



Assessing major trends in the Sukuk and their developments in Capital Markets

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Presentation Contents

- ▶ Who are the Key Players – Global vs Regional
- ▶ Reviewing common Sukuk structures and benchmarking
- ▶ What are new innovations in structuring Sukuk?
- ▶ Meeting the demands for Sukuk among Non-Muslim Investors
- ▶ Challenges and Solutions

Who are the Key Players – Global vs Regional

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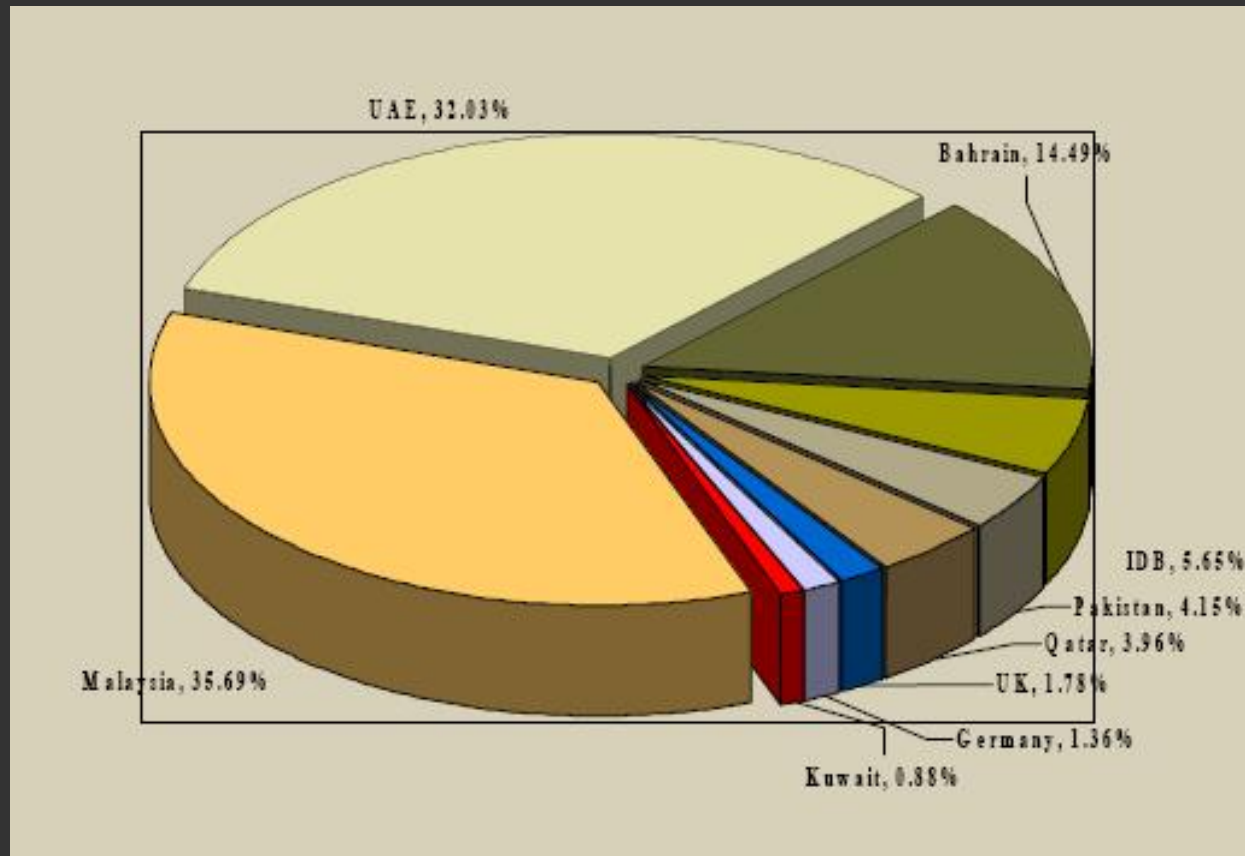
- ▶ Ernst & Young Managing Partner (Bahrain) Noor-ur-Rahman Abid told Reuters in an interview: “We estimate that by 2009, \$1.5 trillion of the world's high net worth individual wealth to come from the Middle East and 70 percent of this wealth could invest in Islamic financial products”.

Who are the Key Players – Global vs Regional (Cont...)

- ▶ Other global Key Players:
 - ▶ Abu Dhabi Islamic Bank (Musharakah Sukuk of USD 8 Bn)
 - ▶ BMA International Sukuk Company (Ijarah Sukuk of USD 2.5 Bn)
 - ▶ DAAR International Sukuk Company (Ijarah Sukuk of USD 6 Bn)
 - ▶ Dubai Global Sukuk FZCO (Ijarah Sukuk of USD 10 Bn)
 - ▶ Emaar Properties Sukuk (Ijarah Sukuk of USD 6.5 Bn)
 - ▶ Emirates Airline Sukuk (Musharakah Sukuk of USD 5.5 Bn)
 - ▶ Qatar Global Sukuk QSC (Ijarah Sukuk of USD 7 Bn)
 - ▶ Pakistan – Dubai Islamic Bank and Government co-managed (Sukuk of USD 600 Mn were oversold)
 - ▶ Malaysia – Sukuk offering started in 1990 by Shell Malaysia (offering USD 30 Mn) and now around 75% of all Malaysian Corporate financing covers under Shariah compliance, making it the lead player.

Who are the Key Players – Global vs Regional (Cont...)

- ▶ Share of different regions in global Markets:



Who are the Key Players – Global vs Regional (Cont...)

Latest from Global and Regional:

- ▶ Recently Indonesia announced launch of Global Sukuk with a maturity of 5 to 10 years.
- ▶ In July 2008, First Community Bank (Kenya) announced plans to introduce Sukuk to the Kenyan market, subject to regulator approval.

Reviewing common Sukuk structures and benchmarking

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- ▶ Common (Investment) Sukuk Structures:
 - ▶ Certificates of ownership in leased assets
 - ▶ Certificates of ownership in usufruct
 - ▶ Certificates of ownership of services
 - ▶ Certificates of Murabaha / Salam / Mudaraba / Musharakah / Ijarah
 - ▶ Certificates of Investment Agencies (Wakalah)

What are new innovations in structuring Sukuk?

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- ▶ Innovations in Sukuk Structures:
 - ▶ Hybrid / Pooled Sukuk
 - ▶ Variable Rate Redeemable Sukuk
 - ▶ Zero – Coupon Non-tradable Sukuk
 - ▶ Embedded Sukuk

Meeting the demands for Sukuk among Non-Muslim Investors

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- ▶ Property Market
- ▶ Banking Sector
- ▶ Leasing Companies
- ▶ Mutual Funds
- ▶ Takaful (Islamic Insurance) Companies
- ▶ Manufacturing Sector
- ▶ Services Sector

Challenges and Solutions

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- ▶ Challenges:
 - ▶ Laws and Regulations
 - ▶ Human Resource
 - ▶ Education and Knowledge Sharing
 - ▶ Shariah Compliance
 - ▶ Product Development

Challenges and Solutions (Cont...)

- ▶ Solutions:
 - ▶ Proactive behaviour of regulators
 - ▶ Training and Staff development
 - ▶ Institutional Education and Global Associations
 - ▶ Shariah Supervisory and Governance Boards
 - ▶ Role of participants in product developments to be well defined.

Questions

Thanks