South Africa's first additional Tier 1 Sukuk.

Our expectations remain high for Africa. Markets like Egypt, Nigeria and Morocco should produce multiple contenders, but we remain disappointed in the relatively low volume of nominations from Africa. We think that this is because some countries have seen the market grow in fits and starts. But recent developments from Nigeria, Africa's largest economy, promise us with rich submissions as we go forward. One factor is the recent and ongoing improvements to Nigerian infrastructure: good infrastructure, good business. As this is the continent where Islamic finance seems to be enjoying the fastest growth, IFN is keeping its focus on the action.

Beyond Africa, our top emerging market was Central Asia from which we had submissions from Uzbekistan and Turkmenistan. The industry has been percolating in these former Soviet states for some time with Astana putting an Islamic finance framework in place, and the Kyrgyz Republic introducing comprehensive regulation for the sector.

A continuing trend is the election of many important obligors to come to market for conventional and Islamic tranches. This is usually a practical selection of the party coming to market. Many have no mandate to have an Islamic tranche. Yet, as they have seen, the Islamic tranche brings new sources of capital, helps to compress margins and appeals to key stakeholders. Nonetheless, apart from Malaysia, there seems to be a reluctance to believe that Islamic finance can comprehensively fund large projects.

These awards are the industry's annual affirmation of its 'proof of concept'. Big deals can be closed. The needs of businesses and governments can be met. And, as the IsDB Group has shown, sometimes, only the Islamic resources are interested in the needs of some of the less developed countries.

SECTOR DEALS OF THE YEAR

Shortlisted for Overall Deal of the Year 2022

CORPORATE FINANCE: K-ELECTRIC'S US$85 MILLION SYNTHETIC HEDGE

Size:	US$85 million
Issuer:	K-Electric Company
Financiers:	Dubai Islamic Bank Pakistan
Legal counsel:	Mohsin Tayebaly & Co for both sides of the deal
Rating:	Unrated
Date closed:	May 2022
Shariah advisor:	Dubai Islamic Bank Pakistan

The finalists: The 2022 corporate finance slate reflected the explosion of post-COVID-19 exuberance. Oman, Malaysia, Saudi Arabia, Turkiye, Pakistan and Qatar all reflected the revival of business.

Bahrain's **ALBA** executed what might be Ijarah linked to the Secured Overnight Financing Rate (SOFR). The transaction incorporates key performance indicators (KPIs) based on ALBA's sustainability framework. Standard Chartered Bank acted as the joint ESG coordinator. The company delivers an **annual report** on its performance. These have rate implications. This is the begging of a thread of sustainability that runs through the 2022 awards. SOFR is the devil that Islamic finance struggles to restrain as the conventional finance world says farewell to LIBOR [London Inter-Bank Offered Rate]. The ALBA Ijarah is one of the first structures in this class to address it.

Retailo Technologies Holding, a B2B community commerce service, raised US$14 million in a Tawarruq deal arranged by Shorooq Partners, a leading technology investor. King & Spalding represented the Abu Dhabi Global Markets firm while Allen & Overy represented Retailo. This followed the Saudi e-commerce firm's much ballyhooed US$6.7 million equity round. Retailo aims to be a leading connector for small businesses in the MENAP region, giving power to corner stores and mom-and-pop establishments to compete effectively by connecting them directly to suppliers.

Pakistan's **K-Electric Company** required a US dollar hedge for US$85 million. The firm was exposed to US$291 million from Sinosure. Yet, the firm would face significant risk from a declining Pakistani rupee (PKR) in the absence of any Shariah compliant hedge. In lieu of a traditional hedge, K-Electric and Dubai Islamic Bank Pakistan (DIBPL) invested six months to structure a synthetic hedge.

Why K-Electric Company was selected: The management of foreign exchange risk is significantly problematic. On the one hand, not all market players are comfortable with the promised strategies. On the other hand, the promised strategies are unsuitable for either exotic currencies like the PKR or long-term risk. The DIBPL solution delivered US dollars to DIBPL in the form of long-term Mudarabah deposits with maturities matching K-Electric's payments to Sinosure. Against the US dollar fixed deposits, DIBPL delivered a diminishing Musharakah facility for US$85 million with a similar tenor.

Honorable mention: ALBA and Retailo Technologies Holding

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Shortlisted for Overall Deal of the Year 2022

CROSS-BORDER: SAUDI ELECTRICITY COMPANY'S US$566 MILLION EXPORT CREDIT AGENCY TRANSACTION

Size:	US$566 million
Issuer:	Saudi Electricity Company
Lead arranger:	Standard Chartered Bank
Advisors:	Sumitomo Mitsui Banking Corporation and Standard Chartered Bank
Financier:	Swedish Export Credit Corporation
Guarantor:	Swedish Export System
Legal counsels:	Allen & Overy (issuer); AS&H (Saudi Arabia); Clifford Chance (financier); Vinge (Swedish counsel)

The finalists: Cross-border activity enjoyed a significant uptick in 2022. Notable transactions included a landmark bi-directional energy transmission between Egypt and Saudi Arabia supported by Scandinavian export agencies; Saudi Arabia's Tanmiah Food Co brought Dutch export credit agency Atradius to the Islamic finance market; and MIDF Investment Bank syndicated a facility for OMS Group (including its Hong Kong and Singapore commercial entities).

MIDF Amanah's work on the **OMS Group** transaction was particularly complex. The transaction required legal advice on Malaysian, Indonesian, Singapore, English, Philippines, French, Hong Kong, Norwegian and Panamanian laws due to the complexity of the collateral and jurisdictions where the cables are laid. The underlying facilities were conventional and Islamic, with disbursements in the US dollar and Malaysian ringgit, supported by both conventional and Shariah compliant hedging facilities. The transaction supported OMS's subsea cable installation in support of multinational companies.

Norton Rose Fulbright advised Cooperatieve Rabobank on a EUR48.2 million (US$51.73 million) Tawarruq funding for the expansion of Tanmiah Food Company's **poultry** production capacity in Saudi Arabia. The deal was backed with export credit insurance by Atradius, its first support of an Islamic deal.

Standard Chartered Bank advised on a 14-year US$566.4 million export credit agency (ECA) transaction supporting an Islamic financing for Saudi Electricity Company (SEC). Swedish Export System provided a 100% guarantee for political and commercial risks. The deal itself is fully financed by the Swedish Export Credit Corporation. The proceeds finance the construction of the Saudi–Egypt electricity interconnection line.

Threatening to overshadow the field was the **Kuwait Finance House (KFH) merger with Ahli United Bank (AUB)**. The merger expands KFH's footprint to Egypt, Libya, Iraq, Oman and the UK. This was the **first time** a Kuwait-listed institution cross-lists in Bahrain.

Why SEC was electrifying: SEC's strategic project will allow Saudi Arabia and Egypt to exchange up to 3,000 MW of power. The connection is expected to be in place by 2026 and will support the flow of power in multiple directions, between Badr in Egypt to El- Madinah El-Munawara via Tabuk in Saudi Arabia. This was Standard Chartered's first advised transaction applying an export credit agency's reference rate.

Honorable mention: Tanmiah Food Company, OMSSB Group and KFH–AUB merger

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EQUITY & IPO: FARM FRESH'S RM1.1 BILLION IPO	
Size:	RM1.1 billion (US$251.37 million)
Issuer:	Farm Fresh
Joint global coordinators and bookrunners:	CIMB Islamic Bank, Credit Suisse, Maybank Investment Bank
Joint underwriters:	Affin Hwang Investment Bank, AmInvestment Bank, CIMB Islamic Bank, Hong Leong Investment Bank, Maybank Investment Bank, RHB Investment Bank
Legal counsels:	Adnan Sundra & Low, Clifford Chance, PwC (Legal) for the issuer and Allen & Overy, Kadir, Andri & Partners for the arrangers
Shariah advisor:	CIMB Islamic Bank
Listing:	Bursa Malaysia
Date closed:	March 2022

Strength in diversity: Shariah compliant IPOs were heavily split between Malaysia and the UAE. Oman brought forward its equivalent of the REIT, the REIF [real estate investment fund]. Within these three markets, the competition was fierce.

Four significant IPOs came from the UAE as part of Sheikh Maktoum Mohammed's plan to **list** 10 government-linked companies. The role model was **Dubai Electricity and Water Authority** (DEWA) which offered 18% of its shares and raised the equivalent of US$6.1 billion in April 2022. This was the largest power and utilities IPO in the world over the past 10 years, and the second-largest MENA IPO after Saudi Aramco (up until November 2022).

CIMB lead the **Farm Fresh** IPO as the sole principal advisor and joint underwriter. In this deal, RM301 million (US$68.78 million) was raised. The March 2022 IPO coincided with the war in Ukraine, a factor that has highlighted food security everywhere.

Pearl REIF is the first fully Shariah compliant real estate investment fund in Oman. Established in April 2022, Pearl is backed by the Oman Investment Authority, the sovereign fund of the Sultanate of Oman and Omantel, the national telecom company of Oman. Pearl REIF's anchor tenants are Omantel, which leases back its headquarters from the REIF and Lulu Group which leases its Lulu Hypermarket Salalah from the REIF.

Why Farm Fresh hatched: Farm Fresh was listed on the Main Market of Bursa Malaysia on the 22nd March 2022 at RM1.35 (30.85 US cents) per share.

Khazanah Nasional-backed Farm Fresh, which raised RM1.1 billion from its IPO, Malaysia's largest IPO since June 2021. Farm Fresh is Malaysia's largest integrated producer of dairy products made from fresh raw milk and the market leader in the ready-to-drink milk category. Through its subsidiaries, the group operates on a 'grass-to-glass' model that engages in farming, manufacturing and distributing various dairy products and plant-based products. The IPO supports the group's ambitions to expand its products and markets.

Honorable mention: DEWA and Pearl REIF

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HYBRID: INFRACORP SUKUK'S US$900 MILLION GREEN SUKUK	
Size:	US$900 million
Issuer:	Infracorp Sukuk
Arranger:	GFH Financial Group
Delegate:	Citibank London
Legal counsels:	Allen & Overy and Hassan Radhi & Associates for the arranger; Walkers (Dubai) for the issuer
Rating:	Unrated
Date closed:	March 2022
Shariah advisors:	GFH's Shariah board

The backstory: Our hybrids continue in the tradition of blended financing structures as well as the traditional blending of debt and equity elements. This year's contenders are concentrated in the GCC with one Malaysian candidate. With rising rates, one anticipates that 2023 will see more traditional hybrids coming forward.

In 2022, **Saudi National Bank** (SNB) was the first bank in Saudi Arabia to establish a sustainable finance framework. In the first issuance by SNB after the successful merger of National Commercial Bank and Samba in 2021, US$750 million was issued under the US$5 billion program. In addition to following SNB's framework, the deal is notable for being the first Saudi financial institution Sukuk issuance to fully reflect AAOIFI Shariah standards in line with the new requirements of the UAE Higher Shari'a Authority for its Tawarruq wing. The 'equity' element of the Sukuk representing a pool of assets is based on Wakalah.

GFH Financial Group (GFH) was the sole lead manager on the issuance of US$900 million-worth of exchangeable hybrid green certificates by **Infracorp Sukuk**. Listed on the International Securities Market of the London Stock Exchange, the Sukuk are perpetual hybrid securities and are exchangeable into shares of Infracorp. Infracorp manages nearly US$3 billion of infrastructure assets including a 250 million square feet land bank that is earmarked for sustainable economic and social infrastructure. The group is building a sustainability ecosystem in part through investments in a social infrastructure portfolio solution that comprises building materials, logistics and technologies that support climate change goals, as well as social infrastructure assets across the education and healthcare sectors. This is also the first green Sukuk issuance from Bahrain. Infracorp intends to use an amount equal to the proceeds from the issue of the certificates to develop, in whole or in part, projects and assets promoting the transition toward low-carbon, climate-change resilient and environmentally sustainable economies.

IILM 2 (the issuer SPV) issued the first 12-month Sukuk on behalf of the International Islamic Liquidity Management Corporation (IILM). This US$250 million deal allows an opportunity to investigate the IILM structure. The buyer of an IILM Sukuk invests in Sukuk Wakalah. The portfolio underpinning the Sukuk is held by the IILM Holding SPV (Luxembourg). This portfolio blends a pool of Sukuk based on Ijarah, Wakalah or Musatahah. The importance of this deal was that IILM has expanded its product offerings for the needs of Islamic bank treasuries.

Why Infra rose to the top: Infracorp's March 2022 issuance is part of its planned spin-off from GFH. The Sukuk were in exchange for US$1.1 billion of the GFH Group's real estate and infrastructure assets. The balance of US$200 million represents the equity stakes of GFH and a GFH Group associate. GFH plans to sell a majority shareholding in Infracorp as a part of the spin-off.

Given Infracorp did not historically own all of the relevant real estate and infrastructure assets (the assets were held by several subsidiaries owned by GFH and under the common control of GFH), special audited 'carve-out financials' were required to be prepared to represent the historic combined financial position and performance of the relevant assets. This presented a significant challenge in terms of presenting investors with the appropriate financial information but also providing sufficient caveats and disclosure with respect to the approach taken to the carve-out financials and methodology adopted, as well as the risks of relying on the carve-out financial information given the significant judgment used in preparing the carve-out financial information.

This first green Sukuk issuance from Bahrain is exchangeable into shares of Infracorp.

Honorable mention: IILM 2 and SNB Sukuk

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Shortlisted for Overall Deal of the Year 2022	
M&A: KUWAIT FINANCE HOUSE'S US$11.6 BILLION ACQUISITION OF AHLI UNITED BANK	
Size:	US$11.6 billion
Issuer:	Kuwait Finance House
Legal counsels:	Freshfields Bruckhaus Deringer advised Kuwait Finance House (KFH); and Linklaters and ASAR – Al Ruwayeh & Partners advised Ahli United Bank (AUB)
Advisor:	SICO; KPMG Bahrain to the issuer
Financial advisor to the issuer:	Goldman Sachs International
Receiving agent:	Bahrain Clear
Shariah advisor:	Not applicable
Ratings:	Fitch Ratings affirmed KFH's, AUB's and AUB Kuwait's long-term issuer default ratings (IDRs) at 'A', 'BB+' and 'A' respectively.
Date closed:	October 2022

Coming together as finalists: Three important mergers marked the Islamic finance market in 2022. Two involved banks as KFH acquired Bahrain-headquartered AUB and Salam Bank (Bahrain) absorbed key elements of Ithmaar Bank (Bahrain). Consolidation, long promoted by the Islamic finance experts, extended beyond the banks to Takaful as the UAE's Dar al Takaful (DAT) merged with National Takaful Company (Watania). Size and efficiency are hoped to enhance the competitive positioning of Islamic finance globally as market shares in core markets restrict growth opportunities.

KFH completed its frequently delayed acquisition of AUB in October 2022. Creating one of the largest banks in the Gulf region, the combined strength makes it one of the largest banks in the region with over US$118 billion in assets. The transaction enhances KFH's regional presence and delivers the coveted prize of a London subsidiary. KFH is now present in 12 countries.

DAT and Watania merged in the UAE. The surviving entity is DAT. This transaction was the first of a kind as it was the first-ever major merger in the insurance sector of the UAE. The deal's complexity required changes at the Central Bank of the UAE as well as DAT's transformation into a holding company with the operational businesses to be delivered by its wholly-owned subsidiaries, Noor Takaful General and Noor Takaful Family. Moreover, the merging entities were listed on different exchanges: Watania was listed on the Abu Dhabi Stock Exchange (ADX) while DAT was listed on the Dubai Financial Market (DFM). This required the delisting of Watania from the ADX and coordination with the DFM to have the new shares of DAT properly allocated to the existing Watania shareholders while listing new shares on the DFM.

Al Salam Bank acquired the retail business of Ithmaar Bank, and the sale and transfer of certain assets and liabilities were in accordance with a Business Transfer Agreement. On the one hand, the legacy businesses of Ithmaar Bank are complex and diverse. A direct acquisition of the bank would have proven unsuitable for Al Salam Bank. On the other hand, retail banking competition in Bahrain is intense and Ithmaar's retail footprint promises growth and opportunity for Al Salam Bank. This is part of an ongoing consolidation story in Bahrain and the wider GCC.

Why KFH was selected: Linklaters reported that the long-delayed deal marks one of the region's most sophisticated cross-border public takeovers. The transaction includes a share swap, squeeze-out mechanics in relation to minority shareholders and the post-completion conversion of AUB from a conventional bank to a Shariah compliant bank. This was the **third-largest** banking acquisition in the GCC.

The acquisition has made KFH the second-largest Islamic bank by assets behind Al Rajhi Bank. At home, KFH **increased** its market share to 28% from 22% compared with National Bank of Kuwait's 33% (including its subsidiary Boubyan Bank). Nonetheless, the cross-border acquisition turned KFH into a pan-Arabian champion with a presence in Malaysia, Germany, Turkiye and the UK. A risk to KFH will be the work converting the many conventional pieces of AUB into Shariah compliant banks across widely differing regulatory regimes.

Honorable mention: Dar al Takaful–Watania and Salam–Ithmaar

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MOST INNOVATIVE: KAYSERI SEKER'S TRY85 MILLION SUKUK WAKALAH	
Size:	TRY85 million (US$4.52 million)
Issuer:	Kayseri Seker
Arranger:	Halk Yatirim Menkul Degerler (Halk Invest)
Legal counsel:	Ozok Law Firm
Ratings:	JCR Eurasia Rating's outlook: stable; National long-term rating: 'BBB' (Trk); National short-term rating: 'A-3+' (Trk)
Date closed:	April 2022
Shariah advisor:	ISFA Islamic Finance

The finalists: Based on its clever approach to solving K-Electric's foreign exchange challenge, one might have thought that DIBPL's hedge execution would be the only entry needed in this category. Yet, there was competition from Pakistan and Turkiye. And Saudi Arabia's SNB Capital Company issued short-term Sukuk under a new program.

The **SNB Capital** short-term program was advised by White & Case. Short-term Sukuk programs are common in Malaysia and Pakistan. But the key Saudi Arabian market, like its GCC peers, has lacked such Islamic commercial papers (ICPs). The market needs such papers for investors, high-quality banking instruments and corporate liquidity management. The SNB Capital product establishes a model for the Kingdom and its neighbors.

To this point, BankIslami Pakistan (BIPL) structured an ICP deal for auto parts manufacturer **Loads**. BIPL delivered a security to investors by incorporating a sinking fund mechanism to ensure timely repayment at maturity. Keeping in view the operating cash flows of the company and the available working capital lines, the sinking fund will be built in a manner where 50% of the face value is built in the sinking fund through monthly inflows/ deposits during first five months and the remaining 50% of the face value to be funded minimum one day before maturity.

Halk Investment arranged a unique first-ever Sukuk issuance for **Kayseri Seker**, Turkiye's largest beet growers cooperative. Using crystal sugar as the underlying asset, this issuance promotes agricultural development within the context of beet payments to farmers.

Like SNB Capital, certain aspects of the **K-Electric** hedging program harken to the time-tested concept of cross-currency loans with a Shariah compliant process. A key benefit of the DIBPL approach is its organic integration to the business process of both K-Electric and DIBPL.

How sweet was Kayseri Seker: This is the first Sukuk issuance by a Turkiye cooperative. The Sukuk are based on a portfolio consisting of 'A' quota of beet sugar (crystal sugar) to 120% of the issuance amount. Kayseri Seker's three sugar factories produce over 16% of Turkish requirements. The coop engages in sustainable practices and research and development to save water and energy, and to reduce waste. The Sukuk Wakalah facility provides funding to purchase sugar beet for the production of 'A' quota of sugar, while setting a role model in agriculture and the agro-based industry.

Honorable mention: K-Electric, Loads and SNB Capital

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PERPETUAL: YINSON HOLDINGS'S RM1 BILLION SUBORDINATED PERPETUAL SUKUK WAKALAH	
Size:	RM1 billion (US$228.51 million)
Issuer:	Yinson Holdings
Arrangers:	AmInvestment Bank and Maybank Investment Bank
Joint principal advisors, lead arrangers and lead managers:	AmInvestment Bank and Maybank Investment Bank
Sustainability structuring advisor:	AmInvestment Bank and Maybank Investment Bank
Legal counsel:	Zul Rafique for the arrangers
Ratings:	Unrated
Date closed:	November 2022
Shariah advisors:	AmBank Islamic and Maybank Islamic

Unending finalists: With the perpetuals, we find two Malaysian non-bank deals and one Saudi capital deal. Corporate perpetuals outside of Malaysia are unusual, yet the purpose and benefits of such issuances should be clear now to companies with closed holdings or with a future, but undetermined IPOs or other capital activity.

The privately placed **Yinson Holdings** subordinated perpetual Islamic note program is based on the Shariah principle of Wakalah Bi Istithmar. Under this program, Yinson may issue green, social, sustainability and/or sustainability-linked perpetual Sukuk Wakalah. This sort of commitment falls under the Securities Commission Malaysia's reporting requirements which means that Yinson can be held to account for the use of proceeds.

GFH's Infracorp affiliate issued US$900 million-worth of exchangeable hybrid green certificates through **Infracorp Sukuk**. Like Yinson, this is a good example of a corporate issuing a perpetual security. Infracorp adds the exchangeable feature to sweeten the deal on these Sukuk destined for sustainable and social purposes.

Riyad Tier 1 Sukuk rounds out our finalists. Bolstering capital is important. Driving that enhancement in concurrence with a rigorous social responsibility agenda isanother important thing. And yet, this links to the Kingdom of Saudi Arabia's Vision 2030. As noted by **S&P Global**: "[Riyad Bank's sustainability framework] will help achieve these goals through the targeted financing of relevant green and social initiatives. These initiatives include social projects that target small businesses and parts of the population that lack access to basic infrastructure and essential services among others, as well as green projects that support the energy transition in Saudi Arabia."

Why Yinson achieved success: As a player in the marine services industry, Yinson is involved in the provision of operations and maintenance of floating marine assets to the offshore oil and gas industry, floating marine assets for chartering and service activities incidental to oil and gas extraction, treasury management services to companies within Yinson Group, the generation of electricity through renewable resources and the operations and investments in green technologies.

With the legacy business heavily linked to oil and gas, Yinson is committing significantly to reportable achievements in the delivery of results based on the use of funds in accordance with the Sustainability-Linked Bond Principles by the International Capital Market Association, the Sustainable and Responsible Investment Sukuk Framework under the Guidelines of the Lodge and Launch Framework, the ASEAN Green Bond Standards issued by the ASEAN Capital Markets Forum (ACMF) or such guidelines or frameworks or standards introduced from time to time by the ACMF and/or the Securities Commission Malaysia. Even if they are different, they are aligned to drive Yinson to increased engagement with its green businesses.

Honorable mention: Riyad Tier 1 Sukuk and Amanat Lebuhraya Rakyat

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PROJECT & INFRASTRUCTURE FINANCE: SARAWAK PETCHEM'S RM6 BILLION SUKUK WAKALAH PROGRAMME	
Size:	RM6 billion (US$1.37 billion)
Issuer:	Sarawak Petchem
Arrangers:	Maybank Investment Bank and RHB Investment Bank
Legal counsel:	Rahmat Lim & Partners for the arrangers
Advisor:	PETRONAS Global Technical Solutions
Guarantor:	Permodalan Satok and Sarawak Economic Development Corporation
Rating:	'AAA' by RAM Rating Services
Date closed:	July 2022
Shariah advisor:	RHB Islamic Bank

Best builders: In 2022, the project and infrastructure finance sector was as dynamic as ever. The Saudi–Egypt co-transmission project, the Madina water project and energy in Malaysia rose to the top.

Clean and green might be a major theme. Yet, the correlation between Islamic finance markets and petroleum-rich countries remains very high. **Sarawak Petchem** — in a break from last year, this deal is using Wakalah-based Sukuk instead of Tawarruq. And the deal goes back to old energy. This deal finances the costs and expenses of the development and operation of the first methanol plant in the state of Sarawak. The production capacity will be 5,000 metric tons per day.

Jaks Solar raised RM220 million (US$50.27 million) in conventional and Islamic facilities (RM112.5 million (US$25.71 million)). The Shariah compliant facilities included a Tawarruq cash line, Tawarruq term financing-i and guarantees. The deal raises two contrasts with Sarawak Petchem: small scale and clean energy. The simple takeaway: Clean energy is 'chip, chip, chip' … a very slow implementation of many small projects to replace the kilowatts produced by 'dirty' energy.

Acciona represents a US$700 million investment in the design, build and operation of each of the independent sewage treatment plants at Medinah, Buraydah and Tabuk in the Kingdom of Saudi Arabia. The consortium led by Spain's Acciona was funded by a Wakalah–Ijarah structure from Alinma Bank and Abu Dhabi Islamic Bank. This was one of the two noteworthy Saudi Arabian deals. The other was the **Saudi Electricity Company**'s deal to build the power linkage with Egypt. Expected to be in place by 2026, the project will support the flow of power in multiple directions, between Badr in Egypt to Madinah via Tabuk.

Why Sarawak Petchem was selected: Same country, same state, new clothes and old purpose define this year's winner. A key element of the deal is the shift from Tawarruq that solves all financial problems to the robust emergence of Wakalah Bi Istithmar as a workhorse. The multi-tranche deal facilitates US dollar and Malaysian ringgit funding. The deal features recourse to shareholders through guarantee and state-implicit support via its 30% shareholder/sponsor, Sarawak Economic Development Corp. The deal still qualifies as sustainable and is the first Sarawak entity accorded a Silver3p Project Sustainability Rating by RAM Sustainability, putting Sarawak Petchem in line with the Sustainable Sarawak Blueprint Agenda. The project is part of Sarawak's petrochemical hub which is **meant to deliver** high value-added petrochemical products as well as renewable energy projects to support Sarawak's green energy agenda.

Honorable mention: Saudi Electricity, Acciona and Jaks Solar

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REAL ESTATE: COR3 CAPITAL'S US$14.7 MILLION CROSS-BORDER REAL ESTATE IJARAH	
Size:	US$14.7 million
Issuer:	Cor3 Capital & Fairway America
Financier:	Merchants Bank of Indiana
Legal counsel:	Ice Miller for the obligor
Rating:	Unrated
Date closed:	September 2022
Shariah advisor:	Joe Bradford

The finalists: Real estate is back. REITs in Pakistan and Oman join the mix. The World Cup even figures in the mix. And we finally get a look into cross-border US real estate transactions.

Meethaq offered an Ijarah structure to finance the cash consideration of **Pearl REIF**. To give effect to the deal, the Oman Investment Authority and Omantel were required to transfer the legal title of the properties to Meethaq. An unusual aspect of the deal was the fact that the financing was structured nearly simultaneously with the REIF's public offering.

The Cor3 Capital deal is the classical US cross-border real estate Ijarah funding. Or is it? In this structure, there is a US SPV, the obligor Cor3 Capital. Merchants Bank of Indiana funded the obligor SPV. What is unusual in this deal is that the structure is a blended group of domestic US and international Shariah compliant investors.

Oryx Corniche Developments funded the construction of two luxurious hotel developments in Qatar, to be managed by Soho House. K&L Gates advised the obligor on a Dukhan Bank Tawarruq facility. The transaction raised complicated licensing issues as the hotel site was previously the Ministry of Interior building and is the closest hotel to the Amiri Diwan. A part of the project also involved dealing with taking security over land which was state-owned and that created legal issues regarding the title transfer upon a default. The transaction was subject to expedited negotiations and closure as The Ned was required to be operational before the start of the World Cup, a milestone which was achieved.

Why Cor3 Capital was the icing on the cake: This deal is proof of concept that the Ijarah structures used in the US are agnostic to whom the investors are. In the past, small single asset Ijarah facilities have been used to finance community bank deals. Large single asset programs served GCC-based funds. For the first time, the structure shows that domestic US investors can be introduced into the domestic side of the cross-border structure without creating negative tax or economic consequences.

A further benefit of the **Cor3 Capital** deal is that it delivers affordable rental housing in a tight market. This is done without sacrificing returns.

Honorable mention: Pearl REIF and Oryx Corniche Developments

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REGULATORY: RIYAD BANK'S US$750 MILLION TIER 1 REG S SUKUK	
Amount:	US$750 million
Issuer:	Riyad Tier 1 Sukuk
Mudarib:	Riyad Bank
Arrangers and joint global coordinators:	HSBC Bank, Riyad Capital, Standard Chartered Bank and Merrill Lynch International
Legal counsels:	Simmons & Simmons (for the arrangers), Allen & Overy (for the issuer) and Maples Group (for the Cayman Islands issuer/trustee)
Sustainability structuring agents:	HSBC Bank and Standard Chartered Bank
Ratings:	'A2/BBB+/BBB+' (all stable) by Moody's Investors Service/S&P Global Ratings/Fitch Ratings
Date closed:	February 2022

The finalists: If the 2021 competitors were diverse, the 2022 contenders were uniform in style, structure and location. All of our nominations came from Saudi Arabia. All followed the Mudarabah structure with the additional Tier 1 (AT1) requirements per the Basel standards.

Al Rajhi Banking and Investment Corporation's AT1 capital Sukuk for SAR10 billion (US$2.66 billion) was ground-breaking in so far as it marked the very first public (ie retail) debt offering from a Saudi-based institution, pursuant to the Capital Market Authority's Rules on the Offer of Securities and Continuing Obligations.

The Saudi National Bank AT1 transaction followed a Saudi Arabian path previously used in corporate transactions. In lieu of a trustee, the Sukukholders' agent was SNB Capital Company. This was in contrast to both Al Rajhi, in which Al Rajhi Sukuk was the trustee, and Riyad Bank, in which Riyad Tier 1 Sukuk was the trustee.

Riyad Tier 1 Sukuk issued US$750 million of Regulation S securities. This was the first-ever global issuance of an AT1 sustainability Sukuk facility, and the first emerging markets AT1 issuance in a sustainable format. The deal was based on Riyad Bank's Sustainable Finance Framework in line with the International Capital Market Association's green, social and sustainability principles

Why Riyad Bank: Its transaction contributed to Riyad Bank's ambition tobecome a regional ESG leader as it looks to drive green and social development in the Kingdom in line with Vision 2030 and Riyad Bank's own flagship sustainable finance program, the Bukra initiative. This comprehensive social responsibility program is built on four pillars: community, environment, knowledge and economy and is designed to take the nation to a better tomorrow (Bukra) as **stated by** the bank's chairman, Abdullah Al Aisa: "Our goal is to make the Bukra initiative of Riyad Bank the first sign in the social development map and to create more sustainable initiatives for a better future; 'The goodness of today, the hope of tomorrow'."

This may be the first clear linkage of a bank's corporate social responsibility engagement to its capital structure in the form of a specific AT1 security.

Honorable mention: Al Rajhi Bank & Investment Company and Saudi National Bank

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Shortlisted for Overall Deal of the Year 2022

RESTRUCTURING: NMC HEALTHCARE'S US$2.25 BILLION DEBT AND EQUITY CAPITAL RESTRUCTURING

Size:	US$2.25 billion
Issuer:	NMC Healthcare
Arranger:	Abu Dhabi Commercial Bank led the creditor committee
Legal counsels:	Kirkland & Ellis for debtor; Quinn Emmanuel for debtors; Global Advocates for debtors; Pinsent Masons for debtors; Milbank for Opco creditors; and Clifford Chance for the adhoc creditor committee
Date closed:	March 2022
Shariah advisors:	Each Shariah compliant creditor had their own Shariah advisor

The finalists: At least two of the finalists found Musharakah as the most suitable way to restructure. The third turned to Tawarruq. Each case was uniquely different: financial irregularities brought down one viable business. Another business suffered from the wrong capital structure. The third faced a difficult market timed to a collapse in the pound sterling (GBP) just as energy prices and rate rises joined to crush the UK real estate market.

The counsel for the creditors and the **NMC Healthcare Group** agreed to an innovative Shariah compliant debt-and-equity capital structure. The approach allowed creditors to exchange liabilities owed to them by heritage companies for a share in the post-administration ownership of the NMC Healthcare Group. The exit instruments were designed so that there were both conventional and Shariah compliant financial liabilities for either conventional or Shariah compliant exit instruments. The ultimate goal of the exit instruments is to return value to the creditors of the NMC Healthcare Group through a mix of debt-like and equity-like holdings in the new capital structure for the NMC Healthcare Group.

Permodalan Nasional (PNB) is among the sponsors of the GBP1.58 billion (US$1.92 billion) Battersea Station Project (London). This massive 47.67 acre project offers private residential units, serviced apartments, offices, retail, food and beverage and hotels. PNB and the Employees Provident Fund acquired its commercial assets in 2018. This deal injects RM310 million (US$70.86 million) via Tawarruq to give the project breathing room. Why Tawarruq? It remains the favored tool for cross-border investment into the UK because of its tax-preferred position.

In 2021, Maju Expressway (MESB) missed payments due under **MEX I Capital** RM550 million (US$125.72 million) medium-term Sukuk Musharakah. The new offering also followed Musharakah and replaced the 'C3/Negative'-rated Sukuk. The new transaction was cash-free as the new Sukuk were exchanged for the outstanding Sukuk. A key feature of the new Sukuk is that the sole source of payment is the cash flow of the project. MESB was the sole subscriber to the subordinated Sukuk Musharakah.

Why NMC partnered to the recovery: After a thorough analysis of the potential Shariah compliant structures available to form the exit instruments, Murabahah, Mudarabah and Ijarah among others were discarded. This triage took into account the differing views of the Islamic finance institutions involved. Ultimately, Musharakah was selected as the most suitable tool for the Shariah compliant creditors. Among the challenges was the fact that the new facilities would be granted to a new SPV whose only assets would be shares in the operating group of companies. Accordingly, there appeared to be limited assets available in order to make the Musharakah structure viable. Once the transaction was proposed, all of the Shariah compliant creditors approved the exchange.

The Islamic structuring elements were complex. For example, the administration funding facility included an Islamic tranche which applied AAOIFI Shariah Standard 59 principles to the Murabahah facility and a Wa'ad to implement the 'elevation' mechanics for the Islamic participants — the elevation mechanics allowed participants to 'elevate' a portion of their existing claims to a higher priority level as a result of their participation in the new money facility. Similarly, the 'exit instruments' to be issued to the creditors of NMC comprised an Islamic Musharakah facility. The Islamic facilities have all been documented under an umbrella common terms agreement which has 'equity-like' features which allow creditors to participate in a potential upside in the future.

This ultimately sets a precedent for the *Abu Dhabi Global Market* (ADGM) as well as the wider UAE.

Honorable mention: MEX I Capital and Permodalan Nasional

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SOVEREIGN & MULTILATERAL: INTERNATIONAL ISLAMIC TRADE FINANCE CORPORATION'S US$75 MILLION MURABAHAH FINANCING FOR INTERNATIONAL HYDROCARBONS COMPANY OF DJIBOUTI	
Size:	US$75 million
Issuer:	International Islamic Trade Finance Corp (ITFC)
Executing agency:	International Hydrocarbons Company of Djibouti
Legal counsel:	ITFC Legal
Rating:	Unrated
Date closed:	June 2022
Shariah advisor:	ITFC Shariah

More of the same: Leading sovereigns were all back. Each had something to say. Size, importance and replication were all important. Pakistan and Indonesia brought important tweaks to make these well-tested structures AAOIFI-compliant. Bit by bit, it seems that standardization is creeping into the Islamic market. Elsewhere, smaller deals were equally as important as they helped to demonstrate how Islamic finance is practical for the supply of key commodities to less developed and smaller Islamic economies.

The Republic of Indonesia through **Perusahaan Penerbit SBSN Indonesia III** launched a new program raising up to US$35 billion in five (US$1.75 billion) and 10 Wakalah certificates. The June 2022 issuance applies Wakalah as follows:

- No less than 51% of the Sukuk proceeds are to acquire a Shariah compliant portfolio of certain state-owned real properties, and
- no more than 49% of the issuance proceeds shall purchase beneficial rights (Hak Manfaat) in certain identified assets that are either under construction or to be constructed from the Republic of Indonesia. The latter are to be delivered upon completion and governed by a lease to the Republic of Indonesia.

These adjustments to the previous Islamic structure are meant to bring the deal into compliance with AAOIFI standards to capture additional demand from AAOIFI compliant investors. Such compliance was not previously sought in sovereign Sukuk Ijarah.

Pakistan returned to the international Sukuk market after a five-year absence. **The Pakistan Global Sukuk Programme Company** raised US$1 billion in an Ijarah issuance. The underlying assets are certain highway land together with all constructions, superstructures, flyovers and interchanges made thereon. Execution is based on a sale and leaseback of the identified assets. This Sukuk program was also structured to be compliant with AAOIFI standards.

The ITFC delivered supply chain finance to a number of member countries. A pertinent example was for **International Hydrocarbons Company of Djibouti** (SIHD), a Republic of Djibouti company. The deal applied agency Murabahah for the acquisition of refined petroleum products.

What SIHD fueled: This might seem like a bread and butter transaction for the ITFC. Yet the deal carries three crucial factors and a subtle reminder. At the front of mind is the fact that due to geopolitics and high commodity prices, the ITFC could mobilize resources to support energy security in Djibouti. This facility helps to ensure the strategic procurement of all petroleum products required by the key sectors of the economy including transportation, electricity generation, construction and agriculture. As part of the ITFC's Integrated Trade Solution approach, the deal is paired with a capacity-building program in collaboration with the Tunisian International Refining Company to train SIHD's staff in areas like petroleum storage and management, and automation best practices. The reminder is that there is often a perception of English and Arabic as the leading languages of Islamic finance. Yet, here is a case of French supplanting English as the relevant language.

Honorable mention: Republic of Indonesia and Islamic Republic of Pakistan

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SRI/ESG/SUSTAINABILITY: HARTREE PARTNERS POWER & GAS COMPANY (UK)'S US$75 MILLION ISLAMIC FACILITY FOR VOLUNTARY CARBON OFFSETS	
Size:	US$75 million
Obligor:	Hartree Partners Power & Gas Company (UK)
Arranger:	Arab Petroleum Investment Corporation (APICORP)
Legal counsels:	Latham & Watkins – New York law advisors for obligor; Reed Smith – obligor, as English law counsel; and Norton Rose Fulbright (Middle East) for arranger
Rating:	Unrated
Date closed:	November 2022
Shariah advisor:	SHAPE Knowledge Services

Everybody is onboard: If the 2021 and 2020 awards were dominated by social factors drive by COVID-19, 2022 was the year that global energy embraced the future. This was a bumper year for this category. And the energy sector was in lock step with the financial and multilateral sectors.

Hartree Partners Power & Gas Company (UK) (Hartree) is not the company that one expects to find in an Islamic finance awards schedule let alone a sustainability category. Hartree, however, has a keen position in the global markets for voluntary carbon credits. That the company partnered with APICORP is notable in how it demonstrates how traditional energy and transition tools can inspire wider collaboration for a cleaner future.

Al Seer Marine Supplies and Equipment Company and BGN INT DMCC joint venture (Al Seer) commissioned the construction of two state-of-the-art very large gas carriers at Hyundai Heavy Industries. The vessels will be dual fuel-efficient, fully compliant with International Maritime Organization regulations and should enjoy certain operational, economic and environmental efficiencies through their *liquefied petroleum gas* (LPG) engines. LPG engine technology is notable because it is a step toward zero-carbon propulsion of vessels and the shipping industry achieving its ambitious greenhouse gas emission reduction goals.

In the UAE, **Sharjah Environment Co** (Bee'ah) raised facilities from Emirates Islamic to finance new projects in Abu Dhabi. In line with the UAE's Vision 2021, the UAE Green Agenda 2015–2030 and the UAE Energy Strategy, Bee'ah has adopted the twin principles of sustainability and digitalization. Bee'ah's longer-term mission is now to become the leading environmental partner in the Middle East.

Bahrain's **Nogaholding, Alba** and **Ahli United Bank (AUB)** each came to market with similarly governed sustainability financings. Alba piped Nogaholdings to the finish line with its closing in April 2022, followed by Nogaholdings and AUB. What is remarkable about these transactions is the commitment to measurable KPIs.

Volunteering to lead: This deal was the MENA region's first Islamic facility for voluntary carbon offsets. The facility funds Hartree's acquisition of high-quality voluntary carbon offsets, in support of the global energy transition and net-zero emission goals. Each carbon offset represents the ownership of one ton of carbon dioxide equivalent (CO_2e), which offsets corresponding emissions by the holder. The facility is designed with a syndication feature to allow additional banks to join in the future and gain access to this young asset class.

Voluntary carbon markets, where carbon credits are purchased voluntarily, support efforts by many governments and corporations to decarbonize their footprints, as part of global efforts to reduce emissions. APICORP's facility will fund carbon offsets that are registered with the non-profit platform Verra, the largest global registry for nature-based offsets.

Honorable mention: Al Seer Marine, Sharjah Environment Co and Team Bahrain: Alba, Nogaholding and AUB

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Shortlisted for Overall Deal of the Year 2022	
STRUCTURED FINANCE: AMANAT LEBUHRAYA RAKYAT'S RM5.5 BILLION TAWARRUQ-BASED SUKUK	
Size:	RM5.5 billion (US$1.26 billion)
Issuer:	Amanat Lebuhraya Rakyat
Sole financial advisor:	AmInvestment Bank
Main joint principal advisors and lead arrangers:	AmInvestment Bank and CIMB Investment Bank
Joint principal advisor and lead arranger:	Hong Leong Investment Bank
Principal joint lead managers:	AmInvestment Bank and CIMB Investment Bank
Main joint lead managers:	Hong Leong Investment Bank and UOB Malaysia
Joint lead managers:	Maybank Investment Bank and RHB Investment Bank
Legal counsel:	Adnan Sundra & Low for the arrangers
Ratings:	'AAA' rated by RAM Rating Services; and 'AAAIS' rated by MARC Ratings
Date closed:	October 2022
Shariah advisor:	AmBank Islamic

The finalists: Each of the finalists represents a unique and distinctive set of structuring challenges. Sometimes, these are met with funding and collateral tools. Sometimes, they are met through executory contracts. And sometimes through covenants.

The sponsor of the **Meswak Clinics** acquisition was advised by King & Spalding. Dubai-based Gulf Islamic Investment sought to buy the chain from a Saudi Arabian fund managed by Jadwa Investment. On the one hand, the underlying investors, including non-GCC persons investing via the Cayman Islands, were based in the Abu Dhabi Global Market (ADGM) and the core funding would be sourced there. On the other hand, healthcare companies are not currently open for non-GCC investment in Saudi Arabia. Therefore, Al Khair Capital provided a core Capital Market Authority-regulated fund with the ADGM investors funding the transaction entering the deal through a Tawarruq structure.

The **K-Electric Company** hedge provided by Dubai Islamic Bank Pakistan (DIBPL) uses an executory contract, a diminishing Musharakah opposite a deposit to solve the foreign exchange hedge. The essence of the deal is that DIBPL secures medium-to-long-term funding of US dollars through the deposits. Among other activities, this supports DIBPL's trade finance business. K-Electric converts a US dollar obligation into a Pakistani rupee (PKR) obligation. This matches K-Electric's currency payment and income streams in the PKR.

The purpose of the **Amanat Lebuhraya Rakyat** deal is funded through plain vanilla Tawarruq-based Sukuk. The first layer of structuring is the shoe-horning of the deal into the Securities Commission Malaysia's sustainability rules. The second arises in clear ring-fencing of cash flows.

Amanat Lebuhraya Rakyat's route to success: First and foremost, the sustainability tranches are both standard and non-callable issuances. Then, these have different pricing and tenor metrics according to the applied sustainability criteria.

Another feature of the deal is the robust ring-fencing mechanism. There are no tax and dividend leakages throughout the tenor of the sustainability Sukuk Murabahah. All free cash flows generated from the highways are dedicated to redeem the sustainability Sukuk Murabahah as early as possible. Upon full redemption of the sustainability Sukuk Murabahah, the highways will be returned to the government of Malaysia. With this inconsideration, there is no government guarantee and Sukukholders are dependent upon the performance of the highways to recover their capital.

Honorable mention: K-Electric and Meswak Clinics

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SUKUK: FAMILY HOMES'S NGN20 BILLION SUKUK PROGRAM	
Deal size:	NGN20 billion (US$44.33 million)
Issuer:	Family Homes Sukuk Issuance Programme
Arrangers:	Credent Capital & Advisory and Greenwich Merchant Bank
Bookrunner:	Chapel Hill Denham Advisory
Legal counsel:	The Metropolitan Law Firm for the issuer and arrangers
Ratings:	'BBB+' by Global Credit Rating (GCR) and 'BBB' by Agusto & Co. The Sukuk issuance is rated on its own as 'BBB+' by GCR and 'A+' by Agusto & Co.
Date closed:	2022
Shariah advisor:	Buraq Capital

The finalists: The rising rate environment has been the subject of concern for Sukuk arrangers and prospective issuers. Would sovereigns and corporates avoid long-term obligations? The jury is still out. Nonetheless, the 'COVID-19 is over' theme continues and the Sukuk market has proven to be surprisingly robust. Our finalists represent the emerging Islamic capital market powers of Nigeria, Turkiye and Pakistan.

Kayseri Seker represents a clear case of how Islamic finance can engage with real assets in support of business. Kayseri Seker used the funds obtained from the Sukuk issuance for the purchase of sugar beets, sugar production and management of sugar stocks. This supports increasing sales and while covering actual operating expenses.

Family Homes Funds's Series 2 supports Project Shelter II. This project conforms to the National Social Housing Program. This was one of the largest corporate Sukuk issued in Nigeria. Like many Sukuk issued in Nigeria, there is a construction element, hence the Ijarah is a forward lease. An important structuring feat in this deal was the redirection of different irrevocable standing payment orders so that these could assure the funding of a sinking fund to cover payments due under the Sukuk.

Nishaat Mills issued PKR7.5 billion (US$32.73 million)-worth of rated, unsecured, privately placed, non-convertible, short-term Sukuk. The deal structure was a constant Musharakah (Shirkat-ul-Aqd) arrangement. The deal, a first for the textile sector, was well received in the Pakistani institutional investor community. An important impetus for the deal was the unavailability of the Export Finance Scheme. With short-term self-liquidating finance more critical than government subsidies, this deal was easily justified. Perhaps, the State Bank of Pakistan should consider replicating it in a future iteration of tis Export Finance Scheme.

How Family Homes were built: According to Nigeria's Bank of Industry, the country's housing deficit is estimated around 28 million housing units. To address this deficit, the federal government of Nigeria established a 'Fund' under Family Homes Fund (FHFL) to reduce the housing deficit in Nigeria especially for low-income households for Nigerians. FHFL's NGN30 billion (US$66.49 million) Sukuk Issuance Programme seeks to build 2,970 housing units across the six Nigerian states with the highest housing deficits: Kebbi – 620 units, Kano – 500 units, Enugu – 250 units, Abia – 600 units, Kogi – 400 units and Gombe – 600 units. The federal government sees this as part of its role in reducing inequality as per UN SDG 10. The Nigerian investing public saw it as a sustainable investment and attractive program.

Honorable mention: Kayseri Şeker and Nishaat Mills

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SYNDICATED: TECOM INVESTMENTS'S US$7.6 BILLION SYNDICATED FINANCING	
Size:	US$7.6 billion
Obligor:	TECOM Investments
Arrangers:	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank
Legal counsels:	Clifford Chance for the arrangers and Latham Watkins for the obligor
Rating:	Unrated
Date closed:	March 2022
Shariah advisor:	Dar Al Sharia as advisor to Dubai Islamic Bank only

The finalists: Many of 2022's syndications have a pre-IPO purpose. That certainly applies to two of our finalists: Tecom Investments and Salik. Others like Jaks Solar are project financings.

JAKS Solar Nibong Tebal's deal was a RM220 million (US$50.29 million) co-financing with conventional facilities of RM125 million (US$28.57 million) and Islamic facilities of RM12.5 million (US$2.86 million) while Tenaga Nasional as the off-taker of the solar project would only accept one single performance guarantee. This added a wrinkle to the transaction which required AmBank Islamic and UOB to enter into a fronting arrangement for AmBank Islamic to issue a bank guarantee to UOB as a fronting guarantor for the performance bond of the power project. This deal is part of the solar portfolio helping Malaysia to achieve its net-zero commitments under the Paris Accords by 2050.

TECOM Investments is an office park developer. The deal was structured to restore the company's cash positions as it continues to recover from COVID-19. The transaction adjusts TECOM's debt profile pre-IPO (executed in June) by replacing its existing facility.

Salik raised AED4.2 billion (US$1.14 billion) in the process of capitalizing Salik prior to its listing through this pre-IPO facility which funds a special dividend to the Dubai government. Emirates NBD which led the Tawarruq financing was also one of the IPO underwriters. One of the important features of this transaction is that it may be refinanced by the IPO, a new facility based on Tawarruq or a Sukuk/ syndication based on toll vouchers.

Why TECOM was selected: The UAE had a flurry of pre-IPO financings followed by successful IPOs. Stock prices post-IPO, however they performed, are not the primary consideration for these financings. The TECOM deal certainly made the company more attractive for investors and put the company into a position to comply with financial regulatory standards obligations post-IPO.

The deal is structured to give TECOM cash flow breathing room as the UAE commercial property market recovers. During the first three years, TECOM is allowed two balloon payments on the back of any IPO/DCM instrument proceeds. The cash waterfall mechanism routes TECOM's s cash flows through the project accounts to service debt and Financial Services Regulatory Authority obligations. This was a methodology previously deployed by TECOM which gave comfort to the syndicate.

Honorable mention: Jaks Solar and Salik

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TRADE FINANCE: SIDRA INCOME FUND II'S US$100 MILLION WAKALAH FACILITY	
Size:	US$100 million
Issuer:	Sidra Income Fund II
Arranger:	Sidra Capital
Legal counsels:	For the fund, Hogan Lovells (Dubai); Hogan Lovells DNFP (Indonesia)
Rating:	Unrated
Date closed:	October 2022
Shariah advisor:	Malfa and Sheikh Mohammad El Gari

The finalists: 2022 brought the trade finance world into new realities. COVID-19 is a thing of the past. Decoupling and rearranging supply chains are the current moment. Three important players in manufacturing and foodstuffs are Malaysia, Indonesia and Turkiye. Each stepped forward in our considerations, just ahead of the other attractive ECA deals covered elsewhere in this report.

Sidra Income Fund II structured its investments as a secured Wakalah facility between SIF II and MCT (Asia Trading), Indonesia. The collateral represents the underlying trade assets and letters of credit. In addition, the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) provided an US$80 million Shariah compliant political risk insurance policy. The basic commodity trade encompasses 'branded solid fuel' from Indonesia to trading houses and end users of the commodity in India, China, Singapore and Malaysia.

HSBC Amanah (Malaysia) provides RM50 million (US$11.43 million) in Tawarruq funding via Bai Al Day Bis-Sila to support **UEM Edgenta**'s suppliers. This method allows UEM Edgenta to use the receivables as currency to buy commodities and on-sell them to get cash. This is HSBC Amanah's first Islamic supply chain facility in Asia. The program complements the Malaysian government's Bumiputera Vendor Development Programme to nurture SME suppliers to grow to larger companies and obtain hassle-free access to affordable financing without collateral. The SMEs and MSMEs can leverage on UEM Edgenta's strong balance sheet and the company's long-term relationship with HSBC Amanah to obtain their working capital financing and enjoy early financing settlements. Since its launch in May 2022, over 380 SME and MSME vendors have been offered to onboard to this program.

Halk Invest guided the **Turkish Grain Board** (TMO) with its inaugural Wakalah Bi İstithmar Sukuk issuance. TMO is a state-owned enterprise that performs market regulatory activities in order to prevent the prices of agricultural products from falling below normal, to contribute to the expansion of production capacities and to increase profitability and efficiency. The Sukuk issued through Halk Varlik Kiralama, an SPV created to facilitate Sukuk issuance, raised TRY1 billion (US$53.24 million) on the first issuance. This allows TMO to assure that Turkish agricultural issuers can persevere and compete effectively in the global markets.

Why Sidra was traded first: The Sidra–MCT transactions are not simply secured by US dollar-denominated letters of credit issued by or confirmed by banks with strong credit ratings. As true trade finance with delivery of commodities from the supplier to the end user, the transactions are suitable for the political risk insurance offered by the ICIEC. This is one of the few examples of South–South OIC collaboration from supply sourcing to funding, selling and agency risk insurance. Transactions are monitored from Sidra offices in Jeddah and Singapore. The transaction was important to the ICIEC as it supports economic integration between member states and supports an area with significant financing gaps.

Honorable mention: Turkish Grain Board and UEM Edgenta

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STRUCTURE DEALS OF THE YEAR

COMMODITY MURABAHAH/TAWARRUQ: AL YUSR LEASING & FINANCING COMPANY'S SAR250 MILLION COMMODITY MURABAHAH	
Size:	SAR250 million (US$66.57 million)
Issuer:	Al Yusr Leasing & Financing Company
Bookrunner & arranger:	Riyad Capital
Legal counsels:	King & Spalding for arranger; Al Yusr in-house counsel for issuer
Rating:	Unrated
Date closed:	June 2022
Shariah advisor:	Riyad Capital's Shariah board

The finalists: Despite concerns to the contrary, AAOIFI Shariah Standard 59 has not stymied the use of Tawarruq. Specific transactions seem to require Tawarruq. In other cases, Tawarruq has become so well systematized that bankers find it difficult to consider any other option. And, as with a lot of new food, the first trial needs to be a lite bite and many Islamic market players use Tawarruq to initiate new financiers such as export credit agencies to the market.

This was the case with **Tanmiah Food Company** where in this transaction, it executed its first backing of a Shariah compliant facility. Even the lead financier, Holland's Cooperatieve Rabobank, is not as active in Islamic finance as many of its peers. In this case, as with so many others, Tawarruq creates the first flavor delivered lightly. One hopes that Cooperatieve Rabobank and Atradius return for more complex dishes.

Advised by Norton Rose Fulbright, APICORP signed the first Islamic facility for voluntary carbon offsets provided to **Hartree Partners Power & Gas Company (UK)**. In the absence of a Shariah consensus about whether or not carbon credits are an asset eligible for sale under goods Murabahah, Shariah support for the credits as collateral meant that the only solution for this deal was Tawarruq.

Meanwhile in Malaysia, **Amanat Lebuhraya Rakyat** had a strategic capital market offering of 'Sustainability Sukuk Murabahah'. The RM5.5 billion (US$1.26 billion) program funds the acquisition of four toll roads: Kesas; Lingkaran Trans Kota; Syarikat Mengurus Air Banjir & Terowong; and Sistem Penyuraian Trafik KL Barat. The simplicity of execution allows for a quick funding of an unsecured acquisition and working capital financing.

The primary sustainability element relates to the toll road operations, including costs for users and control on leadership remuneration.

Founded in 2004, **Al Yusr Leasing & Financing Company** secured a 2014 Saudi Central Bank license to offer leasing, SME and consumer finance. For such non-bank finance companies, the build-up of receivables limits operational capacity. Riyad Capital addressed the problem through its Riyad Financing Fund II. This was a less common form of Tawarruq in which Al Yusr's receivables are used as cash to purchase commodities.

Why Al Yusr made it easy: The Al Yusr deal blends a Saudi Arabian capital market innovation. Riyad Capital established a debt fund under the new CMA [Capital Market Authority] Direct Financing Fund Regime. In the past, a few banks like the former Saudi Hollandi (now merged into HSBC Saudi Arabia) have offered such modes of Tawarruq. This, however, is the first known application via a capital market's fund. The deal allows Al Yusr to sustain its business and creates an avenue for growth. At the same time, the deal demonstrates a new avenue for capital market funding of the non-bank financing sector in Saudi Arabia.

Honorable mention: Amanat Lebuhraya Rakyat, Tanmiah Food Company and Hartree Partners Power & Gas Company (UK)

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IJARAH: ALUMINIUM BAHRAIN'S US$710 MILLION SUSTAINABILITY-LINKED IJARAH FINANCING	
Size:	US$710 million
Issuer:	Aluminium Bahrain
Coordinators & underwriters	Arab Banking Corporation, Gulf International Bank and National Bank of Bahrain (NBB)
ESG coordinators:	National Bank of Bahrain and Standard Chartered
Legal counsel:	Allen & Overy
Rating:	Unrated
Date closed:	May 2022

The finalists: Although Oman Air returned in 2022 with a service Ijarah similar to its 2021 winner, two new submissions took extra steps to incorporate sustainability: ALBA and Cor3 Capital. Pearl REIF kept the Omani flag high while TECOM prepared for its IPO.

ALBA tested the capacity of Ijarah to adjust to sustainability KPIs as well as the new International Islamic Financial Market workaround for **SOFR** [*Secured Overnight Financing Rate].*

Trowers supported Meethaq in the Ijarah financing of a property acquisition for the newly formed **Pearl REIF**. The complexities went beyond the fact that Pearl was in formation, but covered partial funding of the property purchase price by way of equity contributions, subordination of the rights of unitholders to those of Meethaq, allocation of ownership risks of the properties, recoverability of rental payments in the event of default, as well as the procurement of regulatory approvals from the Omani Ministry of Housing and Urban Planning to facilitate the transfer of the legal title of the properties. For instance, the **transfer** of the property to Meethaq Islamic Banking is identified as an action that will take place prior to the offering.

Cor3 Capital was distinct from many US real estate Ijarah deals executed for offshore investors. In this case, the equity partners were both US-based Shariah compliant investors (individuals and companies) as well as conventional investors through a US private equity fund (that invests in a Shariah compliant manner. counsel Ice Miller was able to balance these interests while delivering 80 affordable rental homes in Houston, Texas.

Why ALBA was extruded: One of the important issues brought forward in the past year has been who is checking the sustainability criteria. Many sustainability deals offer no reward, and deal no pain. ALBA's 2022 syndication does both. The eight-year facility has three sustainability-linked KPIs: total waste recycled (solid waste), training houses and lost time injury frequency's incident count. The margin is subject to adjustment on an annual basis upward and downward by an aggregate amount of 2.5bps based on if Alba meets its sustainability KPIs.

The deal reflects Ijarah's flexibility. The periodic payments for the Islamic tranche are structured as rental payments with a fixed rental amount being the principal amortization payment and variable rental amounts linked to the daily risk-free rate (RFR) plus the sustainability-linked adjusted margin. This is a significant test of the International Islamic Market's structuring solution for the RFR like SOFR. These types of adjustments are not feasible in many of the other Islamic financing structures or require extra layering and deal activities.

Honorable mention: Cor3 Capital and Pearl REIF

MUDARABAH: ALBARAKA BANK SOUTH AFRICA'S ZAR100 MILLION TIER 1 SUKUK	
Size:	ZAR100 million (US$5.88 million)
Issuer:	Al Baraka Sukuk Trust
Bookrunner & arranger:	Albaraka Bank South Africa
Rating:	Unrated
Date closed:	July 2022
Shariah advisor:	Shariah board of Albaraka Bank South Africa

The finalists: Although Mudarabah holds out the prospect of innovation and excitement, it can be mundane. Each of Al Baraka Bank (South Africa) (ABSA), Riyad Bank and Al Rajhi Bank & Investment Co (ARB) came to market with important deals.

ABSA delivered the first additional Tier 1 (AT1) Sukuk for a South African Islamic bank. ABSA was oversubscribed, raising ZAR24 million (US$1.41 million) more than originally sought.

Riyad Tier 1 Sukuk represented a successful US$750 million AT1 offering for **Riyad Bank**. This represented one of the first global issuances of AT1 sustainable Sukuk. This first for an emerging market AT1 deal marked Riyad Bank's launch of its green and social finance agenda.

Not to be outdone, Riyad Bank's competitor, **ARB**, threw its hat into the same ring. ARB's SAR10 billion (US$2.66 billion) program represents the first domestic deal under the Saudi Arabian Capital Market Authority's new Rules on the Offer of Securities and Continuing Obligations.

Why ABSA was blessed: ABSA's financial director, Abdullah Ameed said: "We have been hugely encouraged by the demand this issuance has generated; traction was immediate and most impressive, with investors quick to take advantage of this, our additional Tier 1 Sukuk issuance. This clearly indicates that South Africans have quickly embraced the benefits of this relatively new form of investment to this country."

This deal represents the growing confidence across Africa for Islamic banking providers. Long considered the bellwether for African finance, South African deals help to set a trend.

Honorable mention: Riyad Bank and Alrajhi Bank & Investment Co

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MUSHARAKAH: MASOOD SPINNING MILLS'S PKR1.2 BILLION COLLATERALIZED DIMINISHING MUSHARAKAH DEAL	
Size:	PKR1.2 billion (US$5.24 million)
Issuer:	Masood Spinning Mills
Bookrunner & arranger:	BankIslami Pakistan
Investors:	Bank of Khyber, Pak Libya Holding Company (Private) Pak Brunei Investment Company and BankIslami Pakistan
Legal counsel:	Lex Firma for the issuer and arranger
Date closed:	June 2022
Shariah advisor:	BankIslami Pakistan

Partners in more ways than one: Pakistani and Omani diminishing Musharakah were the most numerous. Running Musharakah took a dip. And the standard constant Musharakah solved restructuring problems as well as business expansion opportunities.

NMC Healthcare Group was finally restructured. In collaboration with Clifford Chance (acting for the ad hoc creditor committee), Pinsent Masons designed a bespoke and innovative Shariah compliant debt-and-equity capital structure for the NMC Healthcare Group by which creditors could exchange liabilities owed to them by members of the NMC Healthcare Group for a share in the post-administration ownership of the NMC Healthcare Group. The exit instruments were designed so that both conventional and Shariah compliant financial liabilities of the group could be exchanged for exit instruments. The Shariah compliant instruments were structured as constant Musharakah.

Masood Spinning Mills holds with the trend of pure commercialization supplemented with a sustainability feature. BankIslami Pakistan structured a collateralized diminishing Musharakah to fund a state-of-the-art export-oriented socks and seamless knitting manufacturing unit with the name of Sockitecture alongside its existing spinning mills. The funding provides for letters of credit for the import of Italian equipment.

Meezan Bank sought to enter the REIT field. **Globe Residency REIT** provided the opportunity. The Karachi-based REIT was only established in 2021. Meezan provided a constant Musharakah facility to the REIT for the construction of for-sale apartments at site FL-05 in Towers 2, 3 and 4. Meezan structured the deal with a profit-sharing ratio of 50% net of the project management fee (15% of profit before tax) from the sale of apartments.

How Masood spun the win: The Sockitecture project adds a new source of export-driven revenue for the company. A leading design element of the project is the integration of the UN SDGs. To achieve these, the project includes energy conservation by using maximum sunlight, heat recovery systems and solar energy systems. The factory also seeks to maximize the participation of female workers.

BankIslami's declining Musharakah allows for a charge on the factory's assets while generating enough flexibility to support the importation of the production assets.

Honorable mention: NMC Healthcare Group and Globe Residency REIT

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WAKALAH: WIDAD CONCESSION'S RM310 MILLION SUKUK WAKALAH	
Size:	RM310 million (US$70.86 million)
Issuer:	Widad Concession
Principal advisors & lead arrangers:	MIDF Amanah Investment Bank and Maybank Investment Bank
Legal counsel:	Adnan Sundra & Low for the arrangers
Rating:	'AA1/Stable' by RAM Rating Services
Date closed:	March 2022
Shariah advisor:	MIDF Amanah Investment Bank

Wakalah seeking to supplant Tawarruq — in Turkiye and Malaysia, the growth of straight agency Sukuk is challenging the role of Tawarruq. On the one hand, an agency investment is easier to execute without the extra steps of a typical commodity Murabahah deal. On the other hand, an important risk with Wakalah is that it must pass an institution's Shariah governing standards for tangible underliers.

Engineering firm **Towell Infrastructure Projects Co** (TIPCO) raised OMR37 million (US$95.83 million) to finance the construction and development of the Al Mudhaibi Water Distribution Project awarded by Oman Water and Wastewater Services Company (OWWSC). Given that TIPCO and OWWSC had already signed such an agreement that there were no assets available to support a diminishing Musharakah, the common approach to project finance in Oman, a Wakalah was agreed as the best solution for the deal.

We have already shown our enthusiasm for the **Kayseri Seker** Sukuk. This is an asset-backed deal delivering support to a key part of the Turkish agricultural sector. The deal brings the Turkish cooperative market to the Islamic capital market for the first time.

Widad Concession is a finance SPV to issue Sukuk to finance the acquisition cost of a 23-year concession for the construction and maintenance of the Universiti Teknologi MARA (UiTM) campus in Jasin, Melaka. These Sukuk are backed by stable, predictable cash flows in the form of fixed monthly availability charges as well as maintenance charges from the government of Malaysia through UiTM. The payments of availability charges and maintenance charges have been prompt.

Why Widad won: Widad Managing Director Dr Mohd Rizal Mohd Jaafar **pointed out**: "The contribution of the UITM campus project in Jasin, Melaka will present Widad Group with a stream of future recurring cash flow streams from the remaining tenor of the concession."

Wakalah can be a risk-taking contract. The best mitigation for this is to invest in secure, cash-generating transactions. The underlying concession has a remaining 13-year tenor. Medium-term Sukuk Wakalah are ideal for this type of investment. This is figured into the investment grade rating given to the Sukuk: "The rating is anchored by YBKU [the project company]'s stable and prompt concession-backed cash flow, as well as restrictions, limitations and covenants imposed under the Sukuk. The transaction terms include constraints on any other business, indebtedness, distributions to shareholders and expenses. Concession cash flows will be deposited in designated accounts operated and managed by the security trustees."

Honorable mention: Towell Infrastructure Projects Co and Kayseri Şeker

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COUNTRY/REGIONAL DEALS OF THE YEAR

AFRICA: FAMILY HOMES'S NGN20 BILLION SUKUK PROGRAM	
Size:	NGN20 billion (US$44.33 million)
Issuer:	Family Homes Sukuk Issuance Programme
Arrangers:	Credent Capital & Advisory and Greenwich Merchant Bank
Bookrunner:	Chapel Hill Denham Advisory
Legal counsel:	The Metropolitan Law Firm for the issuer and arrangers
Ratings:	'BBB+' by Global Credit Rating (GCR) and 'BBB' by Agusto & Co. The Sukuk issuance is rated on its own as 'BBB+' by GCR and 'A+' by Agusto & Co.
Date closed:	2022
Shariah advisor:	Buraq Capital

The finalists: Egypt, a rich market, was not as active in 2022 as previous years. So we combined it with the rest of Africa. This brings deals from Uganda, Senegal, Djibouti, Nigeria and South Africa.

Albaraka Bank followed its earlier 2018 ZAR200 million (US$11.86 million) Tier 2 Sukuk with a fresh ZAR100 million (US$5.93 million) Sukuk. Despite the growth of Islamic banking in sub-Saharan Africa, there have been few AT2 or AT1 issuances from this region. One hopes that Albaraka is setting an example to soon be copied.

The IsDB Group showed significant initiative with the ITFC running the US$75 million trade deal for **International Hydrocarbons Company of Djibouti**. Uganda agreed on COVID-19 support and a development program that Standard Chartered Bank funded by Tawarruq. The ICIEC agreed with the government of Uganda and SCB to offer a cover on selected projects in agriculture, energy (solar), water and healthcare.

Banque Misr and Banque du Caire provided Mudarabah bridge funding to **Inertia for Real Estate Developments and AK for Real Estate Developments and Marketing** to cover EGP850 million (US$28.56 million) of the costs relating to the Jefaira Project.

Why Family Homes are built: The Family Homes deal is the first drop in the bucket of this quasi-government agency to to bridge the deficit of decent homes for Nigerians. As a social housing initiative, Family Homes proposes to invest up to NGN1.3 trillion (US$2.87 billion) and deliver 500,000 affordable homes. **Family Homes Sukuk Issuance Programme** established a replicable and prospectively robust capital market process that can work in many other African countries.

Honorable mention: Albaraka Bank AT1, ITFC–Djibouti, ICIEC–Uganda and Jefaira Project

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BAHRAIN: AL SALAM BANK'S BHD22 MILLION ACQUISITION OF ITHMAAR BANK'S RETAIL BUSINESS	
Size:	BHD22 million (US$58 million)
Issuer:	Al Salam Bank
Arrangers:	Al Salam Bank, Ithmaar Bank, Ithmaar Holding and IB Capital
Legal counsels:	Trowers & Hamlins for issuer; Hassan Radhi & Associates for arrangers
Rating:	Not applicable
Date closed:	June 2022
Shariah advisors:	Shariah advisors at the respective banks and investment firms

Sustainably stronger: One might add the KFH acquisition of AUB-Bahrain. But then we would lose out on the other important developments from this keystone financial center. It is not just regional consolidation, but domestic consolidation that is reinforcing the position of Islamic banks and Takaful companies. Within this, there are concrete steps toward Bahraini players helping to put the brakes on climate change.

Gulf International Bank (GIB) and Mashreqbank together acted as the initialmandated lead arrangers and bookrunners for arranging the US$2.2 billion facility, alongwith being the sustainability coordinators. Al Ahli Bank of Kuwait – DIFC Branch, GIB andMashreq together acted as the joint coordinators, initial mandated lead arrangersand underwriters for the transaction. GIB was also appointed as the sole structuringbank and the global facility agent. Group CEO of **nogaholding**, Mark Thomas, **said**: "As we continue to develop our energy strategy for the Kingdom of Bahrain, we are proud to have set the benchmark as the largest sustainability-linked refinance in the history of the Kingdom, and to set a precedent with our dual-tranche sustainability-linked facility."

Advised by Allen & Overy, Infracorp's US$900 million exchangeable hybrid green certificates represent the first green Sukuk issuance from Bahrain. As GFH Financial Group prepared for the spin-off of Infracorp, it provided for the proceeds of the issuance to be applied to the development of projects and assets promoting the transition toward low-carbon, climate change-resilient and environmentally sustainable economies.

On the one hand, Ithmaar Bank did not go away. It refocused as its chairman,Amr Mohammed Al Faisal, **said**: "In Bahrain, Ithmaar Bank remains a wholly-owned subsidiary of Ithmaar Holding and continues to build on its rich heritage by embarking on a new chapter of growth with an exclusive focus on corporate banking, particularly the fast-growing small and medium enterprises (SME) sector."

On the other hand, Al Salam Bank enhances its funding capacity by establishing a stronger retail presence.

Why Al Salam put it together: In a US$2.2 billion deal, Al Salam Bank obtains:

- The entire consumer banking business of Ithmaar Bank
- A 26.19% stake in Bank of Bahrain and Kuwait, and
- A 55.91% shareholding in Solidarity Group, which owns insurance firm Solidarity Bahrain.

Al Salam Bank Group CEO Rafik Nayed **said**: "Al Salam Bank will leverage on the team's strengths and expertise to innovate and deliver enhanced banking products and services to enrich the customer experience. We look forward to a new chapter of growth that will cement Al Salam Bank's position as Bahrain's largest Islamic bank."

Honorable mention: Infracorp Sukuk and Nogaholding

EMERGING ISLAMIC MARKETS: RIVER MED PHARM'S US$4 MILLION FINANCING	
Size:	US$4 million
Issuer:	River Med Pharm
Financiers:	Asia Alliance Bank and Islamic Corporation for the Development of the Private Sector (ICD)
Shariah advisor:	ICD
Rating:	Unrated
Date:	June 2022

Stop by step: The ICD and ITFC brought more deals from Uzbekistan as the company embraces Islamic finance more fully.

Asia Alliance Bank applied its line of financing with the ICD to support **River Med Pharm** in its importation of manufacturing equipment. The deal is critical for Uzbekistan in order to increase its domestic capacity in the pharmaceutical industry and reduce dependence on foreign manufacturers. The issue has become a hot button issue in the country with several recent problems involving foreign-produced medicines and the loss of life.

In Sri Lanka, Islamic finance provider **Al Falah LOLC Finance** merged with its sister company, Commercial Leasing & Finance, to become the country's largest non-banking financial institution. This follows the mandate of the Central Bank of Sri Lanka seeking to consolidate the country's financial sector.

Orient Finans Bank of Uzbekistan availed an ITFC line of financing for US$12 million. The drawing is meant to support the bank's Islamic trade finance portfolio as well as to increase financing to businesses owned or managed by women.

Why Asia Alliance Bank won: The River Med Pharm deal is a US$10 million project with US$4.5 million of equity and the balance funded by the ICD and Asia Alliance Bank. Although this is a government-sponsored and strategic project, it went ahead with Islamic financing. This represents the sustained collaboration between the IsDB Group, the Republic of Uzbekistan and key market players like Asia Alliance Bank.

Honorable mention: Orient Finans Bank and Al Falah LOLC

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INDONESIA: SIDRA CAPITAL'S US$80 MILLION ICIEC POLITICAL RISK INSURANCE POLICY	
Size:	US$80 million
Issuer:	Sidra Capital
Insurer:	Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)
Legal counsels:	Hogan Lovells (Middle East) for Sidra Capital and Allen & Overy for ICIEC
Date closed:	September 2022
Shariah advisors:	ICIEC and Sidra Capital

Twins: The Republic of Indonesia is back every year. But, at a more granular level, Sidra Capital appears twice for the same transaction. The first is simply Sidra's unique business proposition in the trade finance sector. The more critical is the ICIEC's delivery of political risk.

The Republic of Indonesia was back through its issuer SPV Perusahaan Penerbit SBSN Indonesia III. The main difference in 2022 is that the deal structure was adapted to AAOIFI standards. With AAOIFI governing more and more investor jurisdictions, this type of tweaking will become critical to assure distribution of Sukuk and inclusion of key investors.

Sidra Income Fund II delivers US$100 million to finance solid fuel exports from Indonesia. The fund addresses the general withdrawing of banks from trade finance, and the specific resistance of banks to finance solid fuel transactions.

Backing Sidra Income Fund II is the US$80 million **ICIEC's** political risk insurance policy. This type of policy helps to bridge investors' understanding of a market like Indonesia and facilitate both foreign direct investment as well as trade finance. In this case, smaller mining operators are beneficiaries of the underlying financing.

ICIEC had it covered: Sidra Income Fund II makes important promises to investors. It is not just about Shariah compliance. The fund manager ticks all of the standard arguments about trade finance funds: low correlation to other assets, rules-based finance, better than money market returns, etc. And investors have been burned in such funds in the past. One feature that has been missing from the other funds is protection from political risks. Unfortunately, 2023 realized important political risks in Eastern Europe and exposed prospective political risks in North Asia. When investors do not understand the dynamism of a rising economy like Indonesia, this type of cover gives cover. And, as 2023 demonstrated, risk realization can happen in unexpected places.

Honorable mention: Perusahaan Penerbit SBSN Indonesia III and Sidra Capital Income Fund II

Shortlisted for Overall Deal of the Year 2022

KUWAIT: KUWAIT FINANCE HOUSE'S US$11.6 BILLION ACQUISITION OF AHLI UNITED BANK	
Size:	US$11.6 billion
Issuer:	Kuwait Finance House
Advisor:	SICO acted as the Bahrain receiving agent, Bahrain execution advisor and cross-listing advisor
Legal counsels:	Freshfields Bruckhaus Deringer for Kuwait Finance House (KFH); Linklaters for Ahli United Bank (AUB)
Rating:	Fitch ratings: 'A'
Date closed:	September 2022

A global champion: Kuwait was uncharacteristically quiet in 2022. The clean fuel deal was refinanced. Boubyan Bank returned to market. The real meat in Kuwait was the cross-border acquisition of AUB.

Boubyan Sukuk, as coordinated by NBK Capital, Standard Chartered Bank and Wafra International Investment, delivered US$500 million to the fast-growing bank. The deal is a Wakalah–Tawarruq structure.

Kuwait Finance House (KFH) participated in the financing of the state-owned **KNPC** clean fuel project by leading the KWD490 million (US$1.59 billion) Islamic tier of the KWD1.2 billion (US$3.92 billion) financing deal.

Why KFH–AUB merger won: This transaction marks the first time a Kuwait-listed institution cross-lists in Bahrain and is the third-largest banking acquisition in the GCC, with AUB's market capitalization prior to its suspension closing at US$10.9 billion. The consolidation is expected to create the region's sixth-largest bank. KFH has disclosed to the Bahraini bourse that 2.73% of AUB-Bahrain shares, which totaled 303.95 million, were exchanged for KFH shares and registered in the name of KFH in AUB-Bahrain's register. The new KFH shares, numbering 112.78 million, were registered in the name of AUB-Bahrain's shareholders in KFH's register. The Islamic bank also confirmed that its board's circular resolution, which had been previously disclosed on the 14th November 2022, has also been registered. And with that, KFH emerged in 12 countries across three continents.

Honorable mention: Boubyan Sukuk and AUB Tier 1

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Shortlisted for Overall Deal of the Year 2022

MALAYSIA: AMANAT LEBUHRAYA RAKYAT'S RM5.5 BILLION TAWARRUQ-BASED SUKUK

Size:	RM5.5 billion (US$1.26 billion)
Issuer:	Amanat Lebuhraya Rakyat
Sole financial advisor:	AmInvestment Bank
Main joint principal advisors and lead arrangers:	AmInvestment Bank and CIMB Investment Bank
Joint principal advisor and lead arranger:	Hong Leong Investment Bank
Principal joint lead managers:	AmInvestment Bank and CIMB Investment Bank
Main joint lead managers:	Hong Leong Investment Bank and UOB Malaysia
Joint lead managers:	Maybank Investment Bank and RHB Investment Bank
Legal counsel:	Adnan Sundra & Low for the arrangers
Ratings:	'AAA' rated by RAM Rating Services; and 'AAAIS' rated by MARC Ratings
Date closed:	October 2022
Shariah advisor:	AmBank Islamic

Still the one: Malaysia has retained its position as the most active Sukuk market. Efficiency is a trademark of Malaysia's market. As a result, there is a 'give' by innovation and a 'take' for standardization. Sukuk Wakalah and Sukuk Murabahah (Tawarruq) are the most common. It is a big enough market to generate significant activities across every segment of our awards. Hence, our finalists represent Sukuk, IPO and trade finance.

We have seen good supply chain submissions from Malaysia, and HSBCAmanah does not disappoint us with **UEM Edgenta**. Its first door-to-door supply chain deal**drew accolades** from Syahrunizam Samsudin, the managing director/CEO of UEM: "As we continue to support the government's nation-building initiatives and to better the lives of communities we operate in, we are grateful to be able to provide relief and support to assist SME and MSME vendors in maintaining a healthy cash flow and to ensure that they continue to contribute to the national economy, post-pandemic. This financing method will help to provide the necessary cash flow and working capital for our partner vendors."

Farm Fresh is Malaysia's largest integrated producer of dairy products. Through its subsidiaries, the group operates on a 'grass-to-glass' model that engages in farming, manufacturing and distributing various dairy products and plant-based products. Farm Fresh operates five dairy farms in Malaysia and one dairy farm in Australia. Farm Fresh also owns and operates two processing facilities in Johor and Pahang, Malaysia and one processing facility in Kyabram, Australia. CIMB was the sole principal advisor for the company's RM1.1 billion (US$251.37 million) IPO and listing on Bursa Malaysia.

Amanat Lebuhraya Rakyat (ALR)'s deal is the classic killing of two birds with one stone. The Sukuk effectively return the benefits of five toll roads to the people (rakyat) of Malaysia, and control the tolls during the life of the Sukuk thereby assuring that a popular complaint will be addressed. Many Malaysians have **complained** about how tolls are handled over recent years.

Why ALR tolled so easily: While ALR was incorporated under the Companies Act, its shareholders are not profit-motivated. Comprehensive governance best practices are included in ALR's mandate and charter to avoid moral hazard risks associated with the shareholders who will not earn any return on equity. An important outcome of this transaction is that it should help the government to achieve its aim to eliminate compensation payments entirely while maintaining the affordability of the highways. The transaction also supports a Board Early Redemption Incentive Scheme put in place to incentivize ALR's board of directors to redeem the proposed Sukuk as early as possible while still maintaining the required highway standards for motorists. The **indefinite** freeze on the highways' toll rates is credit-positive from a traffic demand risk perspective as rate hikes increase traffic volatility, making forecasting traffic patterns difficult.

Honorable mention: Farm Fresh and UEM Edgent

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OMAN: TOWELL INFRASTRUCTURE PROJECTS CO'S OMR14 MILLION SUKUK WAKALAH	
Size:	OMR14 million (US$36.25 million)
Issuer:	Towell Infrastructure Projects Co
Arrangers:	Bank Muscat, Ahli Bank, Oman Arab Bank, Alizz Bank, Bank Nizwa
Legal counsels:	Said Al Shahry & Partners for Towell Infrastructure Projects Co; and Al Busaidy, Mansoor Jamal & Co for the arrangers
Rating:	Unrated
Date closed:	December 2022
Shariah advisor:	Bank Muscat (Meethaq Islamic Banking)

The finalists: Oman continues to deliver quality deals across multiple business areas. In 2022, the finalists include the consensus behind the sovereign's return to market, construction and the emergence of the domestic real estate investment fund (REIF) market.

Towell Infrastructure Projects Co had to resolve issues around the timing of when it contracted with the government with the Shariah styles of its financiers. This required a break from the traditional position of Omani banks to use either Ijarah or Musharakah. And voila, Musharakah's cousin Wakalah was deployed.

As **Pearl REIF** is only the third REIF established in Oman to date, the structure required Meethaq and its counsel Trowers & Hamlins, the ministry affected and the Capital Market Authority to closely consider which form of funding would be optimal as a precedent for future REIF financings. In this case, Ijarah was agreed.

Oman Sovereign Sukuk Company, the wholly-owned SPV of the government of Oman, returned to market to issue OMR150 million (US$388.39 million) of new Ijarah certificates. Bookrunners National Bank of Oman, Sohar International Bank and Meethaq Islamic Banking and counsel MAQ Legal (Al Maamary, Al Abri & Co) had to take into consideration the forthcoming Bonds & Sukuk Law at the Capital Market Authority's request.

Why Towell wiped out the competition: This deal forced Omani Islamic operators out of their comfort zone. Getting out of it meant that the OMR37.75 million (US$97.74 million) Towell Infrastructure Projects Co financing of the development of the Mudeibi water distribution project would have a clear Islamic tranche. This in turn would allow an easier alignment of the different financing methods under the common terms agreement.

Honorable mention: Oman Sovereign Sukuk Company and Pearl REIF

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Shortlisted for Overall Deal of the Year 2022

PAKISTAN: K-ELECTRIC'S US$85 MILLION SYNTHETIC HEDGE

Size:	US$85 million
Issuer:	K-Electric Company
Financiers:	Dubai Islamic Bank Pakistan
Legal counsel:	Mohsin Tayebaly & Co for both sides of the deal
Rating:	Unrated
Date closed:	May 2022
Shariah advisor:	Dubai Islamic Bank Pakistan (DIBPL)

Still partners: Musharakah in one form or another is a favored product in Pakistan. In 2022, we saw Musharakah as part of a currency hedge, short-term Musharakah and socially responsible Musharakah.

The Quran reminds us 11 times that: "God is with the patient people." Indeed, **K-Electric** and DIBPL were patient. Their structured currency hedge took approximately six months to consummate. In the end, an organic matching of cash flows was structured to fund K-Electric in the Pakistani rupee (PKR) and DIBPL in the US dollar.

Pakistan Kuwait Investment Company (Private) and MCB Bank delivered a rated, unsecured, short term Sukuk program for **Nishaat Mills**. This first short-term Sukuk in the textile sector of Pakistan also assured that Pakistan's institutional investors had high-quality commercial paper investment opportunities based on Musharakah (Shirkat-ul-Aqd).

The **Masood Spinning Mills** deal demonstrated the reach of sustainability. The Bank Islamic Pakistan-led syndicate for PKR1.2 billion (US$5.24 million) hits two critical UN SDGs. The use of alternative energy and better natural lighting of Masood's facilities support SDG 13 of climate action. And the delivery of suitable workspace and opportunity for female workers addresses SDG 5 of gender equality.

K-Electric was, well, electrifying: The simple problem with most foreign exchange (FX) hedging is that it is disconnected from real business. The **daily currency** markets trade up to US$6 trillion, a number that is greater than equity market trading. Much of this liquidity flows from speculators and is disconnected from daily business requirements at the import–export or foreign direct investment levels. Chinese firms like Sinosure carry huge US dollar portfolios and do not wish to dabble in exotic, volatile and illiquid currencies like the PKR. They provide credit in US dollars. The DIBPL structure relieves significant FX risk from K-Electric by converting it to PKR in a credit operation. In exchange, DIBPL receives US dollar deposits that it can invest in much-needed trade finance supporting many more Pakistani businesses. This was K-Electric's first Shariah compliant 'swap'.

Honorable mention: Nishaat Mills and Masood Spinning Mills

QATAR: ORYX CORNICHE DEVELOPMENTS'S QAR815 MILLION FINANCING

Size:	QAR815 million (US$223.77 million)
Issuer:	Oryx Corniche Developments
Arranger:	Dukhan Bank
Legal counsels:	K&L Gates for issuer and Eversheds for arranger
Rating:	Unrated
Date closed:	June 2022
Shariah advisor:	Dukhan Bank

Somebody scored a hattrick: This year, K&L Gates dominated the nominations from Doha. It was the 'Mbappe' of Qatar law offices.

K&L Gates supported Qatar First Bank (now Lesha Bank) on the financing of a Qatari consortium of investors to acquire a 10.8% stake in **Ennismore** owned by French hospitality conglomerate group.

K&L Gates then acted for **Zad Holding Company** (formerly known as Qatar Flour Mills Company), a shareholding company listed on the Qatar Stock Exchange. This was the first term Islamic financing for Zad Holding. The deal, led by Credit Suisse, was worth US$250 million executed as Tawarruq.

But then, there was housing for the World Cup. K&L Gates worked on the financing for **Oryx Corniche Developments**. This was a challenging deal to balance the requirements of a US private equity investor and the Qatar Investment Authority.

Why Oryx was the swiftest: The transaction raised complicated licensing issues as the hotel site was previously the Ministry of Interior building and is the closest hotel to the Amiri Diwan. A part of the project also involved dealing with taking security over land which was state-owned and that created legal issues regarding the title transfer upon a default. The transaction was subject to expedited negotiations and closure as The Ned was required to be operational before the start of the World Cup, a milestone which was achieved.

Honorable mention: Ennismore and Zad Holding Company

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Shortlisted for Overall Deal of the Year 2022

SAUDI ARABIA: SAUDI ELECTRICITY COMPANY'S US$566 MILLION EXPORT CREDIT AGENCY TRANSACTION

Size:	US$566 million
Issuer:	Saudi Electricity Company
Join mandated lead arranger:	Standard Chartered Bank
Advisors:	Sumitomo Mitsui Banking Corporation and Standard Chartered Bank
Financier:	Swedish Export Credit Corporation
Guarantor:	Swedish Export System
Legal counsels:	Allen & Overy (issuer); AS&H (Saudi Arabia); Clifford Chance (financier); Vinge (Swedish counsel)
Date closed:	April 2022

A vision for competition: Have you been to Saudi Arabia lately? Energy, human energy, is coursing through the country. How businesses think is exemplified by the vitality of new ideas and initiatives. Regional integration is bigger than just the GCC. And the national infrastructure is improving to suit the population and its anticipated growth in the northwest of the country, from Medina to Neon.

Riyad Bank's image for many years was stodgy. While we ignored the bank, they thought about tomorrow. The first elements of the Bukra Initiative connected the bank to its stakeholders in new and distinctive ways. The four pillars of the program — community, knowledge, environment and economy — are beneficiaries of **Riyad Tier 1 Sukuk**. S&P Global Ratings provided an **evaluation** of the bank's strong alignment in funding: "RB [Riyad Bank] commits to allocating an equivalent amount to the net proceeds of the debt instruments issued under its Sustainable Finance Framework to fund eligible green or social projects or companies that derive more than 90% of their revenue from eligible project categories. Moreover, the framework clearly defines all eligible project categories, their associated eligibility criteria and target populations, where relevant."

As its new gas resources come online, Egypt's capacity to supply is as important as its need to take. **Saudi Electricity**'s HVDC Electricity Interconnection Network is funded by a Tawarruq advised by Standard Chartered Bank. According to the **International Energy Agency**: "Linking the power grids of the two countries, and hence the interconnected power grids of the Arabian Gulf with those of North Africa, will support grid resilience and decarbonization objectives as a large part of the exchanged electricity in the future will likely be from renewable sources. Saudi Arabia aims to increase the share of natural gas and renewable energy sources in electricity production to about 50% by 2030, while Egypt targets 42% of electricity generation from renewables by 2035."

Acciona has been awarded contracts for the development of three independentwastewater treatment plants in Medinah, Buraydah and Tabuk. Serving up to twomillion people, **the projects** "…contribute to national water conservation and reuse targets, in line with the country's project for sustainable development and economic diversification titled Vision 2030."

Think of the UN SDGs. These projects **deliver**: "…wastewater for irrigation; the treatment and reuse of sewage sludge for agricultural use as fertilizer and for the manufacture of cement ('zero sludge' method), and the use of renewable electricity to supply energy to the wastewater plants."

And if you have taken the train from Jeddah to Medina, you would have seen the agricultural development and date-palm groves that will be among the beneficiaries of these projects.

How Saudi Electricity connected: The Saudi–Egypt HVDC Electricity Interconnection Network **is** "the first-ever large-scale high-voltage direct current (HVDC) interconnection link in the Middle East and North Africa. It will carry power along a 1,350 km route (839 miles) using overhead power lines and a subsea cable across the Red Sea".

This deal expands the engagement of the Swedish Export Credit System while creating capacity supply across MENA.

Honorable mention: Riyad Bank and Acciona

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TURKIYE: THE REPUBLIC OF TURKIYE'S US$2.5 BILLION AND US$3 BILLION SUKUK	
Size:	US$2.5 billion and US$3 billion
Issuer:	Hazine Müsteşarlığı Varlık Kiralama Anonim Şirketi Republic of Turkiye
Arrangers:	Citigroup, Dubai Islamic Bank, Emirates NBD Capital, HSBC, Kuwait Finance House
Legal counsels:	Arnold & Porter Kaye Scholer (English and US counsel) and Paksoy Ortak Avukat Burosu (Turkish law) for the issuer and Clifford Chance (international counsel) and CIFTCI Law (Turkish counsel) for the arrangers
Rating:	'B' by Fitch Ratings and 'B3' by Moody's Investors Service
Date closed:	October 2022
Shariah advisors:	Each of the banks

Consensus and Halk: Our Turkish deals were disproportionally nominated by Halk Invest. These represent creative small-scale Sukuk supporting different aspects of the Turkish quasi-government, cooperative and business segments. In a year with significant disruption, these deals were all closed, demonstrating the depth of the Turkish market and its global relevance.

The Republic of Turkiye was able to return to the global markets and successfully raised US$5.5 billion in two issuances. These deals represented an improvement in Turkiye's relationship with many of the GCC countries. The US$3 billion issuance is the Republic's largest Sukuk issuance.

Halk Invest brought forward creative asset-based deals for **Kayseri Seker**. This deal brings the cooperative into the Islamic capital market on a real asset basis. Halk also brought the **Turkish Grain Board** to market in a TRY1 billion (US$53.24 million) deal that supports the domestic grain market and its key participants.

Why the Republic of Turkiye won: Geopolitically important Turkiye is also economically diverse. The Turkish lira has lost value. Inflation is high. Yet, the markets supported two notable Sukuk issuances as well as a conventional bond. These provided the Turkish treasury with additional resources to support the currency as well as domestic measures to stem inflation.

Honorable mention: Keysari Seker and Turkish Grain Board

Shortlisted for Overall Deal of the Year 2022

UAE: NMC HEALTHCARE'S US$2.25 BILLION DEBT AND EQUITY CAPITAL RESTRUCTURING	
Size:	US$2.25 billion
Issuer:	NMC Healthcare
Arranger:	Abu Dhabi Commercial Bank led the creditor committee
Legal counsels:	Kirkland & Ellis for debtor; Quinn Emmanuel for debtors; Global Advocates for debtors; Pinsent Masons for debtors; Milbank for Opco creditors; and Clifford Chance for the adhoc creditor committee
Date closed:	March 2022
Shariah advisors:	Each Shariah compliant creditor had their own Shariah advisor

The phoenix rises: Each of our three deals represents the resilience of the UAE market. Tecom shows how confidence has recovered in the UAE's real estate market after the blows delivered by COVID-19. The Dar Al Takaful–Watania merger lays the base for a stronger Takaful market with a new champion. And NMC shows the depth of the UAE's professionals to put 'Humpty Dumpty' back together.

The analogy is to NMC Healthcare. At one point, the law firm Kirkland & Ellis **shared** how there were concerns during the process that the UAE's largest healthcareprovider might not survive. Richard Fleming, the managing director of Alvarez & MarsalEurope and the joint administrator of NMC Health and NMC Healthcare, said: "The extraordinary support we have received from the staff, ADGM, courts across the Emirates, key stakeholders, insurance companies whose patients we serve, creditors and suppliers, has been key over the past two years. As NMC goes about its business of serving clinical customers in the UAE and delivering value to its stakeholder communities, its future looks very bright indeed."

The **Dar Al Takaful–Wataniah** merger was an important step addressing theproblem that Takaful providers are small. Dr Ali Saeed Harmal Aldhaheri, the chairmanof Dar Al Takaful (DAT), **said**: "I am thrilled that we have formally become one company with one purpose, one culture and one common vision for the future. We believe DAT has a clear strategic direction to create long-term sustainable value for our shareholders, partners and employees, and ultimately deliver protection and financial security to our participants (policyholders) when they need it most. As the Takaful sector undergoes a significant transformation to move away from fragmentation towards consolidation, this merger has formed a scalable organization…"

TECOM Investments prepared for its July 2022 IPO with a syndicated AED7.6 billion (US$2.07 billion) syndication. The operator of 10 business districts that include Dubai Internet City, Dubai Media City and Dubai Design District has access to a substantial land bank of 40 million square feet. As much as this was a sign of recovery, the deal also represents the risks inherent in modern real estate post-COVID-19 and with the continuing work-from-home trend. The result was a well-structured cash waterfall to give the financiers comfort. The March 2022 dealmakers — Dubai Islamic Bank, Emirates NBD and First Abu Dhabi Bank — however, had little to worry about. Tecom **raised** AED17 billion (US$4.63 billion) in its July IPO.

How NMC was put back together: Fraud can be a death sentence. **Polly Peck**, **Enron** and others are long forgotten. **FTX** will soon evaporate into case studies. As the UAE's largest private healthcare company, NMC Healthcare was the first Abu Dhabi company to list on the London Stock Exchange in April 2012. Then came the spectacular collapse including its delisting. It entered into administration and its shares were delisted in April 2020. The restructuring, which included a Musharakah solution for the Shariah compliant financiers, **enabled** a total 34 of NMC Healthcare's 36 businesses to exit administration under the aegis of NMC OpCo, a new holding company owned by the unsecured creditors.

Honorable mention: Dar Al Takaful and Tecom Investments

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UK: PERMODALAN NASIONAL'S GBP122 MILLION CROSS-BORDER TAWARRUQ	
Size:	GBP122 million (US$150.68 million)
Issuer:	Permodalan Nasional
Arranger and financier:	HSBC Amanah Malaysia
Guarantor:	Permodalan Nasional (PNB)
Rating:	Not applicable
Date closed:	March 2022
Shariah advisor:	HSBC Amanah Malaysia

Hub to hub: In 2022, the UK blended real estate, capital markets and cross-border investment.

Bedford Row Capital raised EUR100 million (US$107.93 million) through the **Al Waseelah** platform to invest in the European hydrogen technology sector.

PNB topped up the Battersea Project to bring it to its ground opening.

Norton Rose Fulbright advised ABC International Bank and Bank of London and The Middle East on the GBP100 million (US$121.75 million) **Bryanston Marble Arch** property.

Why Battersea won: This project finally opened its first phase with the King of Malaysia attending the ceremony. At the beginning of 2022, a bit of help was needed to get the project across the line. Although PNB and its partner EPF were already RM8.5 billion (US$1.95 billion) into the deal, PNB raised a further RM310 million to get the deal done. Since Tawarruq enjoys a privileged tax position for cross-border UK funding, it was the choice for this deal.

Honorable mention: Al Waseelah and Bryanston Marble Arch

Shortlist for IFN Overall Deal of the Year

1. **Kuwait Finance House's US$11.6 billion acquisition of Ahli United Bank**
2. **Saudi Electricity Company's US$566 million export credit agency transaction**
3. **K-Electric's US$85 million synthetic hedge**
4. **NMC Healthcare's US$2.25 billion debt and equity capital restructuring**
5. **Amanat Lebuhraya Rakyat's RM5.5 billion (US$1.26 billion) Tawarruq-based Sukuk**

ARE WE MISSING SOMETHING?

If you have been involved in one of the winning deals and your company has not been mentioned, please notify Andrew.Morgan@redmoneygroup.com by the 31st January 2023.

Pakistani regulator issues new guidelines to push for growth of Islamic finance in the non-bank financial sector

To further support the regulatory framework of the Islamic finance industry in Pakistan, specifically in the non-bank financial sector, the Securities and Exchange Commission of Pakistan (SECP) has issued the Guidelines for Offering Islamic Financial Services, 2023, which include the introduction of the concept of Islamic windows in all its regulated sectors. EMIR ZAINUL has the story.

Under the new guidelines, a conventional non-bank financial company (NBFC) may establish an Islamic window for providing Islamic financial services by establishing an independent legal entity wholly owned by the NBFC or establish an identifiable unit within the financial institution.

The Islamic windows will have the obligation to follow the minimum regulatory requirements of capital allocation and maintenance, governance and operations, and may then be allowed to spin off into a separate legal entity if and when it reaches a certain threshold of assets and regulatory capital.

In an official statement on the 11th January 2023, the SECP said the guidelines are framed to facilitate the growth of Shariah compliant financial products in the financial services market regulated by the commission, which include Islamic capital markets, Takaful, Modarabas, NBFCs, pension and private funds and REITs.

However, the SECP noted in the document that the guidelines are not meant to amend or modify the existing legal and regulatory frameworks issued or administered by the commission. "These guidelines are voluntary in nature, and regulated persons, Shariah compliant companies, issuers of Shariah compliant securities and others concerned are encouraged to apply them," the document read.

According to the SECP, the guidelines are written based on notions of proportionality and gradualism and cover key principles for the conduct of Shariah compliant operations by persons offering Islamic financial services. Besides covering the foundational principles for developing cohesive Shariah governance within Islamic financial institutions, the document also provides detailed guidelines for the conversion of conventional financial institutions into Islamic financial institutions.

"Issuance of these guidelines is part of SECP's resolve to promote and develop an Islamic financial system in line with the constitutional objective of the Islamization of the economy in light of the recent judgment of the Federal Shariat Court," the commission said.

For context, the Federal Shariat Court of Pakistan (FSC) in a historic development in April 2022 stated in a decision that Riba or interest is prohibited in Islam, and declared that the interest-based banking system to be against the principles of Shariah.

As such, the FSC directed the federal and provincial governments to amend the relevant laws, and set an implementation timeline of five years to convert the economy of Pakistan into an "equitable, asset-based, risk-sharing and interest-free economy" by the 31st December 2027.

Following that, a number of conventional banks have committed to convert their operations into fully-fledged Islamic banks. One such example is Faysal Bank, which has just completed its conversion from a conventional bank into a fully-fledged Islamic bank earlier this month.

It was touted as the largest conversion by scale by the Islamic International Rating Agency as measured by an exchange rate-adjusted deposit size of US$6.92 billion, number of Islamic branches and range of banking services offered through a Shariah compliant mechanism.

Prior to the latest addition, 22 Islamic banking institutions comprising five fully-fledged Islamic banks and 17 conventional banks with stand-alone Islamic banking branches were offering Shariah compliant products and services across Pakistan.

The State Bank of Pakistan noted in an Islamic banking bulletin that the asset size of Islamic banking witnessed an all-time high in 2022 and crossed the six-trillion mark to reach PKR6.78 trillion (US$30.05 billion). On a year-on-year basis, assets and deposits of Islamic banking were up by 41.4% and 27.1% respectively, while the market share of Islamic banking in assets and deposits in the overall banking industry stood at 19.5% and 20.5% respectively.

According to a Fitch Ratings report in June 2022, Islamic banks are the largest contributor to the Islamic finance industry in Pakistan at 67% (total assets), followed by Sukuk at 26% (outstanding amount), Islamic funds at 6% (total assets) and Takaful at 1% (total contributions).

New Halal mortgage business enters Canadian market

EQRAZ, an Islamic financial services start-up based in Toronto with a focus on Shariah compliant home mortgages, has officially launched in Canada, to serve the country's 1.8 million-strong Muslim population (or around 3.7% of the total population). NESSREEN TAMANO writes.

"Our product is a five-year renewable product which has been tested against all applicable Canadian banking, mortgage and other regulations by both EQRAZ counsel as well as the Schedule 1 bank that is providing Halal mortgage funding. EQRAZ's Halal mortgage product avoids the regulatory and funding-related problems facing traditional Musharakah and Murabahah products being used by other firms," said Syed Zuhair Naqvi, the founder and CEO of EQRAZ.

The biggest challenge, according to Zuhair, was developing a Halal product that does not conflict with Canadian tax, disclosure and other regulations, and that meets with Canada's capital market requirements. It took the company four years to overcome those challenges, he added.

EQRAZ mortgages will be administered by its partners, including third-party mortgage administrator CMLS Financial. The start-up also has a partnership with Forest City Funding, a franchise of mortgage broker Dominion Lending Centre, whose platform allows Canadian mortgage brokers to apply for an EQRAZ Halal mortgage on behalf of their customers.

EQRAZ's products, policies and procedures have been certified according to AAOIFI standards by Shariyah Review

Bureau, which will also be supervising and auditing the company's offerings and operations.

Canada's Islamic finance landscape is dominated by Shariah compliant housing finance, with cooperatives offering Islamic financing to its members since the early 1980s. The country's first income Halal mortgage fund was introduced in 2019 by Manzil.

Kuwait Finance House maintains position as top primary dealer for IILM's Sukuk program

Kuwait Finance House (KFH) has once again come out in the lead as the top primary and secondary dealer for the International Islamic Liquidity Management Corporation (IILM)'s Sukuk program, in 2022. NESSREEN TAMANO reports.

This is the sixth time the bank topped the primary market as a primary dealer, and the second year in a row that it has ranked first as a secondary dealer.

Ahmad Eissa Al-Sumait, the general manager of treasury in Kuwait at KFH, said that the bank's distinction of being the only financial institution to top both the primary and secondary market lists of the IILM program emphasizes its pioneering role in activating and developing both markets.

"Despite the unstable global economic environment in terms of the fluctuations of returns in the fixed income market due to the global high inflation levels, and the central banks withdrawing liquidity, KFH ranked first ... Given the expected stable returns in 2023, it will be an active year in the volume of issuances for the primary market and trading for the secondary market, offering capital-attractive investment opportunities," noted Ahmad.

The IILM closed 13 Sukuk auctions in 2022, achieving a total of US$13.88 billion year-to-date across 37 US dollar-denominated short-term Sukuk issuances and accounting for 39% of total global US dollar Sukuk issuances. The secondary market trading of the IILM Sukuk, meanwhile, stood at US$2.04 billion through 264 trades in 2022 — the highest ever recorded to date.

In 2021, Standard Chartered ranked second and Maybank Islamic ranked third on the primary market, which saw a total of 36 Sukuk issuances amounting to US$14.12 billion.

In the secondary market, First Abu Dhabi Bank came in second while Standard Chartered came in third, based on a total trading volume of US$1.51 billion.

Sovereign Securities: Saudi Arabia kicks off 2023 with US$10 billion triple tranche Sukuk offering

Saudi Arabia has completed its first international Sukuk issuance of the year worth US$10 billion, while other usual sovereign securities issuers kept up the momentum. EMIR ZAINUL rounds up notable Shariah sovereign securities developments over the past week.

Saudi Arabia

The Saudi National Debt Management Center **completed** its first international issuance of the year with a triple tranche Sukuk offering amounting to US$10 billion under the Kingdom's Global Medium-Term Note Issuance Programme.

The total orderbook reached over US$38 billion, which equals to an oversubscription of 3.8 times.

The value of the first tranche is US$3.25 billion for a five-year Sukuk facility maturing in January 2028, the second tranche totaled US$3.5 billion for a 10.5-year Sukuk facility maturing in July 2033, while the third tranche totaled US$3.25 billion for a 30-year Sukuk facility maturing in January 2053.

Gambia

The Central Bank of Gambia (CBG) **published** the results of its three-month, six-month and one-year Sukuk Salam issuances issued on the 11th January 2023.

The three-month paper worth GMD15 million (US$237,285) was undersubscribed by GMD13.5 million (US$213,557), the six-month paper worth GMD25 million (US$395,475) was undersubscribed by GMD4.6 million (US$72,767.4), while the one-year facility worth GMD30 million (US$474,570) was undersubscribed by GMD17.9 million (US$283,160).

Indonesia

The Indonesian government **conducted** an auction of sovereign Shariah securities on the 10th January 2023. The securities from six series, with tenors ranging from six months to 24 years, amounted to a total of IDR13.85 trillion (US$894.53 million).

Bangladesh

Bangladesh Bank (BB) **held** an auction for its Islamic Banks Liquidity Facility (IBLF) on the 11th January 2023, receiving bids from two Islamic banks for a total of BDT2.2 billion (US$20.82 million), which were all accepted by the auction committee.

The expected profit rate for the 14-day IBLF is between 6% and 7%.

Malaysia

Between the 10th and 17th January 2023, Bank Negara Malaysia issued a total of five Money Market Tender Murabahah Overnight Borrowing Acceptance Islamic facilities worth RM172.21 billion (US$39.86 billion) and seven Money Market Tender Qard instruments worth a combined RM9.5 billion (US$2.2 billion).

Separately, the government of Malaysia on the 11th January 2023 issued a RM2.5 billion (US$571.28 million) Malaysian Islamic Treasury Bill which received 66 bids.

Upcoming sovereign Sukuk

Country	Amount	Expected issuance date	Date of announcement
Pakistan	PKR240 billion	February 2023	4th January 2023
	PKR100 billion	March 2023	4th January 2023
	PKR30 billion	18th August 2022	19th July 2022
	PKR30 billion	15th September 2022	19th July 2022
	PKR372 billion (Sukuk and eurobonds)	2023	11th June 2022
	PKR75 billion	February to April 2022	12th February 2022
	PKR225 billion	February to April 2022	12th February 2022
	PKR100 billion	30th September 2021	28th September 2021
	Between US$1 billion to US$1.5 billion	October 2021	21st September 2021
	Between US$750 million to US$1 billion (international Sukuk)	TBA	22nd May 2021
	US$500 million - US$1 billion Sukuk Ijarah	March 2021	24th January 2021
	TBA (Ministry of Energy's Petroleum Division)	TBA	4th November 2020
	US$2.5 billion (comprising Sukuk, eurobond and Chinese panda bond)	TBA	3rd October 2020
	PKR700 billion	TBA	17th December 2019
	PKR250 billion	TBA	10th December 2019
	At least US$1 billion	TBA	10th September 2019
	TBA (diaspora Sukuk or bond)	TBA	19th August 2020

The UK and Ireland: Maintaining the lead despite a slowdown

The UK has been the Islamic finance hub of the west for the last 10 years, given the industry's rapid development and the UK government's support for its promotion. Ireland is also, just like the UK, a top destination for Sukuk listings, and holds the potential of being the top alternative location for Islamic financial institutions to set up their EU-related businesses post-Brexit. NESSREEN TAMANO writes an overview of Islamic finance and banking in both jurisdictions.

Regulatory landscape

Islamic finance first entered the UK market in 1982 with the establishment of the first Islamic bank, the now-defunct Al Baraka International Bank. In Ireland, it was first introduced in 2010 when legislative adjustments were made by the Central Bank of Ireland to accommodate Islamic financial products — as did the Bank of England (BoE) in the UK.

In 2015, the Irish government included Shariah finance in its International Financial Services Strategy as a sector with opportunities, and in 2018, a new chapter on Islamic finance transactions was included in the government's guidance that includes provisions for Sukuk, Takaful and re-Takaful, Islamic investment funds and different Islamic finance concepts.

Banking and finance

There are four fully-fledged Islamic banks in the UK, while in Ireland there has yet to be an Islamic finance operator. Most deals in both the UK and Ireland focus on real estate, particularly in the acquisition of property by Shariah compliant financial institutions based abroad.

The UK's oldest and largest Islamic bank is Al Rayan Bank, whose parent company is a subsidiary of Qatar's Masraf Al Rayan. Operating since 2004, it is the only Islamic bank in the UK to receive a public rating ('Aa3' by Moody's Investors Service).

In 2021, the BoE launched its much-awaited Alternative Liquidity Facility, which is structured as a Wakalah or fund-based facility and is expected to help ease the difficulties that Islamic financial institutions in the UK face. The facility can also help them hold reserves-like assets in a non-interest-based environment. As at the end of 2022, the size of the facility stood at GBP200 million (US$244.34 million).

Capital markets

The London Stock Exchange (LSE) has been a key destination for international Sukuk listings, raising more than US$50 billion through 68 Sukuk issues to date. Both its International Securities Market and Main Market have seen landmark Sukuk deals across a range of sectors, notably the IsDB's debut green Sukuk worth EUR1 billion (US$1.08 billion).

The LSE also features three Shariah compliant exchange-traded funds available through six multicurrency lines based on Islamic indices.

The UK became the first western country to issue a sovereign Sukuk facility in 2014 with an issuance worth GBP200 million. A sophomore Sukuk issuance, which had been in the works for a few years, was completed in 2021, raising GBP500 million (US$610.86 million).

In 2018, Al Rayan Bank launched its Shariah compliant Tolkien Sukuk paper, the largest-ever sterling-denominated Sukuk issued by a UK entity at the time, at GBP250 million (US$305.43 million).

Meanwhile, the Irish Stock Exchange is also an international destination for Sukuk listings, with notable offerings from powerhouses Saudi Arabia, Bahrain and Oman. The first Sukuk facility out of Ireland was issued in 2018 at over US$150 million.

Fintech

The UK's Islamic fintech scene is thriving, with Islamic banks collaborating with tech companies to fill the market gap. In 2020, Niyah launched its Islamic banking app and marketplace for Shariah compliant financial products to serve the Muslim community. In 2021, US-based Islamic fintech company Wahed Invest acquired Niyah as part of the former's expansion plans. Wahed Invest had also previously launched the world's first automated, globally accessible investment platform in the UK, especially targeting young Muslim professionals.

London-based ethical and digital UK fintech company MoneeMint, formerly known as Ummah Finance, has also announced plans to roll out an ethical digital bank.

As at January 2023, there are 41 Islamic fintech companies operating in the UK, according to the IFN Fintech Landscape.

Takaful

The development of the Takaful sector in both the Irish and UK markets remains slow. In 2018, the Islamic Insurance Association of London created guiding principles for Takaful operations, and later the same year, the Irish tax authority provided new Islamic finance guidelines with provisions for Takaful and re-Takaful services.

A framework allowing the UK market's underwriters to operate Islamic windows for their Shariah compliant insurance and reinsurance products has been set, but to date, Cobalt Underwriting (a cover holder of Lloyd's) remains the UK's sole Takaful and re-Takaful operator.

Outlook

The UK remains one of the leading countries for Islamic finance in the region, having the highest value of Shariah compliant assets at around GBP600 million (US$733.03 million). However, in 2021, Islamic banks in the UK recorded a 1.6% year-on-year decline in total assets at US$7.5 billion, according to a report by Refinitiv. The past year's volatility in the markets, exacerbated by the Russian invasion of Ukraine, has also negatively impacted both the UK's and Ireland's Sukuk markets. Market players are hopeful for more initiatives and innovation in the industry, as well as more involvement in the sustainable and ethical finance arena.

Real estate: Still a reliable asset class?

The protracted obstacles posed by the current economy — with climbing inflation and a volatile market — may just challenge the usually reliable real estate sector. EMIR ZAINUL highlights the latest developments in this sector.

Overview

With the prolonged disruption from COVID-19 and the paradigm structural shifts in the way we live and work, monetary policy and geopolitics are impacting investor sentiment in the real estate sector.

According to Jones Lang LaSalle's Global Real Estate Perspective November 2022, the uncertain economic outlook has triggered more cautious, delayed decision-making and introduced capital constraints for more market participants.

The report pointed out that a slowing of momentum is becoming evident in the office market. Global office leasing declined by 5% from the previous quarter during the third quarter, although activity remains above the third quarter of 2021.

In the logistics sector, demand stayed resilient but is down from peak levels across all three regions, with take-up restrained by a lack of available space in many markets. Global retail sales growth softened in the third quarter as the squeeze on real incomes impacts consumer activity, and this is likely to filter through to more constrained retailer activity.

According to CBRE's Global Real Estate Capital Flows for the first half of 2022, Europe was the prime beneficiary of cross-regional capital inflows, totaling a record US$42 billion and accounted for one-fourth of the region's US$172 billion in total investment volume — the highest share on record for foreign investors.

The real estate capital outflows from the Middle East mostly went into Europe at US$1.4 billion, followed by North America at US$1 billion and Asia Pacific at US$494 million.

Islamic REITs

Meanwhile, the Islamic REIT market has been consistently growing with the launch of new funds and new acquisitions.

One of the most significant news in the Islamic REIT space over the past year is Emirates REIT finally **executing** the issuance of a secured US$380 million Sukuk facility in December 2022 to refinance its existing unsecured US$400 million Sukuk facility issued in December 2017 that was set to mature on the 12th December 2022.

Emirates REIT proposed the exchange of each US$1,000 in face amount of certificates for US$950 in face amount of new certificates and US$50 in cash, with a profit rate of 9.5% per annum, from 5.13% previously, and a maturity date of December 2024, with a one-year extension option, which was approved by the Sukukholders.

Following the restructure, Fitch Ratings downgraded Emirates REIT's long-term issuer default rating to 'restricted default', reflecting the "distressed debt exchange".

Acquisitions

Saudi Arabia and Malaysia are the most active Islamic REIT markets. Malaysia welcomed one new Islamic REIT and saw the exit of another, while Saudi REITs have been aggressively expanding their portfolio with Alinma Retail REIT Fund, Al Rajhi REIT Fund, SEDCO Capital REIT, **SICO Saudi REIT Fund** and **Mulkia Gulf Real Estate REIT Fund** all acquiring new assets to expand their portfolios.

According to S&P Global Ratings, there are 13 Shariah compliant REIT securities in the S&P Saudi Arabia Domestic Index. Meanwhile, four Islamic REITs are listed on Bursa Malaysia, namely Al-'Aqar Healthcare REIT, Axis REIT, KLCC REIT and Al-Salam REIT.

Malaysia

AME REIT in December 2022 **proposed** to make its first acquisitions following its listing in September with the purchase of three industrial properties in the Iskandar Malaysia region in Johor, Malaysia for RM69.3 million (US$15.77 million). The Islamic REIT said the acquisitions would boost its total asset value by 12.8% to RM644.1 million (US$146.61 million). In April 2022, Axis REIT **entered** into a sale and purchase agreement with Equalbase PTP to acquire a logistics warehouse facility located within Pelabuhan Tanjung Pelepas in Johor for a total lump sum cash consideration of RM390 million (US$92.2 million).

Saudi Arabia

Alinma Retail REIT Fund **completed** the acquisition of a commercial building located on Al-Imam Abdullah Ibn Saud Ibn Abdulaziz Road in Riyadh for SAR52 million (US$13.85 million). Financed through Islamic banking facilities acquired from Alinma Bank, the property generates an income of SAR4.73 million (US$1.26 million), or a return of 9.1%, with the potential of reaching SAR5.18 million (US$1.38 million), or a return of 9.97%. Al Rajhi REIT Fund's board of directors in November 2022 **approved** the signing of purchase agreements for two developed properties with a total value of SAR930 million (US$247.65 million) and leased for a total rent of SAR70.49 million (US$18.77 million).

SEDCO Capital REIT Fund's board in July 2022 **agreed** to increase the total value of the fund's assets by acquiring two developed and income-generating assets located in Riyadh and Jeddah valued at least SAR700 million (US$186.41 million). The acquisition was to be financed through the issuance of new units as well as through banking facilities.

Other developments

Earlier in January 2023, Bahrain investment bank GFH Financial Group **acquired** a majority stake in Big Sky Asset Management, a US-based real estate asset manager focused on the healthcare segment. As at October 2022, GFH's portfolio of assets in the US medical office building sector was valued at over US$1 billion.

Following a unitholders' meeting on the 16th December 2022, the Employees Provident Fund (EPF), as the sole unitholder of Alpha REIT, has **resolved** to terminate and wind up the unlisted Shariah compliant REIT. Alpha REIT is a Malaysia-based Islamic REIT primarily investing in education or education-related assets in Malaysia or overseas. As at the 31st December 2021, its total assets under management stood at RM428.6 million (US$96.8 million).

Oman Investment Authority, the nation's sovereign wealth fund, together with integrated telecommunications services provider Omantel, on the 16th October 2022 opened the IPO for The Pearl Real Estate Investment Fund (Pearl REIF), Oman's largest Shariah compliant fund, to enhance investment inflows into the real estate and property sector, as well as boost liquidity on the Muscat Stock Exchange.

The Securities and Exchange Commission of Pakistan in August 2022 proposed revamping the REIT regulatory framework to introduce new REIT products, ease the launching of different REIT schemes and shift toward a reporting-based regime.

First Abu Dhabi Bank's Sukuk: A return to market

The UAE's First Abu Dhabi Bank (FAB) has kicked off the new year with the successful issuance of its five-year Sukuk facility worth US$500 million. NESSREEN TAMANO has the story.

The US dollar-denominated Sukuk issuance is said to be the first one of its kind in 2023 in the international capital markets for issuers from the Middle East.

Successfully priced on the 9th January 2023 at 90bps over the US Treasury Rate, which is equivalent to a profit rate of 4.58%, the Islamic paper is also listed on the London Stock Exchange.

> *Our wholesale funding will be driven by the diversity of the investor base and cost-efficient markets and the Sukuk market is especially important for us in this regard*

"Based on FAB's funding curve, the Sukuk pricing is circa 10bps inside fair value for a new five-year bond and at zero new issue premium for a new five-year Sukuk. This is an exceptional result given the market volatility witnessed in 2022 and possible only due to the bank's sound credit profile and standing with international investors," the bank said.

Rula AlQadi, the group treasurer at FAB, noted that the issue yielded good results, especially after a tumultuous 2022 for fixed income. "Our wholesale funding will be driven by the diversity of the investor base and cost-efficient markets and the Sukuk market is especially important for us in this regard," she explained.

FAB, Abu Dhabi's largest lender, regularly issues US dollar Sukuk at the beginning of each year. In 2022, the bank issued a Sukuk paper worth US$500 million, which received an oversubscription of 2.8 times. It had also issued an Islamic facility worth the same amount in 2021, which was also oversubscribed three times at US$1.5 billion.

The bank made headlines this past year with some of its high-profile negotiations, including its withdrawal of a non-binding offer to control a majority stake in EFG Hermes Holding, and the rebranding of its Egyptian unit to FABMISR following its merger with Bank Audi Egypt.

As at the end of September 2022, FAB recorded total assets of AED1.15 billion (US$313.01 million), an increase from AED984 million (US$267.83 million) recorded in the same period of the previous year.

First Abu Dhabi Bank's Sukuk

US$500 million

9th January 2023

Issuer	First Abu Dhabi Bank
Tenor	Five years
Profit rate	4.58%
Listing	London Stock Exchange
Joint lead managers	First Abu Dhabi Bank; Dubai Islamic Bank; Emirates NBD Capital; KFH Capital; Sharjah Islamic Bank; Standard Chartered Bank; Islamic Corporation for the Development of the Private Sector

SDGs: Part 2

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The 17 SDGs initially emerged from the United Nations Development Programme (UNDP) conference on sustainable development in Brazil in 2012 and were finally approved and adopted in 2015 at the UN General Assembly by all 193 countries present at the time.

The goals replaced the eight MDGs or Millennium Development Goals, which were launched by the UNDP in 2000 with the commitment from world leaders to fight poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women in all parts of the world.

The debate is on whether the MDGs were a failure or part success but an analysis I saw painted more red than green against each MDG. Well, the question arises: if MDGs would be successful, why do we then have the SDGs? It is possible that the UN may come up with some other set of goals when SDGs expire in 2030, or may extend the validity of the existing goals.

The SDGs were developed with a noble intention to meet the growing challenges on the environment, politics, economy and other areas related to the improvement in the condition of the people, primarily from lower cadres of society. The goals were selected based on voting by all UN member states since these were found to be relevant in all jurisdictions.

The SDGs are a commitment by all UN member countries to address the most urgent problems of the world through joint efforts. Most of the goals are interconnected and success in one goal complements the others. The idea is for every country to clean your own house first before helping the others. As such, the governments are responsible to allocate resources and mobilize funds for each goal. The weaker countries may seek assistance through UN's SDG Fund.

Unfortunately, as per a recent UNDP report, the 2030 deadline now seems unrealistic due to COVID-19, wars, climate disasters, etc. What is more, the cost of meeting SDG targets has reportedly risen by 25% to reach US$176 trillion mainly due to inflation.

It is not clear from UN resources as to how much has already been invested in SDGs up to 2022. However, collecting such a massive amount in the remaining seven years seems next to impossible.

In my opinion, it will be crucial for the private sector from UN member countries to get fully involved in accomplishing the SDGs as the assistance from donor agencies and the government allocations alone will prove highly inadequate.

On average, a well-run private sector in a developing country accounts for up to 60% of a country's GDP, 80% of capital flows and 90% of jobs. An innovative approach is needed to make the private sector an effective stakeholder for SDGs.

Apart from the lukewarm response from the private sector thus far, the other factors responsible for increased SDG outlays are rising costs associated with achieving the most important net-zero carbon emission.

Also, some of the SDGs, particularly No 1 ('No Poverty') and No 2 ('No Hunger'), were seen reversing the gains, as the additional 100 million people were pushed to extreme poverty and 210 million more are facing food insecurity.

Another factor for low interest is that the SDGs are 'cause-based' initiatives rather than the 'return-oriented' business case. The private sector would invest in the SDGs if it is able to gain market returns.

The critics say that the SDGs did not factor in the pandemic (COVID-19) and conflicts (Russia–Ukraine war) and hence it will be difficult for the UN to see a happy ending to the SDG chronicle by 2030.

About 100 scientists, economists and professionals from other fields have recently written to the UN to scrap the SDGs since they believe it was an ill-conceived initiative. However, they did not provide any solution or alternative. Moreover, why didn't they make noise in 2015 when the goals were being debated for adoption?

Starting from today, I will pick each goal in the ascending order and describe the purpose of the goal followed by explaining the Islamic teachings surrounding the goal.

Goal 1: 'No Poverty'

The UNDP assessed in 2015 that 736 million people still lived on less than US$1.9 a day. It was estimated that the economic growth in countries with a big population, ie China and India, has lifted millions out of the aforementioned poverty threshold but the progress is far from satisfactory. Women were found to be more likely to be poor than men because they are paid lower than men, have less education and do not own property.

I would like to quote the following passages from the Holy Quran on poverty alleviation:

1. Sura Al-Ma'arij (Chapter named as the 'Elevated Passages') Verse 24–25 *"And in their wealth is a recognized right. For the (needy) who asks and the one who is deprived."*

2. Sura Al Baqara (Chapter named as 'The Cow') Verse 177
"It is not (only) righteousness that you turn your faces towards East or West (in Prayer). But the righteousness is to believe in Allah and the Last Day, and the Angels, and the Book, and the Prophets, and to give of your wealth out of love for Him, to your kin and orphans and the needy and the wayfarer and those who ask, and for the ransom of slaves."

Below are the sayings of Prophet Muhammad on removal of poverty:

1. "Allah said: 'O son of Adam! Spend (on poor), and I shall spend on you.'" [Al-Bukhari]

2. "Whoever is made wealthy by Allah and does not pay Zakat of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes. The snake will encircle his neck and bite his cheeks and say: 'I am your wealth, I am your treasure.'" [Al-Bukhari].

So, what solutions do Islam offer to eradicate poverty and have these been tried anywhere in the Islamic rule? God willing, I will explain it in the next article.

The purpose of this educative series and the article is not to hurt any religious or commercial sentiments either consciously or even unwittingly.

Next week: Discussion on all UNDP SDGs shall continue.

New year, new opportunities

QATAR

By Amjad Hussain

QNB Financial Services announced that the total assets of the banking sector in Qatar increased by 0.9% month-on-month in 2022, reaching QAR1.85 trillion (US$507.94 billion) in November 2022. In addition, according to a press release, Islamic banks reported faster credit growth than conventional banks. Credit extended by Islamic banks rose by 9.77%, reaching QAR358.81 billion (US$98.51 billion) in November 2022, whereas credit extended by conventional banks decreased by 2.18% compared with the same period last year. The majority of the credit extended by Islamic banks was toward the real estate and public sectors.

Qatar Central Bank issued treasury bills and Sukuk on the 27th December 2022 worth QAR6 billion (US$1.65 billion) through an auction conducted under the enhanced auction procedures introduced by the central bank on the 21st September 2022. The auction attracted record-setting bids amounting to QAR11.46 billion (US$3.15 billion). Through the enhanced auction procedures, Qatar Central Bank increased the number of instruments, including Islamic instruments, and their tenor which ranges from one week to nine months.

Damaan Islamic Insurance Company (Beema) will begin trading on the Qatar Stock Exchange on the 16th January 2023. The extraordinary general assembly of Beema approved the listing in December 2021 in response to directives from Qatar Central Bank to convert Beema into a public shareholding company.

Beema was established as an Islamic insurance company in 2009 and is licensed by Qatar Central Bank to carry out Takaful and re-Takaful activities. The five founders of Beema are Qatar Islamic Bank, Qatar Insurance Company, Masraf Al Rayan, Barwa Real Estate and QInvest. Following the listing of Beema, the number of listed companies on the Qatar Stock Exchange's main market will increase to 49.

Qatar Islamic Bank and QIIB announced that they will disclose their financial statements for the year ending December 2022 on the 16th January 2023 and 25th January 2023 respectively. It is hoped that the results of these banks and other banks in Qatar for 2022 will drive the banking sector to continue to grow.

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Turkish central bank completes first pilot phase of the digital lira

TURKIYE

By Fatma Cinar

Within the scope of the first phase of the Digital Turkish Lira Project led by the Central Bank of the Republic of Turkiye (CBRT), the first payment transactions on the Digital Turkish Lira Network have been successfully carried out.

The CBRT completed the first trial of the central bank digital currency (CBDC), the Digital Turkish Lira, and signaled that it plans to continue testing throughout 2023.

In the first quarter of 2023, the CBRT will continue its narrow-scoped and closed-loop pilot application tests carried out together with its technology stakeholders. The findings of the tests will be shared with the public in a comprehensive evaluation report.

The Digital Turkish Lira Collaboration Platform will be expanded with the participation of selected banks and financial technology companies in 2023, and it will pass into stages where pilot tests with broad participation will be carried out.

In this context, tests of unique architectural constructs designed for the use of distributed ledger technologies in payment ecosystems and their integration with instant payment systems will continue.

The Turkish central bank first announced in September 2021 that it was exploring the benefits of switching to a digital Turkish lira in a research project called 'Central Bank Digital Turkish Lira Research and Development'.

At that time, the government did not make any commitments for the eventual digitalization of the country's currency, stating that it "had not made a final decision on the issuance of the digital Turkish lira".

In its latest statement, the CBRT announced that it will continue to test the use of distributed ledger technologies in payment systems and to test their integration into instant payment systems.

Priority will be given to studying the legal aspects of the Digital Turkish Lira such as the 'economic' and 'legal framework' regarding digital identity, as well as the technological requirements.

Studies on the legal dimension of the Digital Turkish Lira show that digital identification is critical to the project. Therefore, throughout 2023, priority will be given to studies on the technological requirements, economic and legal framework of the Digital Turkish Lira. It is made available to the general public.

Several countries, including the UK and Kazakhstan, have recently started trialling central bank digital currencies.

The Reserve Bank of Australia recently expressed hesitation about its own CBDC plans, and Vice-President Brad Jones said in a speech on the 8th December 2022 that the CBDC could replace the Australian dollar and lead people to avoid commercial banks altogether.

While the Bank of England has opened proof-of-concept applications for a CBDC wallet, the Kazakhstan central bank has recommended the introduction of an in-house CBDC as early as 2023, with a phased implementation over three years.

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Central Bank of Kuwait raises discount rate by 50bps to 3.5% before US Fed rate hike

KUWAIT

By Ajai Thomas

The Central Bank of Kuwait (CBK) raised the discount rate by 0.5%, from 3% to 3.5%, effective the 7th December 2022.

The CBK had left rates unchanged after the latest rate hike by the US Fed in November. The central bank had increased its discount rate by 200bps during 2022, compared with a 375bps increase in the Fed funds rate. CBK Governor Basel Al-Haroon pointed out that this decision came in line with the CBK's balanced and progressive approach, which aims to reinforce an environment inducing to economic growth and to maintain the financial and monetary stability and attractiveness of the national currency as a store of local savings.

The governor further explained that the decisions of the CBK regarding moving the discount rate to affect the levels of interest rates on the Kuwaiti dinar (KWD), and its interventions in the monetary market in keeping with its monetary policy by using various instruments to regulate the levels of liquidity in the banking sector, are all based on thorough reviews of recent local and international data including the economic performance ratios, eg growth and inflation levels, domestic liquidity indicators, deposit movements and KWD and foreign currency interest rates and their expected trends in response to any adverse conditions that may affect the national economy.

National Assembly's committee approves draft law to purchase consumer loans

Newspapers reported that the National Assembly's legal and legislative committee has approved a draft law calling on the government to purchase consumer and personal loans of Kuwaiti citizens. The committee sent it to the concerned financial and economic affairs committee to study the financial aspects of the bill and its cost to public funds. The bill, yet to be approved by parliament, proposes that the government should purchase consumer and personal loans of Kuwaitis by simply deducting the cost-of-living allowance paid every month.

Moody's affirms Kuwait's rating at 'A1' with stable outlook

Moody's Investors Service said in a report that the credit position of Kuwait and the rating of the government of Kuwait at 'A1' (stable outlook) depend on the country's exceptional financial reserves and oil and gas reserves with low production costs and very high income levels; these strengths are offset by Kuwait's very high dependence on oil and exposure to the risks of shifting from long-term carbon and a challenging political environment, which impede policy implementation.

The rating agency estimates government financial assets, dominated by Kuwait Investment Authority's assets in the Future Generations Fund, at about 340% of GDP at the end of 2021. With the sharp increase in oil prices in 2022, Moody's expects Kuwait to achieve large fiscal surpluses in 2022–23 and to slightly re-accumulate its reserves.

However, in the medium term and with the decline in oil prices, the fiscal deficit will return and will be relatively wide in the absence of reforms to expand the non-oil revenue base or rationalize spending. This is likely to lead to a steady increase in debt from low levels assuming the government can pass the new public debt law, although Moody's expects Kuwait to maintain an unusually strong government balance sheet and total assets for the foreseeable future.

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The development of the Maqasid Shariah-based VBiT scorecard

TAKAFUL & RE-TAKAFUL (ASIA)

By Marcel Omar Papp

On the 7th December 2022, the Malaysian Takaful Association (MTA) and INCEIF University's ISRA Research Management Centre (ISRA) conducted a ceremony at INCEIF University, launching the project to develop a Maqasid (goals of) Shariah-based VBiT (value-based intermediation of Takaful) scorecard. The project launch is an important milestone in the implementation of VBiT — a framework the MTA established in 2021 for the Malaysian Takaful industry.

The Maqasid Shariah scorecard will ensure that Takaful operators comply with the goals of Shariah when incorporating VBiT in their organizations.

> ***With its expected benefits, the Maqasid Shariah scorecard will be at the heart of Malaysia's Takaful industry development***

As Prof Dr Younes Soualhi (deputy director of ISRA) highlighted during the launch ceremony, the scorecard is to help companies in their strategic planning, enhance their decision-making and advance reporting efficiency to achieve full transparency.

It is expected to provide an accurate measurement of business and non-business performance based on well-defined key performance indicators (KPIs).

According to Prof Dr Younes, the Maqasid Shariah scorecard's key benefits include:

1) ensuring that the value proposition of Takaful operators is aligned with Maqasid Shariah;

2) offering Takaful operators further differentiation from conventional insurers; and

3) showcasing Malaysia as a leader in Islamic finance.

While ISRA is still defining the final list of KPIs, it has shared some concrete examples to indicate its direction. For example, as environmental protection is an important objective of Shariah and the Takaful industry, one of the Maqasid Shariah-based indicators could be the amount of coverage offered by Takaful operators to the renewable energy industry, or the total waste recycled by a Takaful company.

Referring to the Maqasid Shariah of justice (Adalah), other potential KPIs could be the speed of paying claims, handling and addressing complaints or if there is a fair distribution of surplus.

ISRA is planning to identify qualitative and quantitative indicators and consider the hierarchy of Maqasid while assigning weights to them.

The KPIs will also be aligned with the four underpinning thrusts of VBiT, namely financial resilience, best conduct, community empowerment and good self-governance.

With its expected benefits, the Maqasid Shariah scorecard will be at the heart of Malaysia's Takaful industry development.

By providing practical guidance to Takaful operators, its success will ensure that the Takaful industry remains relevant and is ready to progress further.

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Islamic crowdfunding governance through the lens of AAOIFI

SHARIAH & CORPORATE GOVERNANCE

By Prof Dr Younes Soualhi

In December 2022, AAOIFI issued a standard on Islamic crowdfunding governance (GS14), the first comprehensive governance framework for Islamic crowdfunding that emphasizes Shariah compliance and incorporates the best governance practices in the crowdfunding industry. The standard aims to enhance public confidence in the Islamic crowdfunding sector, and to assist economic development through the promotion of entrepreneurship, and the enhancement of Islamic social finance.

An overview of the Islamic crowdfunding governance standard

The standard emphasizes key areas of governance. It highlights the core principles of governance of Islamic crowdfunding, namely Shariah compliance, accountability, fairness, transparency, responsibility and independence, to mention a few.

These principles must be observed by all stakeholders in an Islamic crowdfunding issuance, namely the operator, the fund providers, the issuer and the trustee.

In this standard, the operator is considered as an Islamic financial institution, which should meet eligibility criteria and maintain minimum capital and liquidity requirements. The trustee, who is independent from the operator, should safeguard the interests of the fund providers.

The issuer (the fund seeker) should provide a business plan, the financial position and the purpose of raising the funds. The fund providers shall disclose the sources of funds to mitigate the risks of money laundering or terrorism financing.

It is important to note that the standard has laid a particular emphasis on the Shariah supervisory board (SSB). Several mechanisms of Shariah advisory within an Islamic crowdfunding issuance have been elucidated such as the obligation for an operator to appoint a SSB for all Islamic crowdfunding issuances, or appoint a SSB for a particular Islamic crowdfunding.

To embolden compliance further, the standard recommends the appointment of an audit and governance committee for the Islamic crowdfunding issuance with specific terms and conditions. Issues of transparency and disclosure, rating of Islamic crowdfunding issuance and financial reporting have also been highlighted in the standard.

> **"This is the first time that Islamic finance regulators such as AAOIFI have come up with a comprehensive standard on Islamic crowdfunding governance"**

Main features of the Islamic crowdfunding standard

1. *Comprehensiveness*
   The standard is comprehensive as it covers a wide scope of governance requirements that emphasize the Shariah compliance of the Islamic crowdfunding issuance, protecting the interests of various stakeholders, information technology and data protection.

2. *Lifecycle governance adherence*
   The standard is designed to enforce governance requirements at each stage of the crowdfunding issuance. Special requirements are highlighted for the issuer whose utilization of the Islamic crowdfunding proceeds shall be monitored and controlled during the lifecycle of the Islamic crowdfunding issuance.

3. *Strong Shariah compliance and yet flexible*
   The standard establishes a strong Shariah presence of Shariah governance in the Islamic crowdfunding issuance, but allows the change of Fatwas if the circumstances and conditions of the Islamic crowdfunding issuance change, provided the change of Fatwas should not have an adverse effect on the Islamic crowdfunding stakeholders.

4. *Consideration of exceptions*
   Certain exceptions have been tackled in this standard such as the restructuring and rescheduling (R&R) of the Islamic crowdfunding issuance. The standard explains the scenarios triggering R&R and the parameters that must be observed.

Conclusion

This is the first time that Islamic finance regulators such as AAOIFI have come up with a comprehensive standard on Islamic crowdfunding governance.

Whether Islamic crowdfunding issuance is commercially driven or socially driven, the newly issued standard is suitable for the existing Islamic crowdfunding platforms (equity-based, donation-based, lending-based and reward-based).

However, Islamic cross-border crowdfunding has not been addressed in this standard, and hence the issue of conflicting laws and regulations of different jurisdictions in an Islamic crowdfunding issuance may still need to be highlighted in the future versions of the Islamic crowdfunding standard.

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The potential of Islamic banking in the socioeconomic scenario

The west is going through a change. By the west I mean the Americas, Europe and we should include Australia. There is so much change that it is unsettling. But that should not deter us as there is so much opportunity and untapped potential. In the US, the Islamic finance industry is still very nascent. There are various groups such as the Assembly of Muslim Jurists of America which issue Fatwas and rulings on various matters and more recently on Islamic finance and Islamic banking. YUNES KOBAREE writes.

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There are companies offering Ijarah contracts; however, diminishing Musharakah and Murabahah are the most prevalent. The Murabahah concept is very popular among the capitalistic society and has laws that allow buying and selling for a higher price. The idea of a bank owning a property is considered illegal in the US, therefore banks in the US cannot operate effectively as an Islamic bank so they must find other ways to do business, and offer Islamic finance solutions to the masses.

There are 1.8 billion Muslims worldwide according to Learn Religions and of those 3.3 million is only 1% of the US population (Gordon Conwell). That is 3.3 million homes with 3.3 million cars at the least because most people in the US have two to three cars. So that figure doubles or triples in amount needed to be funded.

Many Muslims in the US question how Islamic finance is different from conventional finance as both financial systems charge using money. This is incorrect as they do not see the difference. While this can be left up to the schools to teach which is a great start, however let's be practical that our customers are adults who have jobs and need transportation, housing or other financings.

Developments are keenly dependent on efforts taken to educate the average people in the industry who are also customers. In business, one must understand the target market and serve that need, whether it is building capacity, bridging gaps or expecting change in the message.

Action must be taken and get involved in grassroots efforts in order to get the message out that there is alternative finance and it is in line with the goals and Islamic values. But the biggest issue faced in the west is the laws and people not seeing the difference in banking standards. They feel like it is just Riba when actually it is the transactions.

One must not think that Islamic finance is a new concept but rather an ancient concept of equality with tools of change and a motive of involvement in the economy. Upon analyzing the modes of Islamic finance, importance should be placed on contracts that adhere to Islamic finance concepts based on the Hadith and Sunnah.

Rather than the whims and fancies or discoveries of an individual person, this is very much the thesis of contemporary finance. It is based on individual discovery rather than divine intervention. Venerated through a final Prophet and Messenger, these principles are fair, easy to understand and very much in line with the Lord Almighty's plan.

Nevertheless, there is still no trust in the system among people and believers. There is a need to focus on building and keeping that trust. Without it, we will not be able to build a future for the Islamic finance industry and the consumers. The mistrust in the Islamic finance concepts is because they are not educated in it. They believe that finance is just contemporary finance, that there is no difference.

There are similarities and differences. One promotes the theory of maximizing profit over fairness and judgment, probably because of the idea of capitalism as it promotes the idea that everyone follows and is driven by profit and self-interest. While Islam is not against profit, it does include other ideas such as fairness, equality and consciousness of the Lord Almighty, as well as ideas and commands of the Quran and Sunnah.

Collaboration is a must across borders in order to build a better tomorrow. The fear of doing business among Muslims arises due to no difference seen between Islamic finance and contemporary finance. Communities need an outreach and education on the matters pertaining to Islamic finance with collaborations with Imams and teaching schools.

Sources: Socioeconomics - Search (bing.com); Statistics About the Muslim Population of the World (learnreligions.com); Gordon Conwell

Harnessing blockchain to grow the Halal market

The Halal industry is not only of religious significance, seeing as there are over two billion Muslims globally, but also of economic and trade importance ('A sustainable Blockchain framework for the Halal food supply chain: Lessons from Malaysia'). It is currently one of the fastest-growing industries in the world, with an estimated worth of US$2.3 billion, not including Islamic finance ('Global Halal industry: Realities and opportunities'). Furthermore, the industry is not just confined to food or food products anymore, but several other sectors such as healthcare and cosmetics. HABIB MOHAMED SHATRY explores.

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Halal certification comes in numerous forms such as logos, seals or trademarks and indicates that the products bearing the certification have undergone inspections from a proper Islamic certification authority. To receive certifications, a product's source, ingredients and operations need to be Shariah compliant ('Emerging Halal Food Market: An Institutional Theory of Halal Certificate Implementation').

The Halal certification of products plays a major role on consumerism and purchasing decisions. When looking at it in in terms of industry, multinational firms affirm that in order to stay competitive in the market, Halal is important ('Branding Halal: A photographic essay on global Muslim markets'), and at the center of the Halal industry is Halal certification.

Despite the accelerated growth and extension of the Halal industry, consumers still face numerous problems when it comes to identifying, verifying or even recognizing Halal products (Kassim, Murizah, Cik Ku Haroswati Che Ku Yahaya, Muhammad Hafiz Mazlan Zaharuddin, and Zamri Abu Bakar. 'A prototype of Halal product recognition system.' 2012 International Conference on Computer & Information Science).

There is still a lack of uniformity in issuing Halal certification. Every country has a different certification body and most of them do not seem to agree on several issues when it comes to what makes a product Halal. This causes consumers to be wary and some even question the authenticity of Halal logos and certifications. Due to a call for standardization of Halal certificates, most are issued by local governments in an attempt to achieve uniformity within states. However, it is still challenging to find ways of verifying products and certifying them.

To achieve uniformity, reliability and authenticity, using blockchain is important. Blockchain is well known for its ability to improve the integrity and efficiency of supply chains. With the use of blockchain, products can be traced from the farming or mining stage (or any other sources) all the way to the packaging and selling stages. It can show a clear path for products, increasing their transparency and reducing consumer worries. Establishing an authentic verification process and a transparent chain to the market will also create trust in consumers, increasing business opportunities and marketability.

Apart from that, it has also been noted that blockchain has the ability to improve competitiveness in the market. Using blockchain to show the authenticity of Halal certification will increase consumer trust, leading to an increase in business. To catch up and avoid running out of business, other businesses will have to adopt a similar standard of transparency or reliability. In Indonesia, the Indonesian Ulema Council has started to use barcodes on products that could be scanned in order to access the Halal status of the product. This is a good example of how blockchain would be very beneficial to Halal certification.

To conclude, there are several ways in which blockchain can be beneficial to Halal certification. To begin with, it can assist in tracking products from the point of origin to their final destination. It can also maintain the integrity of the supply chain, increasing consumer trust. Blockchain can also help in separating Halal and non-Halal products made by the same company. The mixing of Halal and non-Halal products has caused a lot of mistrust from consumers, specifically in terms of food.

With blockchain, the separation of Halal and non-Halal products can be recorded and made transparent from the production area to the market places. As mentioned, different authentication agencies have different requirements for Halal certification. Blockchain can be used by the Halal agencies from the origin to the destination and they can work together to ensure that the process is 100% proper and Shariah compliant, helping in consumer trust.

Finally, blockchain is definitely the best way to build trust in the Halal industry. With the sharing of crucial information and absolute transparency throughout the certification process and prior to it, manufacturers can build trust with consumers.

With trust comes loyalty and increase of business. In a win-win situation, the producers get more customers and the consumers enjoy products that they are satisfied with.

Retirement: A new beginning

For some people, facing the pension age might be veiled by a gruesome feeling of anxiety. However, the COVID-19 pandemic teaches us that retirement is indeed a pivotal moment to start a new chapter in life. Thus, we need to preserve a noble endgame which becomes a divine default for every living creature. DR RIZKY WISNOENTORO writes.

Dr Rizky Wisnoentoro *is CEO and co-founder of IMPAC+, an ESG rating and research company based in Jakarta. He can be contacted at rizkywisnoentoro@gmail.com.*

In terms of forward-looking, it is interesting to learn the side issues following the prestigious commencement of the Qatar World Cup 2022. The Moroccan national team emerged to become a home for potential world class players in the future. Kylian Mbappe is set to shine on the world stage.

More interestingly, apart from the altercation about the GOAT (Greatest Player Of All Time), it signified a beautiful sunset for Lionel Messi and Cristiano Ronaldo. The two luminary icons have secured an important baseline: solid preparation to dish up the post-retirement life. Messi has won the world's most prestigious cup, and Ronaldo has successfully secured a dazzling contract worth more than EUR200 million (US$216.61 million) from Al-Nassr.

One lesson to learn: retirement age will always be varied. In the Islamic view at large, Prophet Muhammad began his peak performance of life at the age of 40, when he was ascribed to become a noble prophet.

In western business, Colonel Sanders had exemplified that life begins at 40, when he officially began his new business in 1930. Moreover, the age of 65 appears to be the new high-flying chapter when he started to franchise his KFC [Kentucky Fried Chicken] products.

Ironically, these 'age-checkpoints' are currently considered as the terminal moment. In football, 40-year-old players would largely be considered as 'too old'. Meanwhile, for the business atmosphere in some countries, the age range of 61–65 is commonly considered as the sign when an employee should retire (unable to contribute to the tight competition).

In this matter, the pension fund plays a pivotal role. In Islamic pension fund management, the contracts of Wakalah, Mudarabah or Murabahah seem to be among the most chosen ones. The stock or capital market, in this instance, seems to be the most favorite instrument to invest the pension fund.

The main question here is: what are to be mitigated in the years 2023 and beyond? Indeed, there are several important changes that we have to anticipate. First is the shifting of the mindset within the next two decades. In the global post-pandemic era, the year 2023 starts to unveil the need for relentless productivity, regardless of age, to prevent any calamity. There is a plethora of lessons learned from the outbreak, one of which is to survive the massive uncertainty of personal and family-based biological, psychological, socioeconomic and spiritual wellbeing. So, employee loyalty will be shifted into transactional interactions that may lead to a high rate of turnover, resignation and early retirement.

Second is the shifting of the average age to retire which is in line with the mushrooming movement of 'Financial Independence, Retire Early' among millennials and Gen Z.

The global COVID-19 outbreak had led to massive layoffs across countries. In 2020, based on a report of the International Labor Organization, there were 255 million full-time equivalent (FTE) jobs lost worldwide. Psychologically, this phenomenon has brought more youngsters into a newly-refurbished old reality: survival of the fittest. Subsequently, workers were forced to learn they could lose their current job at any time, regardless of their long-term loyalty to the companies they have worked for.

Therefore, employees should mitigate any unexpected termination. With that said, especially in 2021, more international media such as The New York Times, 13newsnow.com or Business Insider highlighted the phenomena of young retirement (at the ages of early 40s–50s).

In relation with this, thirdly, the pandemic had also brought the new trend to retire young among next-gen workers, and hence to start their own businesses. In this matter, the spirit of collaboration and the strength of the weak ties among friends in the distance will drive Gen Z to gallantly tap themselves into entrepreneurship. Thus, it would imply the steadfast investment plan for any pension fund managers to utilize the sources of their assets (ie Employees Provident Fund). At some points, it is logical to expect that young employees would claim their retirement funds much earlier than the common age that we used to deal with, prior to the global pandemic.

Speaking about humanity, it is understandable that people try to seek consonance in advance to the bitter dissonance of being laid off. Alas, it is also understandable that instead of being unsettled and vulnerable to layoffs, more employees would begin choosing their path as entrepreneurs at an earlier age (and hence resign from their current companies). Thus, the pension fund would be significant capital for them to start their new businesses.

In this regard, volatility appears to be a climacteric aspect that may drive humankind into the next calamity. Subsequently, it will affect both the pension fund managers and the retired persons.

To some further extent, sustaining the business of pension fund management itself may significantly help reduce the anxiety in the market, especially in anticipating their retirements. That said, new and young entrepreneurs will breed potential highky-skilled employees — with a new work culture. In order to sustain, pension fund managers should be adaptable with this new trend.

At large, pension fund managers have the chance to contribute to the UN SDGs, especially in the sense of poverty eradication (to help ensure people's wellbeing after retirement); good health and wellbeing (especially to support happy and healthy retirement among the people); decent economic growth (with the investment plans that can be utilized to stimulate local development); and partnership for the goals (collaboration for development at large).

Indeed, we only have limited time to proceed forward with the SDGs. Like the MDGs [millennium development goals] and the waning concept of 'corporate social responsibility', the 17 points of the SDGs — with all of their potentials and defects — will soon be obsolete. What matters most is how to sustain the world beyond, for we actually borrow it from the next generations. We need to adapt businesses, policies and theoretical grounds to the next level. The venture for poverty eradication missions should be aligned with the new wealth creation — and generational transfer, blended financing, environment conservation, cultural life cycle and psychological wellbeing.

Thus, spirituality is the epitome. May Allah the Almighty God help us humans to survive.

Takaful in Pakistan is creating a viable social impact

The peculiar word 'social' usually has a deep-rooted meaning beyond mere digital platforms while 'impact' emphasizes more on the strong effects that are relayed on someone or something. To begin with, a social impact simply put is a positive movement or alteration which takes care of the social challenges or injustices within a community. When the onus is on the farming community of Pakistan, there is potential for making an immense social impact, mostly concerned with the condition of the Pakistani farmers who majorly belong to the underprivileged segment of society and are usually more susceptible to a crisis during their lifetimes. RIZWAN HUSSAIN delves further.

Rizwan Hussain *is the managing director and CEO of Salaam Takaful. He can be contacted at rizwan@salaamtakaful.com.*

The 2022 floods had a devastating effect on the Pakistani farming industry. The farming community was hit hard due to the extreme flooding while leaving scores of people shelterless resulting in hunger and deaths. The effects were felt all round, with approximately 1,500 deaths, around 13,000 injuries, over 1.8 million people losing their homes, one million livestock lost and more than nine million acres of cropland getting affected.

Islamic insurance or Takaful could not have prevented the floods of 2022 from happening, but it could have helped to protect Pakistani people and their assets. Insurance is an essential need for everyone, and access to it should not be restricted based on socioeconomic status. I believe that Takaful can help farmers and protect them from natural disasters like the floods of 2022.

With the support of Pakistan's government, we can ensure that farmers are protected in the event of any circumstances, including natural disasters. Islamic flood risk insurance can also serve as a safeguard against future flood risks, giving Pakistani people peace of mind that they will not lose everything in such traumatic events.

This not only helps individuals and families to recover more quickly after a disaster, but it also benefits the broader business community, by allowing companies and organizations to continue operating in the wake of a catastrophe. The protection of the well-being and assets of the citizens of Pakistan starts with the business community.

As businesses navigate a diverse range of challenges and operational concerns, such as inflation, supply chain disruptions and shifting consumer behavior, it is crucial for them to also understand the criticality of the need for Takaful. Insurance companies, on the other hand, should also take them on board by helping them understand the benefits of having Takaful coverage.

This can be a difficult task, as businesses are faced with numerous demands on their time and resources and may be hesitant to invest in insurance products that they do not fully understand.

However, by highlighting the many benefits of Takaful and the valuable role it plays in protecting the well-being and assets of the people of Pakistan, insurance companies can help to build a more informed and engaged corporate community, which will ultimately lead to more widespread adoption of these products and services through their endorsement and recommendation.

Additionally, it would be helpful to tailor the benefits of such insurance to the specific needs of the community, and business owners, to gain their support.

The commitment to find innovative solutions to meet the unique needs of farmers in the region is needed. Fortunately, there are a few companies which have developed parametric insurance which is a technology-based approach to crop insurance that uses weather data to generate value across the crop insurance supply chain.

This strategy provides the best value for farmers in the region. By utilizing the latest technology and industry expertise, it can be aimed to provide farmers with insurance that is tailored to their specific needs and concerns.

Furthermore, constantly evaluating the market conditions, and using data analytics to develop products that can adapt to the changing conditions

and provide coverage for risks that were not covered before, would be a game changer. This approach allows supporting the farmers in the region and contributing to the stability and growth of the agricultural sector in Pakistan.

We need a dedicated effort to create social impact and change by making Takaful an essential need for the people of Pakistan. The protection of every individual is vital for the prosperity of society and the ultimate goal should be to make sure that Takaful is accessible to all members of the community.

The idea of success is not only measured by the number of policies sold, but by the overall increase in the quality of life for the people of Pakistan. Disasters such as floods are an unfortunate reality in our country, but by providing insurance we can mitigate the damage and help communities recover more quickly.

We all need to come together to create a positive change in the society of Pakistan by making Takaful a priority for every individual. By working together, we can make sure that Takaful is easily accessible to all, regardless of their socioeconomic status. By providing insurance to all, we can not only improve the quality of life for the people of Pakistan, but also create a more stable and resilient community.

DEALS

Bangladesh Bank auctions IBLF

BANGLADESH: Bangladesh Bank (BB) has held an auction for its Islamic Banks Liquidity Facility (IBLF) on the 11th January 2023, receiving bids from two Islamic banks for a total of BDT2.2 billion (US$20.82 million), which were all accepted by the auction committee, according to an official statement.

The expected profit rate for the 14-day IBLF is between 6% and 7%.

Kimlun issues ICP

MALAYSIA: Engineering and construction services company Kimlun Corporation has on the 17th January 2023 issued an Islamic commercial paper (ICP) worth RM6 million (US$1.39 million), according to a filing on the Bond and Sukuk Information Exchange.

The ICP, which is structured under the Murabahah concept, is unrated.

Metrix Inspira issues Sukuk Mudarabah

INDONESIA: Full-service plant automation and integration services company Metrix Inspira has today issued a IDR1.42 billion (US$94,117.5) Sukuk Mudarabah facility, according to a filing on the Indonesia Central Securities Depository. The offering, which carries a fixed return rate of 16% per annum, will mature on the 7th February 2023.

MYEG issues IMTN

MALAYSIA: MY EG Services (MYEG) has on the 17th January 2023 issued an Islamic medium-term note (IMTN) worth RM100 million (US$23.15 million) under the Bi Istithmar, Murabahah and Wakalah concepts, with a fixed coupon rate of 5.75%, according to a filing on the Bond and Sukuk Information Exchange.

The Sukuk paper is arranged by lead arranger CIMB Investment Bank and will mature on the 17th January 2028.

KCB Bank Tanzania's Sukuk listed

TANZANIA: KCB Bank Tanzania, through its Islamic window KCB Sahl Banking, has listed its maiden Sukuk, Fursa Sukuk, on the Dar es Salaam Stock Exchange (DSE), according to an official post on LinkedIn.

The Sukuk issuance was oversubscribed by 110% after raising TZS11 billion (US$4.7 million) against a target of TZS10 billion (US$4.3 million) during the initial sale. Fursa Sukuk is the first Sukuk issuance in Tanzania and East Africa to be listed on the DSE.

Saudi Arabia's first Sukuk in 2023

SAUDI ARABIA: The Saudi National Debt Management Center has completed its first international issuance of the year with a triple tranche Sukuk offering amounting to US$10 billion under the Kingdom's Global Medium-Term Note Issuance Programme, a media release confirmed.

The total orderbook reached over US$38 billion, which equals to an oversubscription of 3.8 times.

The value of the first tranche is US$3.25 billion for a five-year Sukuk facility maturing in January 2028, the second tranche totaled US$3.5 billion for a 10.5-year Sukuk facility maturing in July 2033, while the third tranche totaled US$3.25 billion for a 30-year Sukuk facility maturing in January 2053.

STSSB sells Islamic paper

MALAYSIA: Sunway Treasury Sukuk (STSSB) has issued a one-month Islamic commercial paper worth RM20 million (US$4.57 million) on the 11th January 2023, a filing on the Bond & Sukuk Information Exchange read.

The Islamic paper was arranged by Kenanga Investment Bank.

IILM to issue Sukuk

GLOBAL: The International Islamic Liquidity Management Corporation (IILM) was due to kick off 2023 with its first auction of the year by tendering a total of US$780 million in Sukuk on the 17th January 2023, split into three tranches with one-month, three-month and six-month tenors, an official LinkedIn post confirmed.

FMDQ admits FHF's Sukuk

NIGERIA: FMDQ Exchange has admitted Family Homes Funds (FHF)'s NGN20 billion (US$44.33 million) Sukuk paper for listing, an official LinkedIn post read.

FHF had issued the Sukuk during the third quarter of 2022.

Indonesia sells Shariah securities

INDONESIA: The Indonesian government has conducted an auction of sovereign Shariah securities on the 10th January 2023, a statement read. The

DEAL TRACKER Full Deal Tracker on page 57

EXPECTED DATE	COMPANY / COUNTRY	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Lotus Capital	TBA	Green Sukuk	10th January 2023
2023	KPJ Healthcare	TBA	Sustainable Sukuk	10th January 2023
2023	Development Works Food Co	TBA	Murabahah Saudi riyal Sukuk	10th January 2023
2023	Besok Ada Hasil	IDR800 million	Floating rate Sukuk	5th January 2023
2023	The Philippines	TBA	US dollar Sukuk	1st December 2022

securities from six series, with tenors ranging from six months to 24 years, amounted to a total of IDR13.85 trillion (US$894.53 million).

PKNS issues ICPs

MALAYSIA: The Selangor State Development Corporation, or Perbadanan Kemajuan Negeri Selangor (PKNS), has on the 13th January 2023 issued three Islamic commercial papers (ICP) worth a total of RM270 million (US$62.22 million), according to separate filings on the Bond and Sukuk Information Exchange.

The ICPs, which are structured under the Tawarruq and Murabahah concepts, are rated 'P1' by RAM Ratings.

ACWA Power Co issues Sukuk

SAUDI ARABIA: ACWA Power Co has commenced the subscription for a Sukuk facility worth SAR1.8 billion (US$479.33 million) on the 10th January 2023, a bourse filing read.

The Islamic offering, issued under ACWA's Saudi riyal-denominated Sukuk program worth SAR5 billion (US$1.33 billion), is scheduled to close on the 21st February 2023.

HSBC Saudi Arabia and SNB Capital have been appointed as the joint lead managers and bookrunners for the issuance.

Tarfin issues fourth Sukuk

TURKIYE: Agritech platform Tarfin, in collaboration with Kalkinma Yatirim Bankasi and Ziraat Yatirim Menkul Degerler, has issued its fourth Sukuk offering amounting to TRY50 million (US$2.66 million) with a 253-day maturity, according to an official post on LinkedIn. Tarfin issued its **first** Sukuk in July 2022, its **second** in November 2022 and its **third** in December 2022.

CBG's Sukuk Salam undersubscribed

GAMBIA: The Central Bank of Gambia (CBG) has published the results of its three-month, six-month and one-year Sukuk Salam issuances issued on the 11th January 2023.

The three-month paper worth GMD15 million (US$237,285) was undersubscribed by GMD13.5 million (US$213,557), the six-month paper worth GMD25 million (US$395,475) was undersubscribed by GMD4.6 million (US$72,767.4), while the one-year facility worth GMD30 million (US$474,570) was undersubscribed by GMD17.9 million (US$283,160).

BNM prints Shariah papers

MALAYSIA: Bank Negara Malaysia (BNM) has, between the 10th and 17th January 2023, issued five Money Market Tender Murabahah Overnight Borrowing Acceptance Islamic facilities worth a total of RM172.21 billion (US$39.86 billion) and seven Money Market Tender Qard instruments worth a combined RM9.5 billion (US$2.2 billion), according to separate tender results.

Separately, the government of Malaysia on the 11th January 2023 issued a RM2.5 billion (US$571.28 million) Malaysian Islamic Treasury Bill which received 66 bids.

AFRICA

IsDB launches training programs in Libya

LIBYA: The IsDB has launched training and capacity-building programs for Libyan financial institutions, with topics focusing on Islamic finance, risk management, financial inclusion, governance and compliance, a LinkedIn post from Osama Mansour, the IsDB representative in Libya, read.

Suez Canal Bank launches certificate of deposit

EGYPT: Suez Canal Bank is offering a new Shariah compliant certificate of deposit known as Sukuk Al-Khair in the US dollar, the company announced on its website.

The facility, structured under the Wakalah concept, has a maturity of three years with a minimum amount of US$5,000.

ASIA

Takadao and SVDP to offer Islamic finance

PAKISTAN: Takadao has signed an MoU with microfinance company Soon Valley Development Program (SVDP) to work on Shariah compliant cooperative financing products for the future, Sharene Lee, the co-founder of Takadao, said in a LinkedIn post.

AdaKami signs cooperation agreement with Bank Permata

INDONESIA: Fintech firm FinVolution Group's Indonesian subsidiary, AdaKami, has signed a strategic cooperation agreement with digital bank Bank Permata, which offers Islamic banking products, a press release confirmed.

According to China-based FinVolution, the cooperation will increase its financing facility by IDR100 billion (US$6.62 million) and aims to drive innovation in the digital financial ecosystem, leveraging data analytics to accelerate the process of financial inclusion in the Indonesian market.

Trastbank launches Trast Muamalat

UZBEKISTAN: Trastbank has officially launched Trast Muamalat, its subsidiary leasing company that offers Murabahah and Ijarah products, a press release read.

The new company, which provides financing to individuals and SME businesses, plans to cooperate with international Islamic financial institutions in the future.

Serba Dinamik wind-up approved

MALAYSIA: The Malaysian High Court has granted its approval for the winding-up of Serba Dinamik Holdings and its subsidiaries: Serba Dinamik Group; Serba Dinamik; and Serba Dinamik International, a bourse filing confirmed. Victor Saw Seng Kee of PricewaterhouseCoopers Advisory Services remains the interim liquidator of the company.

SME Bank to promote ESG in 2023

MALAYSIA: SME Bank will focus on promoting ESG adoption among MSMEs through more sustainability-linked offerings in 2023, it said in a statement. The Centre for Entrepreneur Development and Research, the bank's training arm, will be focusing on the development of social enterprises to achieve accreditation, as well as coaching MSMEs to boost ESG adoption within their business operations.

Azentio Software receives AAOIFI certification

SINGAPORE: Singapore-headquartered technology firm Azentio Software's iMAL R14.6, the latest version of its Islamic core banking platform, has gone through the annual compliance exercise and received the certification for the year 2023 from AAOIFI, a press release confirmed.

The certification reflects the adherence of iMAL R14.6 to existing as well as the newly issued AAOIFI's Shariah and Financial Accounting Standards, which include the Financial Accounting Standard (FAS) 1 – 'General Presentation and Disclosures in the Financial Statements' and FAS 39 – 'Financial Reporting for Zakat', both relating to financial reporting.

IsDB commits US$4.2 billion to support Pakistan

PAKISTAN: The IsDB has committed US$4.2 billion in financing aid to support Pakistan's climate resilience efforts and development agenda and the country's Vision 2025 over the next three years, to address the devastating effects of the country's recent catastrophic floods, a press release confirmed.

SMBCMY launches Islamic finance products in ringgit

MALAYSIA: Sumitomo Mitsui Banking Corporation Malaysia (SMBCMY) has launched Islamic finance products denominated in the Malaysian ringgit, following the Islamic banking window license it obtained from Bank Negara Malaysia, according to a news release.

SMBCMY previously has been providing Islamic finance services through international currencies such as the US dollar and the Japanese yen since 2014.

EUROPE

BLME provides financing to Silk Property

UK: Shariah compliant Bank of London and The Middle East (BLME) has provided a GBP19.76 million (US$24.03 million) financing facility to Silk Property Group for the purchase of a major new hotel in Glasgow.

Expected to open in 2024, the 186-room hotel will be the first Motto by Hilton to open in the UK.

FCA penalizes Al Rayan Bank

UK: The UK's Financial Conduct Authority (FCA) has fined Al Rayan Bank GBP4.02 million (US$4.88 million) for the bank's failure to put in place adequate antimoney laundering controls, the authority said in a statement.

"Between 1st April 2015 and 30th November 2017, Al Rayan allowed money to pass through the bank and be used within the UK without carrying out appropriate checks. The firm failed to adequately check its customers' source of wealth and source of funds when it was required to make sure the money was not connected to financial crime," the FCA stated.

Al Rayan did not dispute the FCA's findings and agreed to settle, which qualified the bank for a 30% discount. Without the discount, the penalty would have amounted to GBP5.75 million (US$6.98 million).

In response to the penalty, Al Rayan Bank has clarified to IFN that the FCA found no evidence of any money laundering or other criminal activity by the bank or its customers although the FCA identified historic weaknesses in the bank's financial crime systems and controls for a period between 2015 and 2017.

Al Rayan Bank added that none of the bank's existing management was in a senior management function at the time. "The bank cooperated fully throughout, and all identified weaknesses have been fully resolved with the support and assistance of external, independent subject matter experts," Giles Cunningham, CEO of Al Rayan Bank, said.

GLOBAL

IsDB holds meeting with UNESCWA

GLOBAL: IsDB Vice-President Dr Mansur Muhtar has met with United Nations Economic and Social Commission for Western Asia (UNESCWA) Executive Secretary Dr Rola Dashti to exchange views on strengthening the cooperation between the two institutions, with discussions focusing on a common interest in climate mainstreaming for a green economic recovery, Islamic social financing, water, energy and food security challenges in the Arab region, according to an official post on LinkedIn.

Tayyab to launch in Turkiye

GLOBAL: Tayyab, an Islamic digital bank based in Kazakhstan, has signed an agreement with fintech venture builder Insha Ventures, a subsidiary of participation bank Albaraka Turk, to launch its business in Turkiye this year, according to IFN Fintech.

IFN Fintech **reported** that the initial products to be offered in Turkiye would be its Halal digital and physical payment cards. Tayyab also has a mobile app which features payment and remittance facilitation and a Zakat calculator as well as prayer timings, Adhan notifications and a Qiblah compass.

Global Sukuk issuance to rise in 2023

GLOBAL: Global Sukuk issuance is likely to rise at a slow pace in 2023 amid market volatilities, Fitch Ratings said in a report. The medium-to-long-term outlook is positive amid intact Islamic investor demand, issuer refinancing needs and government support in core markets, the agency said.

In 2022, global outstanding Sukuk reached US$765.3 billion, 7.6% higher than the previous year. Outstanding ESG Sukuk volumes rose 62.9% to US$24.5 billion, making up 3% of global Sukuk volumes, Fitch added.

AAOIFI issues Waqf standard in English

GLOBAL: AAOIFI has issued the official English translation of its Shariah Standard No (60): Waqf, a press statement read.

AAOIFI highlighted that while translating Shariah terminologies, an added effort was made to select the most appropriate technical and legal terminologies.

MIDDLE EAST

UAE's Islamic bank assets grow 2.1%

UAE: The Central Bank of the UAE has reported that the assets of UAE-based Shariah compliant banks grew 2.1% to AED607.82 billion (US$165.46 billion) at the end of October 2022, from AED595.3 billion (US$162.05 billion) in October 2021, according to its latest monthly statistical bulletin.

Alhasoob pays back financing from Al Rajhi Bank

SAUDI ARABIA: Computer and hardware retailer Alhasoob Co has on the 10th January 2023 paid in full the SAR7.5 million (US$2 million) one-year Shariah compliant term financing it obtained from Al Rajhi Bank, a bourse filing confirmed.

Boubyan Bank withdraws from digital bank application

KUWAIT: Boubyan Bank has withdrawn itself from the application for the establishment of a digital bank under the umbrella of the Central Bank of Kuwait (CBK), while Zain Group – Mobile Telecommunications Company and a group of other investors will proceed with the existing application, a bourse filing confirmed.

IFN previously **reported** that Boubyan Bank submitted an application to the CBK as it intends to establish a digital bank in alliance with Zain Group – Mobile Telecommunications Company and another group of investors.

Bayanat AI certified as Shariah compliant

UAE: Geo-intelligence solutions firm Bayanat AI has been certified as a Shariah compliant share, making it the first technology stock on the Abu Dhabi Securities Exchange to receive the certification, according to a bourse filing.

Shares of Bayanat AI are available for trading on Islamic brokerage firm portals, including Abu Dhabi Islamic Bank and Dubai Islamic Bank, and have been added to the list of The Unified Committee of Islamic Banks for Shari'a Screening of Equities of the UAE.

Oman to cessate withholding tax

OMAN: Oman's Capital Market Authority has announced a Royal Directive instructing the cessation of the application of withholding tax on stock dividends and income of fixed instruments, namely Sukuk and bonds, owned by foreign investors, a statement read.

The cessation ensures the exclusion of dividends and income from Sukuk and bonds from the scope of this tax, the regulator said, adding it would reassure foreign investors that the tax will not be applied to their investments in the Omani capital market.

DIB launches Islamic auto financing for Tesla's customers

UAE: Dubai Islamic Bank (DIB) has launched its Islamic auto financing with a fully digital application process for Tesla customers in the UAE, a press release read.

DIB noted that its fully digital financing process will be directly integrated into Tesla's online ordering process.

ASSET MANAGEMENT

InvestSky officially launches

UAE: UAE-based social investing platform InvestSky, which has Shariah compliant offerings, has officially launched after securing US$3.4 million in a pre-seed funding round led by Emkan Capital, a press release said.

EPF looking to sell Alpha REIT's assets

MALAYSIA: The Employees Provident Fund (EPF) is looking to sell assets worth more than RM500 million (US$115.73 million) held by its Malaysian education REIT, Alpha REIT, which it is winding up, according to a report by Reuters citing sources. A sale could come as early as the first quarter of this year, the sources said.

IFN previously **reported** that the EPF, as the sole unitholder of Alpha REIT, has resolved to terminate and wind up the unlisted Shariah compliant REIT. As at the 31st December 2021, Alpha REIT's total assets under management stood at RM428.6 million (US$99.2 million).

Infracorp to invest in electricity network

GLOBAL: Bahrain-headquartered GFH Financial Group's sustainable infrastructure platform Infracorp has announced an initial co-investment with global investor Equitix in Finnish electricity network provider Aurora Infrastructure, a bourse filing read.

It was noted that Infracorp will also enter into future collaborative discussions with Equitix to explore possible further opportunities to work with the global investor to invest in select infrastructure deals on a discretionary basis.

Investcorp to invest in GCC real estate

GLOBAL: Investcorp has announced its plans to invest up to US$1 billion in the GCC real estate market over the next five years, a press release read.

AmInvest relaunches AmBon Islam

MALAYSIA: AmInvestment Bank (AmInvest) has relaunched AmBon Islam as an SRI fund that incorporates sustainability in its securities selection by investing in companies that are well governed and with positive environmental and responsible investments, a press release read.

Ambon Islam joins the group's existing range of SRI-qualified funds such as the AmIslamic Global SRI (Islamic equity unit trust fund) as well as other SRI-qualified wholesale funds which include its Sustainable Series: Positive Change Fund, Climate Tech Fund, Nutrition Fund, Health Fund and Sustainable Outcomes Global Equity Fund.

AmInvest added that there will be more conversions of its existing funds to SRI-qualified funds in the coming months.

TAKAFUL

ICIEC welcomes Azerbajian as 49th member state

GLOBAL: The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Takaful arm of the IsDB Group, has welcomed the Republic of Azerbaijan as its 49th member state, a press release read.

According to the statement, the ICIEC will work closely with the government of Azerbaijan to support economic and social infrastructure projects in trade, agriculture, energy, water, sanitation and urban services and with the private sector to improve access to finance.

Salaam Takaful partners with Hamara Kissan

PAKISTAN: Salaam Takaful has signed an MoU with agriculture-focused company Hamara Kissan to provide coverage to farmers against weather-based perils at all three stages of sunflower farming consisting of sowing, flowering and pre-harvesting, according to an official post on LinkedIn.

Farmers will also get access to Salaam Takaful's Crop Advisory. With the signing of the MoU, both parties will be working together to increase financial inclusion among the masses in Pakistan.

Ouch! to secure digital Takaful license

MALAYSIA: Ouch!, a tech-enabled insurance platform, has announced a fully subscribed six-figure pre-series A round and that it is now looking to acquire final approval from Bank Negara Malaysia (BNM) to operate in its regulatory sandbox, a press release read.

This comes as a prelude to the planned launch of its new digital Takaful product within the first quarter of 2023.

Gulf Union Alahlia's new product approved

SAUDI ARABIA: Gulf Union Alahlia Cooperative Insurance Co has obtained the final approval from Saudi Central Bank (SAMA) on four of its products, namely Hemaya Plus (motor private insurance policy), Aman Plus (motor commercial insurance policy), Motor Private Comprehensive Insurance Policy and Motor Commercial Comprehensive Insurance Policy, a bourse filing confirmed.

Salama Cooperative receives final approval from SAMA

SAUDI ARABIA: Salama Cooperative Insurance Co has on the 15th January 2023 received the final approval from Saudi Central Bank (SAMA) for its comprehensive motor insurance product, a bourse filing confirmed.

Takaful Malaysia partners with Affin Islamic Bank

MALAYSIA: Syarikat Takaful Malaysia Keluarga has entered into a five-year bancaTakaful service arrangement with Affin Islamic Bank starting on the 1st January 2023, to enable the Islamic bank to expand its product offerings by promoting and marketing Family and General Takaful products offered by Takaful Malaysia, a media release confirmed.

ICIEC signs reinsurance agreement with Uzbekinvest

GLOBAL: The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), the Takaful arm of the IsDB Group, has signed a master reinsurance agreement with Uzbekinvest Export-Import Insurance Company to support exports of Uzbekistan, a press release confirmed.

Under the agreement, the ICIEC will provide reinsurance services to Uzbekinvest for exports of goods and services from Uzbekistan to all over the world, which will enhance the underwriting capacity of Uzbekinvest, hence increasing the country's exports.

MOVES

Alvarez & Marsal

UAE: Global professional services firm Alvarez & Marsal (A&M) has appointed former governor of the State Bank of Pakistan, **Reza Baqir**, to lead its newly launched global sovereign capability practice, Sovereign Advisory Services (SAS), a press statement read.

According to A&M, SAS's mission is to help emerging markets improve debt sustainability, increase access to capital, promote sustainable economic growth and improve the efficiency of both state-owned assets and how governments deliver services to their citizens.

HSBC Oman Bank

OMAN: HSBC Oman Bank has appointed **James Justin Yorke Madsen** as an interim independent director on its board of directors until the upcoming annual general meeting, subject to regulatory approval, a bourse filing read.

Kuwait Finance House-Bahrain

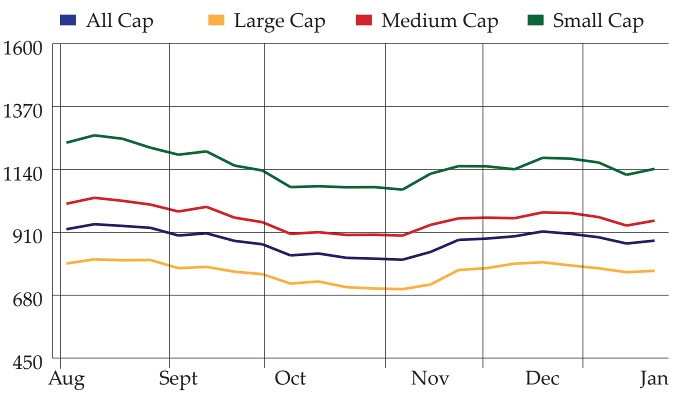
BAHRAIN: Kuwait Finance House-Bahrain (KFH-Bahrain) has appointed **Majd Abdulla Ashoor** as its new customer service coordinator, a press release read.

Majd's appointment falls under a joint cooperation agreement signed by KFH-Bahrain and Bahrain Down Syndrome Society to provide development and employment opportunities to people of determination.

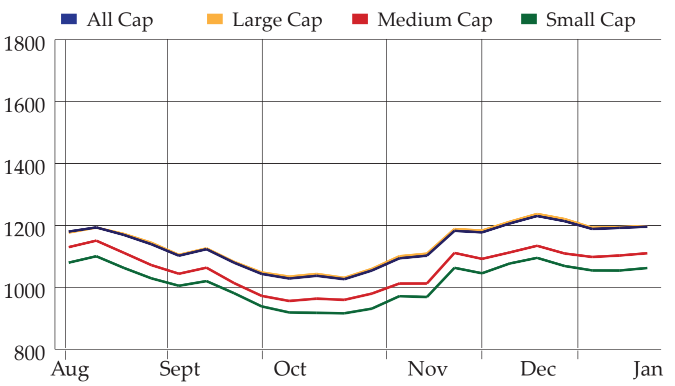
Expected date	Company/country	Size	Structure	Announcement Date
TBA	Lotus Capital	TBA	Green Sukuk	10th January 2023
2023	KPJ Healthcare	TBA	Sustainable Sukuk	10th January 2023
2023	Development Works Food Co	TBA	Murabahah Saudi riyal Sukuk	10th January 2023
2023	Besok Ada Hasil	IDR800 million	Floating rate Sukuk	5th January 2023
2023	The Philippines	TBA	US dollar Sukuk	1st December 2022
TBA	Rawasi Albina Investment Co	SAR500 million	Sukuk	14th November 2022
2023	27four Investment Managers	TBA	Sukuk	9th November 2022
TBA	Sunway South Quay	Up to RM2 billion	Sukuk Wakalah	4th November 2022
TBA	Qiradh Capital	Up to RM 200 million	Sukuk Wakalah	2nd November 2022
TBA	Funding for Housing and ZeroWatt Homes	Up to GBP1 billion	Sukuk	1st November 2022
TBA	Bangladesh	BDT150 billion	Sukuk	25th October 2022
2023	IsDB	US$4 billion	Green Sukuk	14th October 2022
TBA	MetaTech Health	PKR500 million	Sukuk	7th October 2022
TBA	OBS Pakistan	PKR5 billion	Sukuk	27th September 2022
TBA	Pure Harvest Smart Farms	TBA	Sukuk	15th August 2022
TBA	Energy Development Oman	US$1 billion	Sukuk Ijarah	8th August 2022
TBA	Jaiz Bank	Up to NGN150 billion	Sukuk	19th July 2022
TBA	Warba Bank	Up to US$2 billion	Sukuk	27th June 2022
TBA	Aman Holding	TBA	Sukuk	16th June 2022
2023	Pakistan	PKR372 billion (total)	Sukuk and eurobond	13th June 2022
TBA	Masraf Al Rayan	Up to US$4 billion	Sukuk	8th June 2022
2023	Egypt	US$1 billion-US$2 billion	Sovereign Sukuk	6th June 2022
TBA	Water and Power Development Authority of Pakistan	PKR6.35 billion	Sukuk	24th May 2022
TBA	Algerian Stock Exchange	TBA	Sukuk	13th May 2022
TBA	Social Islami Bank	BDT6 billion	Mudarabah subordinated bond	6th May 2022
TBA	Agha Steel Industries	PKR2 billion	Sukuk	14th April 2022
TBA	Lebuhraya Rakyat	RM5.5 billion	Sukuk	8th April 2022
TBA	Wadi Degla Developments	Up to EGP1.2 billion	Sukuk	29th March 2022
TBA	Bank CIMB Niaga	TBA	Green Sukuk	28th March 2022
TBA	Kuwait Finance House	TBA	Sukuk	23rd March 2022
TBA	National Treasury of South Africa	US$3 billion	Sukuk	25th February 2022
TBA	QIIB	US$1 billion	Sukuk	15th February 2022
TBA	Kuwait Credit Bank	TBA	Sukuk	9th February 2022
TBA	Gulf Navigation Holding	AED150 million	Sukuk	9th February 2022
TBA	OILCO Petroleum	PKR750 million	Sukuk	19th January 2022
TBA	Investment Corporation of Bangladesh (ICB)	BDT10 billion	Sukuk Mudarabah	3rd January 2022
TBA	Penang, Malaysia	TBA	Sukuk	2nd December 2021
TBA	Sparks Energy 1	Up to RM220 million	Sukuk Murabahah	1st December 2021
TBA	CIMB Group	RM15 billion	Sukuk Wakalah	26th November 2021
TBA	Shahjalal Islami Bank	BDT5 billion	Sukuk Mudarabah	19th November 2021
TBA	Cenergi SEA	RM280 million	Sukuk	11th November 2021
TBA	Malaysia Debt Ventures (MDV)	RM2 billion	Sukuk or bonds	28th October 2021
TBA	GFH Financial Group	US$300 million	Additional Tier 1 Capital Sukuk	15th October 2021
TBA	Digital Nasional	TBA	Sukuk	23rd September 2021
TBA	Public Investment Fund (Saudi Arabia)	TBA	Green Sukuk	23rd September 2021

REDMONEY SHARIAH INDEXES

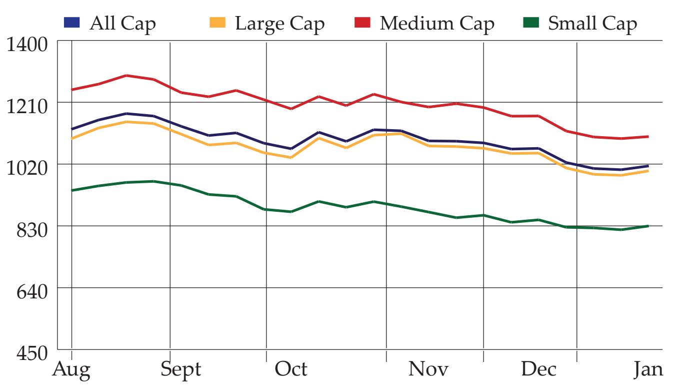
REDmoney Asia ex. Japan *6 Months*



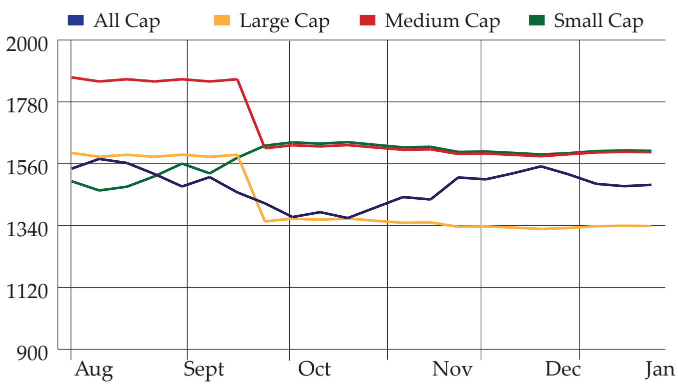
REDmoney Europe *6 Months*



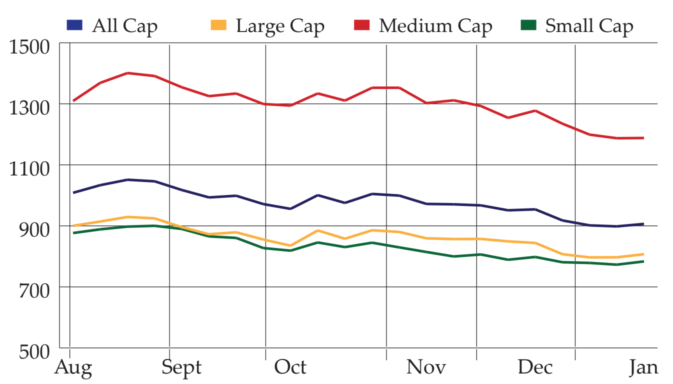
REDmoney GCC *6 Months*



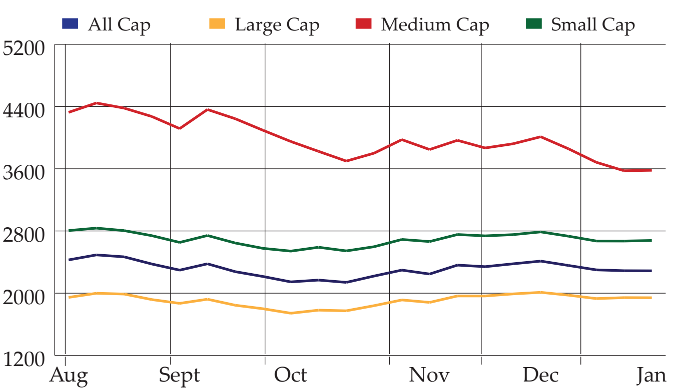
REDmoney Global *6 Months*



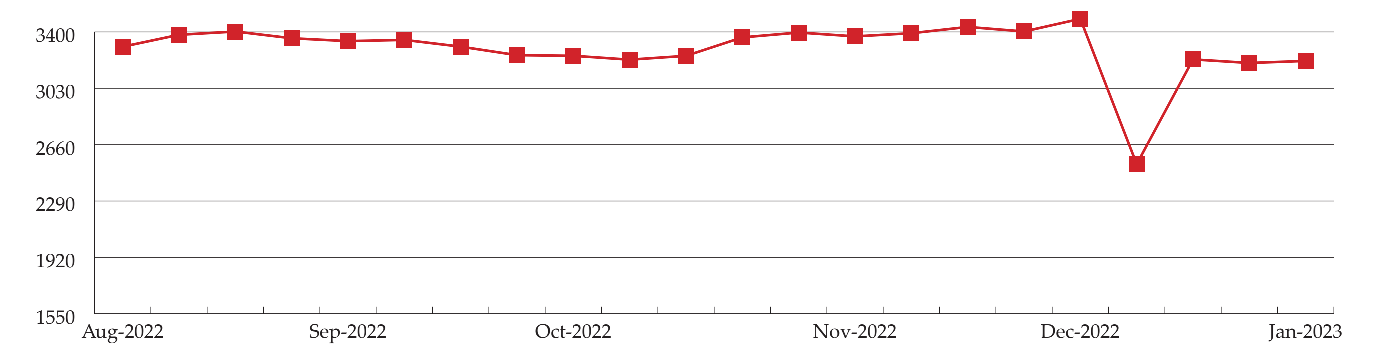
REDmoney MENA *6 Months*



REDmoney US *6 Months*

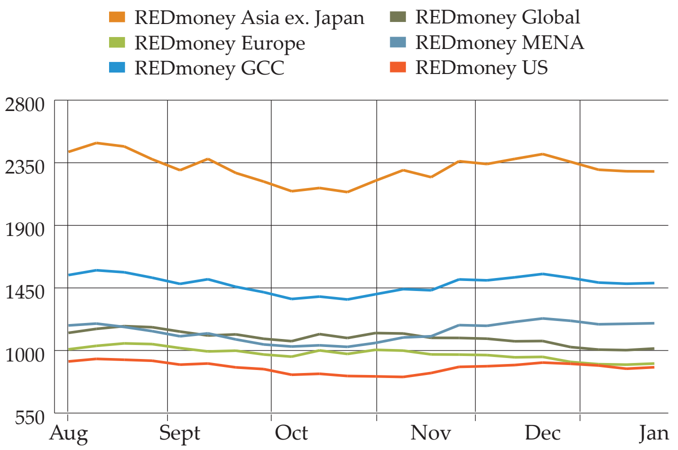


SAMI Halal Food Participation (All Cap) *6 months*

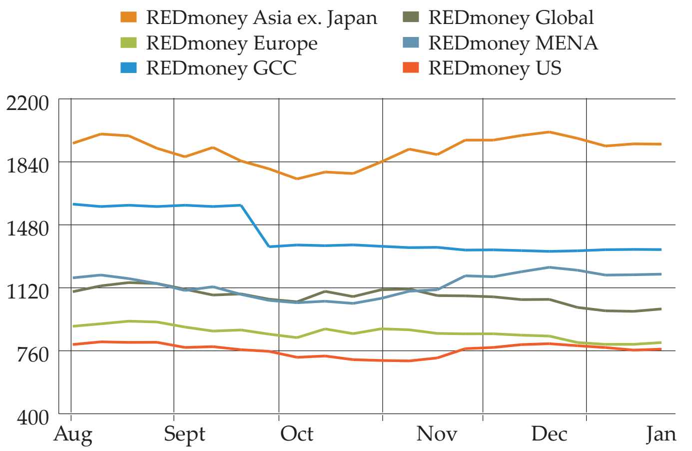


REDMONEY SHARIAH INDEXES

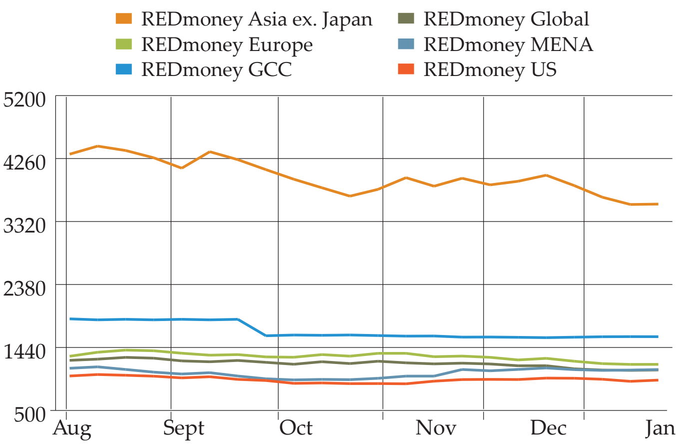
REDmoney Global Shariah Index Series (All Cap) *6 Months*



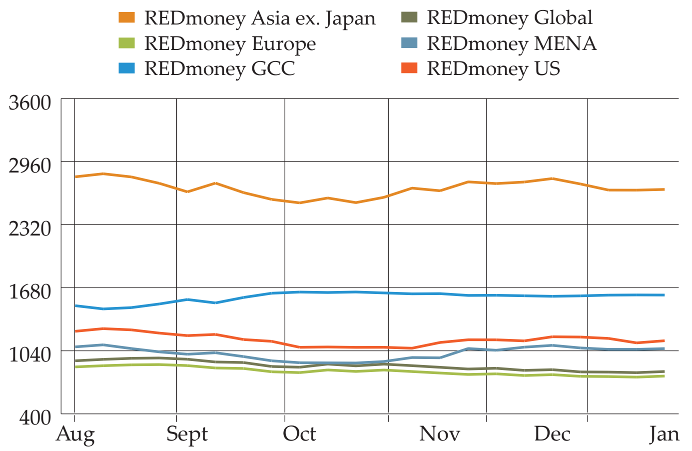
REDmoney Global Shariah Index Series (Large Cap) *6 Months*



REDmoney Global Shariah Index Series (Medium Cap) *6 Months*



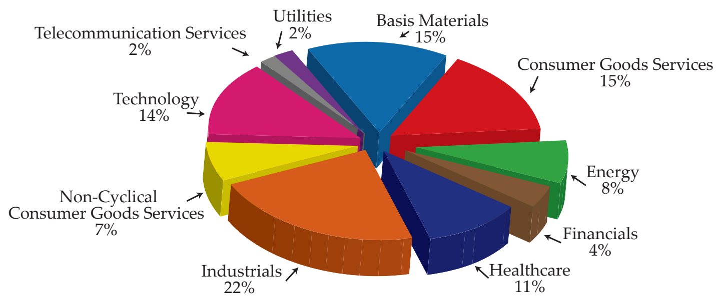
REDmoney Global Shariah Index Series (Small Cap) *6 Months*



REDmoney Global Shariah

Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

Once the index eligible universe is determined the underlying constituents are screened using a set of business and financial Shariah guidelines.



The REDmoney Global Shariah Index Series powered by IdealRatings consists of a rich subset of global listed equities that adhere to clearly defined and transparent Shariah guidelines defined by Shariyah Review Bureau in Jeddah, Saudi Arabia.

The REDmoney Shariah Indexes provides Islamic investors with an accurate and Shariah-specific equity performance benchmark with optimized compliance credibility due to the intensive research conducted to ensure that index constituents do not conflict with the defined Shariah requirements.

IdealRatings™ is the leading provider of Shariah investment decision support tools to investors globally, including asset managers, brokers, index providers, and banks to empower them to develop, manage and monitor Shariah investment products and Shariah compliant funds. IdealRatings is headquartered in San Francisco, California. For more information about IdealRatings visit: www.idealratings.com

REDmoney Global Shariah Index Series

REDmoney Indexes IdealRatings®

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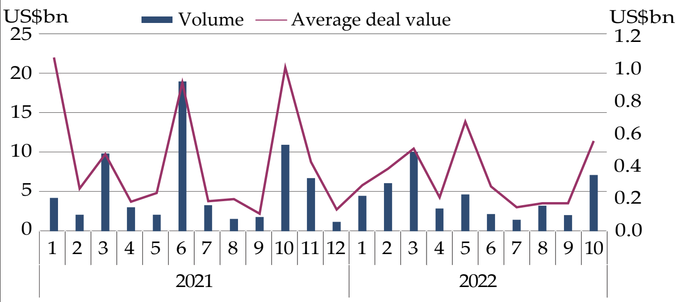
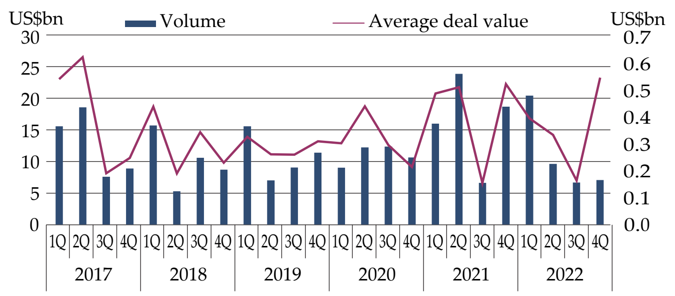
Most Recent Global Sukuk

Priced	Issuer	Nationality	Instrument	Market	US$ (mln)	Managers
09-Jan-23	First Abu Dhabi Bank	UAE	Sukuk	Euro market public issue	500	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Islamic Development Bank, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
27-Dec-22	Islamic Development Bank	Saudi Arabia	Non-US agency	Euro market private placement	150	Natixis
22-Dec-22	Khazanah Nasional	Malaysia	Sukuk	Domestic market public issue	135	CIMB Group, RHB Bank
14-Dec-22	Khazanah Nasional	Malaysia	Sukuk	Domestic market public issue	1,822	AmInvestment Bank, CIMB Group, RHB Bank
07-Dec-22	Affin Holdings	Malaysia	Sukuk	Domestic market public issue	171	Affin Hwang Capital, CIMB Group
22-Nov-22	Dubai Islamic Bank	United Arab Emirates	Sukuk	Euro market public issue	750	Arab Banking Corporation, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Islamic Development Bank, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
16-Nov-22	DanaInfra Nasional	Malaysia	Non-US agency	Domestic market public issue	271	Affin Hwang Capital, AmInvestment Bank, CIMB Group, Maybank, RHB Bank
09-Nov-22	DiGi.Com	Malaysia	Sukuk	Domestic market public issue	127	CIMB Group
04-Nov-22	Petroleum Sarawak - PETROS	Malaysia	Sukuk	Domestic market public issue	316	Maybank, RHB Bank
27-Oct-22	Bank Kerjasama Rakyat Malaysia	Malaysia	Sukuk	Domestic market public issue	106	Bank Muamalat Malaysia, CIMB Group, Maybank, RHB Bank
20-Oct-22	Islamic Development Bank	Saudi Arabia	Non-US agency	Euro market public issue	1,000	BNP Paribas, Credit Agricole, Dukhan Bank, Goldman Sachs, Islamic Development Bank, JPMorgan, Mizuho, SNB Capital, Standard Chartered Bank
20-Oct-22	ARADA	UAE	Sukuk	Euro market public issue	100	Abu Dhabi Commercial Bank, Dubai Islamic Bank, Emirates NBD, HSBC, Kuwait Projects, Mashreqbank, Sharjah Islamic Bank, Standard Chartered Bank, Warba Bank
20-Oct-22	Eco World Development Group	Malaysia	Sukuk	Domestic market public issue	117	CIMB Group, HSBC, Maybank, RHB Bank
19-Oct-22	Saudi Arabia	Saudi Arabia	Sovereign, local authority	Euro market public issue	2,500	Bank Al-Jazira, BNP Paribas, Citigroup, Goldman Sachs, HSBC, JPMorgan, Standard Chartered Bank
13-Oct-22	Bahrain	Bahrain	Sukuk	Euro market public issue	350	National Bank of Bahrain, Sharjah Islamic Bank
11-Oct-22	DanaInfra Nasional	Malaysia	Non-US agency	Domestic market public issue	430	AmInvestment Bank, CIMB Group, Maybank, RHB Bank
06-Oct-22	Turkey	Turkey	Sovereign, local authority	Global market public issue	2,500	Citigroup, Dubai Islamic Bank, Emirates NBD, HSBC
28-Sep-22	Thai Charoen Corporation Group	Malaysia	Sukuk	Domestic market public issue	133	Maybank
26-Sep-22	Indra Cita	Malaysia	Sukuk	Domestic market public issue	131	RHB Bank
23-Sep-22	Amanat Lebuhraya Rakyat	Malaysia	Sukuk	Domestic market public issue	1,204	AmInvestment Bank, CIMB Group, Hong Leong Financial Group, Maybank, RHB Bank, UOB

Global Sukuk Volume by Month (US$ billion)



Global Sukuk Volume by Quarter (US$ billion)



Top 30 Issuers of Global Sukuk — *12 Months*

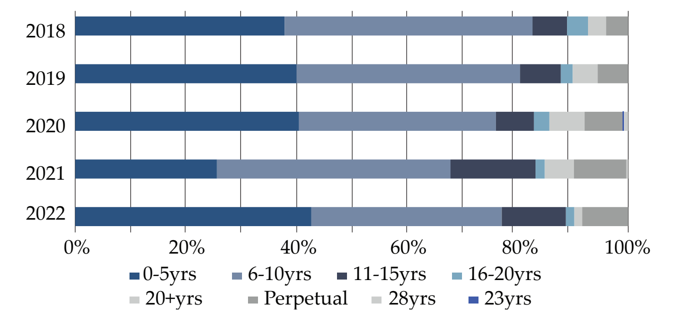
Issuer	Nationality	Market	US$ (mln)	Tranches	Managers
Saudi Arabia	Saudi Arabia	Domestic market public issue	6,998	4	Al Rajhi Capital, HSBC, Saudi National Bank
Indonesia	Indonesia	Euro market public issue	3,250	2	CIMB Group, Deutsche Bank, Dubai Islamic Bank, HSBC, Standard Chartered Bank
Turkey	Turkey	Euro market public issue	3,000	1	Citigroup, Dubai Islamic Bank, HSBC, Kuwait Finance House
Turkey	Turkey	Global market public issue	2,500	1	Citigroup, Dubai Islamic Bank, Emirates NBD, HSBC
Saudi Arabia	Saudi Arabia	Euro market public issue	2,500	1	Al Rajhi Capital, BNP Paribas, Citigroup, Goldman Sachs, JPMorgan, MUFG, Sumitomo Mitsui Financial Group
Khazanah Nasional	Malaysia	Domestic market public issue	1,822	14	AmInvestment Bank, CIMB Group, RHB Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,600	1	Citigroup, Dubai Islamic Bank, HSBC, Kuwait Finance House, Natixis, Saudi National Bank, SG Corporate & Investment Banking, Standard Chartered Bank, Sumitomo Mitsui Financial Group
Amanat Lebuhraya Rakyat	Malaysia	Domestic market public issue	1,204	13	AmInvestment Bank, CIMB Group, Hong Leong Financial Group, Maybank, RHB Bank, UOB
Pakistan	Pakistan	Euro market public issue	1,000	1	Credit Suisse, Deutsche Bank, Dubai Islamic Bank, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,000	1	BNP Paribas, Credit Agricole, Dukhan Bank, Goldman Sachs, Islamic Development Bank, JPMorgan, Mizuho, SNB Capital, Standard Chartered Bank
Tenaga Nasional	Malaysia	Domestic market public issue	908	5	CIMB Group, Maybank
Petronas	Malaysia	Domestic market public issue	908	13	Affin Hwang Capital, Maybank, RHB Bank
LPPSA	Malaysia	Domestic market public issue	896	9	AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Maybank, OCBC, RHB Bank
Riyad Bank	Saudi Arabia	Euro market public issue	750	1	BofA Securities, HSBC, Riyad Bank, Standard Chartered Bank
Dubai Islamic Bank	UAE	Euro market public issue	750	1	Arab Banking Corporation, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Islamic Development Bank, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
Sharjah	UAE	Euro market public issue	750	1	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Al Rajhi Capital, Dubai Islamic Bank, First Abu Dhabi Bank, Industrial & Commercial Bank of China, National Bank of Bahrain, Sharjah Islamic Bank, Standard Chartered Bank
Dubai Islamic Bank	UAE	Euro market public issue	750	1	Arab Banking Corporation, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Islamic Development Bank, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	593	5	Affin Hwang Capital, AmInvestment Bank, CIMB Group, Maybank, RHB Bank
Senegal	Senegal	Domestic market public issue	538	3	Islamic Bank of Senegal, Islamic Development Bank
Industrialization & Energy Services	Saudi Arabia	Domestic market public issue	533	1	HSBC, Saudi Fransi Capital
First Abu Dhabi Bank	UAE	Euro market public issue	500	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Islamic Development Bank, Kuwait Finance House, Saudi National Bank, Sharjah Islamic Bank, Standard Chartered Bank
First Abu Dhabi Bank	UAE	Euro market public issue	500	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Islamic Development Bank, Kuwait Finance House, Sharjah Islamic Bank, Standard Chartered Bank
Kuala Lumpur Kepong	Malaysia	Domestic market public issue	476	2	AmInvestment Bank, Maybank, RHB Bank
Khazanah Nasional	Malaysia	Domestic market private placement	454	2	AmInvestment Bank, CIMB Group, RHB Bank, UOB
DanaInfra Nasional	Malaysia	Domestic market public issue	430	5	AmInvestment Bank, CIMB Group, Maybank, RHB Bank
Dar Al-Arkan Real Estate Development	Saudi Arabia	Euro market public issue	400	1	Alkhair Capital Saudi Arabia, Deutsche Bank, Emirates NBD, GFH Financial Group, JPMorgan, Mashreqbank, Qatar Islamic Bank, Sharjah Islamic Bank, Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	359	6	AmInvestment Bank, CIMB Group, HSBC, Maybank, RHB Bank
Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	Domestic market public issue	359	4	Affin Hwang Capital, AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
Johor Corporation	Malaysia	Domestic market public issue	357	3	Affin Hwang Capital, AmInvestment Bank, Maybank, RHB Bank
Bank Kerjasama Rakyat Malaysia	Malaysia	Domestic market public issue	351	2	Bank Muamalat Malaysia, CIMB Group, Maybank, RHB Bank

DEALOGIC LEAGUE TABLES

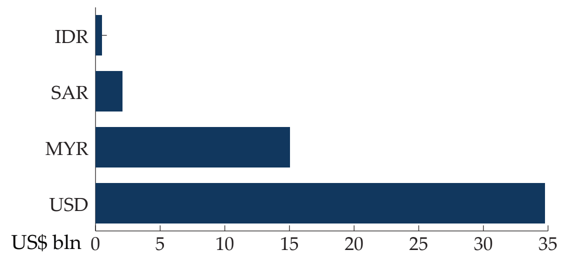
Top Global Islamic Bookrunners *12 Months*

	Bookrunner Parents	US$ (mln)	Iss	%
1	HSBC	6,376	29	13.64
2	CIMB Group	4,707	56	10.07
3	RHB Bank	3,884	54	8.31
4	Maybank	3,668	53	7.85
5	Dubai Islamic Bank	2,910	13	6.23
6	Saudi National Bank	2,684	4	5.74
7	Al Rajhi Capital	2,451	3	5.24
8	Standard Chartered Bank	2,358	16	5.04
9	AmInvestment Bank	2,201	35	4.71
10	Citigroup	1,937	5	4.14
11	Kuwait Finance House	1,256	7	2.69
12	Emirates NBD	1,043	9	2.23
13	Deutsche Bank	944	3	2.02
14	Affin Hwang Capital	775	10	1.66
15	Islamic Development Bank	681	6	1.46
16	Sharjah Islamic Bank	649	9	1.39
17	JPMorgan	540	4	1.15
18	BNP Paribas	468	2	1.00
19	Goldman Sachs	468	2	1.00
20	First Abu Dhabi Bank	411	6	0.88
21	Hong Leong Financial Group	358	5	0.77
22	Bank Al-Jazira	357	1	0.76
23	OCBC	355	6	0.76
24	Bank Islam Malaysia	331	6	0.71
25	Natixis	322	2	0.69
26	UOB	314	2	0.67
27	Islamic Bank of Senegal	269	1	0.58
28	Saudi Fransi Capital	267	1	0.57
29	National Bank of Bahrain	258	2	0.55
30	Credit Suisse	250	1	0.53

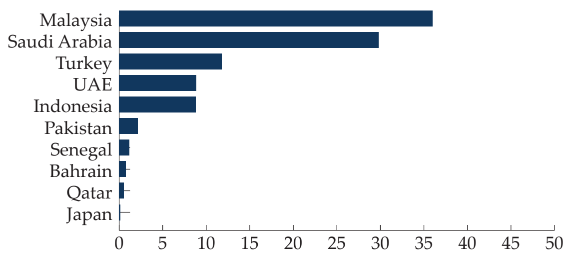
Global Islamic Financing - Years to Maturity (YTD Comparison)



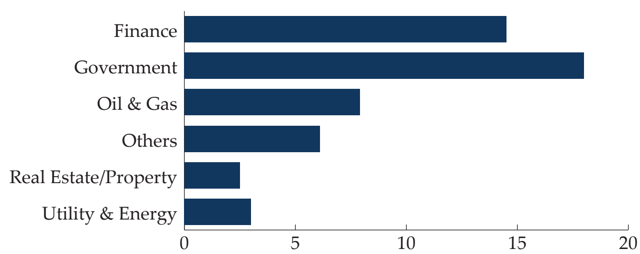
Sukuk Volume by Currency (US$ billion) *12 Months*



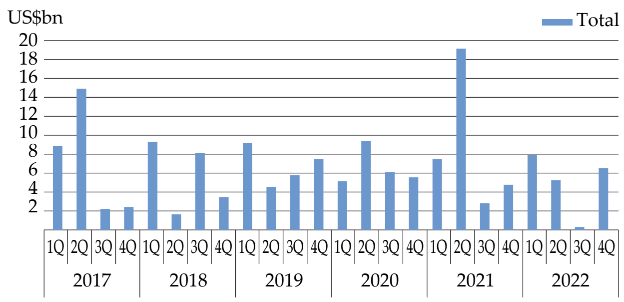
Sukuk Volume by Issuer Nation (US$ billion) *12 Months*



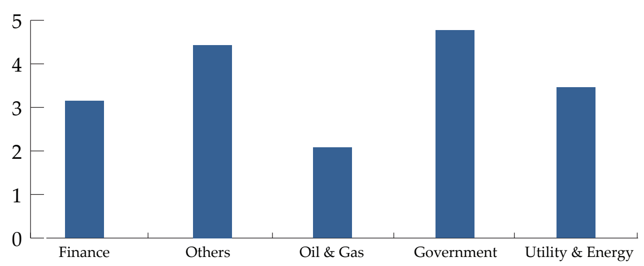
Global Sukuk Volume by Sector *12 Months*



Global Sukuk Volume - US$ Analysis (US$ billion)



Top Islamic Finance Related Financing by Sector *12 Months*



DEALOGIC LEAGUE TABLES

Top Islamic Finance Related Financing Mandated Lead Arrangers *12 Months*

	Mandated Lead Arranger	US$ (mln)	No	%
1	Emirates NBD	5,310	8	25
2	Abu Dhabi Commercial Bank	1,089	10	5
3	HSBC	1,059	5	5
4	First Abu Dhabi Bank	1,032	7	5
5	Dubai Islamic Bank	914	4	4
6	Abu Dhabi Islamic Bank	863	10	4
7	Sumitomo Mitsui Financial Group	809	3	4
8	Mashreqbank	551	3	3
9	AmInvestment Bank	453	2	2
9	CIMB Group	453	2	2
9	Maybank	453	2	2
9	RHB Bank	453	2	2
13	Saudi Fransi Capital	437	7	2
14	Standard Chartered Bank	432	7	2
15	MUFG	403	7	2
16	Alinma Bank	403	7	2
17	Riyad Bank	358	7	2
18	Al Rajhi Capital	356	5	2
19	SABB	352	3	2
20	Citigroup	307	3	1
21	Saudi National Bank	307	5	1
22	Arab National Bank	297	3	1
23	Gulf International Bank	283	4	1
24	Bank of China	263	4	1
25	Albilad Capital	252	2	1
26	SG Corporate & Investment Banking	248	5	1
27	National Bank of Kuwait	226	2	1
28	Mizuho	226	2	1
29	Warba Bank	209	4	1
30	Arab Petroleum Investments	198	2	1

Top Islamic Finance Related Financing Bookrunners *12 Months*

	Bookrunner	US$ (mln)	No	%
1	Emirates NBD	4,651	4	38
2	HSBC	1,528	5	13
3	First Abu Dhabi Bank	866	4	7
4	Sumitomo Mitsui Financial Group	828	3	7
5	Standard Chartered Bank	571	4	5
6	Abu Dhabi Islamic Bank	405	2	3
7	MUFG	321	3	3
8	Abu Dhabi Commercial Bank	316	3	3
9	Bank of China	246	2	2
9	Mizuho	246	2	2

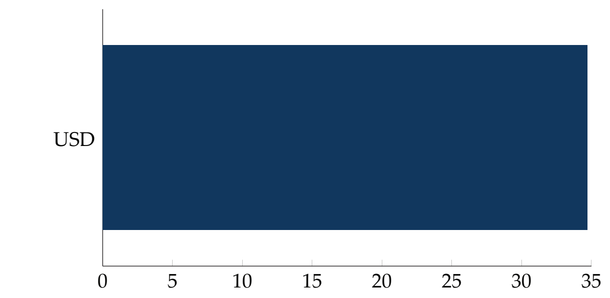
Top Islamic Finance Related Financing Deal List *12 Months*

Credit Date	Borrower	Nationality	US$ (mln)
04-Apr-22	Saudi Aramco	Saudi Arabia	12,000
14-Nov-22	Emirates Telecommunications Group Company	UAE	5,972
27-Oct-22	Nakheel Projects 1 Palm Jebel Ali	UAE	4,628
11-Aug-22	Saudi Electricity	Saudi Arabia	3,000
28-Jan-22	DEWA	UAE	2,722
30-Mar-22	TECOM Group	UAE	2,069
07-Jul-22	Advanced Polyolefins Industry	Saudi Arabia	1,625
29-Oct-22	ACWA Power International Shuaibah 3	Saudi Arabia	1,616
29-Dec-22	Empower	UAE	1,498
22-Jun-22	FELDA	Malaysia	1,364

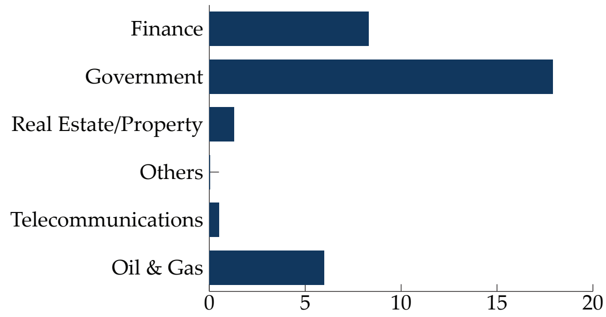
Top Global International Sukuk Managers *12 Months*

	Bookrunner	US$ (mln)	No	%
1	HSBC	3,202	11	15.33
2	Dubai Islamic Bank	2,910	13	13.93
3	Standard Chartered Bank	2,358	16	11.29
4	Citigroup	1,937	5	9.27
5	Kuwait Finance House	1,256	7	6.01
6	Emirates NBD	1,043	9	4.99
7	Deutsche Bank	944	3	4.52
8	CIMB Group	650	1	3.11
9	Sharjah Islamic Bank	649	9	3.11
10	JPMorgan	540	4	2.58
11	BNP Paribas	468	2	2.24
11	Goldman Sachs	468	2	2.24
13	Islamic Development Bank	412	5	1.97
14	First Abu Dhabi Bank	411	6	1.97
15	Bank Al-Jazira	357	1	1.71
16	Saudi National Bank	351	3	1.68
17	Natixis	322	2	1.54
18	National Bank of Bahrain	258	2	1.24
19	Credit Suisse	250	1	1.20
20	BofA Securities	188	1	0.90
20	Riyad Bank	188	1	0.90
22	SG Corporate & Investment Banking	178	1	0.85
22	Sumitomo Mitsui Financial Group	178	1	0.85
24	Arab Banking Corporation	167	2	0.80
25	Abu Dhabi Commercial Bank	129	3	0.62
26	Al Rajhi Capital	118	2	0.57
27	Mashreqbank	117	4	0.56
28	Credit Agricole	111	1	0.53
28	Dukhan Bank	111	1	0.53
28	Mizuho	111	1	0.53

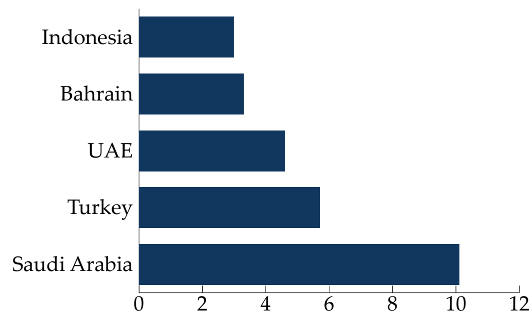
International Sukuk Volume by Currency (US$ billion)
12 Months



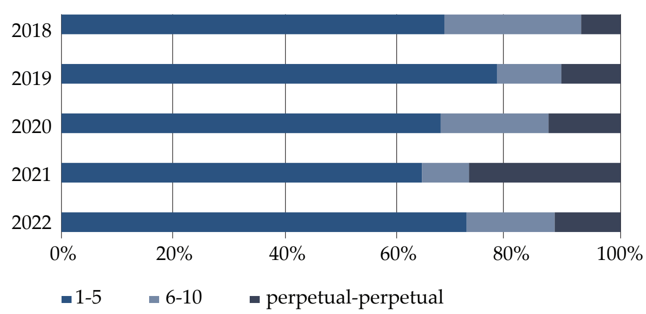
International Sukuk Volume by Sector (US$ billion)
12 Months



International Sukuk Volume by Issuer Nation (US$ billion)
12 Months



International Sukuk Years to Maturity



Are your deals listed here?
If you feel that the information within these tables is inaccurate, you may contact the following directly: Mimi Lee (Media Relations)
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Event	Date	Location
Islamic Sustainable Finance & Investment Dialogues 2023	16th March 2023	Dubai
IFN Awards Dubai 2023	16th March 2023	Dubai
IFN Awards Kuala Lumpur 2023	17th May 2023	Kuala Lumpur
IFN Infrastructure & Project Finance Dialogues 2023	29th May 2023	Riyadh
IFN Qatar Dialogues 2023	31st May 2023	Doha
IFN UK Forum 2023	4th September 2023	London
IFN Oman Forum 2023	12th September 2023	Muscat
IFN Asia Forum 2023	2nd October 2023	Kuala Lumpur
Islamic Sustainable Finance & Investment Forum 2023	3rd October 2023	Kuala Lumpur
IFN Indonesia Dialogues 2023	9th October 2023	Jakarta
World Islamic Finance Dialogues 2023	12th December 2023	Manama

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